

# Appendix 4D

## Abacus Property Group

(comprising Abacus Group Holdings Limited and its controlled entities, Abacus Trust and its controlled entities, Abacus Income Trust and its controlled entities and Abacus Group Projects Limited and its controlled entities, Abacus Storage Property Trust and its controlled entities, Abacus Storage Operations Limited and its controlled entities)

The Appendix 4D should be read in conjunction with the interim financial report and the most recent annual financial report.

ABN: 31 080 604 619

## Interim Financial Report

For the half year ended 31 December 2019

## Results for announcement to the market

(corresponding period half year ended 31 December 2018)

Total revenues and other income	down	11%	to	\$183.1m
Net profit after income tax expense attributable to members of the Group	down	36%	to	\$82.1m
Funds from operations ("FFO") <sup>(1)</sup>	up	3%	to	\$67.3m

(1) FFO has been determined with reference to the updated Property Council of Australia's voluntary disclosure guidelines to help investors and analysts compare many different AREITs. FFO is calculated by adding back tenant incentive amortisation, depreciation on owner occupied property, plant & equipment (PP&E), change in fair value of investment properties derecognised, impairment of inventory and non-FFO tax benefit/expense to underlying profit.

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
<b>Consolidated statutory net profit after tax attributable to members of the Group</b>	<b>82,076</b>	<b>127,822</b>
less: consolidated profits relating to managed funds (these profits are excluded as the profits of the managed funds cannot and do not form part of the assessable and distributable income of Abacus)	-	(855)
<b>Net profit attributable to ABP securityholders</b>	<b>82,076</b>	<b>126,967</b>
<b>Certain significant items:</b>		
Net change in fair value of investment properties held at balance date	(25,762)	(60,093)
Net gain in fair value of investments and financial instruments held at balance date	13,383	(64)
Net gain in fair value of derivatives	942	(383)
Net change in fair value of property, plant and equipment and investment properties included in equity accounted investments	(4,006)	752
Impairment charges	-	6,972
Tax expense / (benefit) on significant items	(2,343)	(2,137)
<b>Underlying profit attributable to ABP securityholders</b>	<b>64,290</b>	<b>72,014</b>
<b>Adjust for:</b>		
Net change in fair value of investment properties derecognised	54	(8,275)
Impairment on inventory	294	-
Depreciation on owner occupied property, plant and equipment	1,354	360
Amortisation of rent abatement incentives	2,461	1,257
Amortisation of other tenant incentives	855	909
Straightline of rental income	(1,302)	(1,910)
Movement in lease liabilities	(426)	-
Tax (benefit)/expense on Non-FFO Items	(289)	953
<b>Funds from operations ("FFO")</b>	<b>67,291</b>	<b>65,308</b>

	31 Dec 2019	31 Dec 2018
Basic earnings per security (cents)	12.92	22.05
Basic underlying earnings per security (cents)	10.12	12.42
Basic FFO per security (cents)	10.59	11.27
Distribution per security (cents - including proposed distribution)	9.45	9.25
Weighted average securities on issue (million)	635.2	579.7

Distributions	per stapled security
December 2019 half	9.45 cents
This distribution was declared on 13 December 2019 and will be paid on or about 28 February 2020	
Record date for determining entitlement to the distributions	31 December 2019

Refer to the attached announcement for a detailed discussion of the Abacus Property Group's results and the above figures for the half year ended 31 December 2019.

Details of individual and total distribution payments to securityholders	per stapled security	Total
Final June 2019 distribution paid 30 August 2019	9.25 cents	\$53.7m
The distributions were paid in full by Abacus Trust, Abacus Income Trust and Abacus Storage Property Trust which do not pay tax, hence there were no franking credits attached.		

	31 December 2019	30 June 2019
Net tangible assets per security <sup>(2)</sup>	\$3.41	\$3.33

(2) Net tangible assets per security excludes the external non-controlling interest.

The Group has neither gained or lost control of any entities during the period.

Details of associates and joint venture entities	Ownership Interest		Share of net profit/(loss)	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	%	%	\$'000	\$'000
Oasis JV Unit Trust	40	40	5,749	(223)
Fordtrans Pty Ltd (Virginia Park)	50	50	1,408	1,088
Other	25-50	10-50	2,745	7,276
			<b>9,902 *</b>	<b>8,141 *</b>

\*The equity accounted profits/losses includes a fair value gain of \$4.0 million (December 2018: \$0.8 million loss)

## Distribution Reinvestment Plan (DRP)

The Abacus Property Group DRP allows securityholders to reinvest their distributions into APG securities at the market price. Information on the terms of the DRP is available from our website [www.abacusproperty.com.au](http://www.abacusproperty.com.au).

Securityholders wishing to participate in the DRP may lodge their election notice at any time. The record date for determining entitlements to each distribution is also the record date for participation in the DRP for that distribution.

# Abacus Property Group

ABN 31 080 604 619

## Financial Report

For the half year ended 31 December 2019



# HALF-YEAR FINANCIAL REPORT

31 December 2019

## Directory

### Abacus Group Holdings Limited

ABN: 31 080 604 619

### Abacus Group Projects Limited

ABN: 11 104 066 104

### Abacus Storage Operations Limited

ABN: 37 112 457 075

### Abacus Funds Management Limited

ABN: 66 007 415 590

### Abacus Storage Funds Management Limited

ABN: 41 109 324 834

### Registered Office

Level 34, Australia Square  
264-278 George Street  
SYDNEY NSW 2000  
Tel: (02) 9253 8600  
Fax: (02) 9253 8616  
Website: [www.abacusproperty.com.au](http://www.abacusproperty.com.au)

### Share Registry:

Boardroom Pty Ltd  
Level 12, 225 George St  
SYDNEY NSW 2000  
Tel: 1300 737 760  
Fax: 1300 653 459

### Custodian:

Perpetual Trustee Company Limited  
Level 12 Angel Place  
123 Pitt Street  
SYDNEY NSW 2000

### Auditor (Financial and Compliance Plan):

Ernst & Young  
200 George Street  
SYDNEY NSW 2000

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It is recommended that this Half-Year Financial Report should be read in conjunction with the Half-Year Financial Report of Abacus Trust, Abacus Group Projects Limited, Abacus Income Trust, Abacus Storage Property Trust and Abacus Storage Operations Limited as at 31 December 2019 and Abacus Property Group's 30 June 2019 Annual Financial Report. It is also recommended that the report be considered together with any public announcements made by the Abacus Property Group in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

## DIRECTORS' REPORT

31 December 2019

The Directors present their report for the period ended 31 December 2019.

### DIRECTORS

The Directors of Abacus Group Holdings Limited ("AGHL"), Abacus Funds Management Limited ("AFML") - the Responsible Entity of Abacus Trust ("AT") and Abacus Income Trust ("AIT"), Abacus Group Projects Limited ("AGPL"), Abacus Storage Funds Management Limited ("ASFML") - the Responsible Entity of Abacus Storage Property Trust ("ASPT") and Abacus Storage Operations Limited ("ASOL") in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Myra Salkinder	Chair (Non-executive) (appointed Chair 30 August 2019)
Steven Sewell	Managing Director
Trent Alston	Non-executive Director (appointed 18 September 2019)
Mark Haberlin	Non-executive Director (Lead Independent)
Holly Kramer	Non-executive Director
Jingmin Qian	Non-executive Director
John Thame	Chair (Non-executive) (retired 30 August 2019)

### STRUCTURE AND PRINCIPAL ACTIVITIES

#### *Listed Structure / Entities*

The listed Abacus Property Group is a diversified property group that operates predominantly in Australia. It comprises AGHL, AT, AGPL, AIT, ASPT and ASOL (collectively "Abacus") and its securities trade on the Australian Securities Exchange ("ASX") as ABP. Abacus was listed on the ASX in November 2002 and its market capitalisation was over \$2.3 billion at 31 December 2019. Abacus is included in the S&P/ASX 200 A-REIT index (ASX:XPJ), a sub-index of the S&P/ASX 200 index that contains the listed vehicles classified as A-REITs.

Shares in AGHL, AGPL and ASOL and units in AT, AIT and ASPT have been stapled together so that none can be dealt with without the others and are traded together on the ASX as Abacus securities. An Abacus security consists of one share in AGHL, one unit in AT, one share in AGPL, one unit in AIT, one share in ASOL and one unit in ASPT. A transfer, issue or reorganisation of a share or unit in any of the component parts requires, while they continue to be stapled, a corresponding transfer, issue or reorganisation of a share or unit in each of the other component parts.

AGHL, AGPL and ASOL are companies that are incorporated and domiciled in Australia. AT, AIT and ASPT are Australian registered managed investment schemes. AFML is the Responsible Entity of AT and AIT and ASFML is the Responsible Entity of ASPT. Both AFML and ASFML are incorporated and domiciled in Australia and are wholly-owned subsidiaries of AGHL.

#### *Abacus Property Group Consolidation*

The application of AASB10 by Abacus results in the consolidation of Abacus Hospitality Fund (prior period) and Abacus Wodonga Land Fund (the "Group"). This is due to the combination of Abacus' role as responsible entity, and variable returns from its investment in the funds.

AGHL has been identified as the parent entity of the Group. The financial report of the Group for the half-year ended 31 December 2019 comprise the consolidated financial reports of AGHL and its controlled entities, AT and its controlled entities, AGPL and its controlled entities, AIT and its controlled entities, ASOL and its controlled entities, ASPT and its controlled entities, Abacus Hospitality Fund ("AHF") and its controlled entities and Abacus Wodonga Land Fund ("AWLF").

The principal activities of Abacus that contributed to its earnings during the course of the half-year ended 31 December 2019 included:

- investment in self storage, office and commercial (retail and industrial) properties to derive rental and fee income; and
- participation in property developments to derive interest income and development profits.

These activities are reported in the segment information note.

## DIRECTORS' REPORT

31 December 2019

### GROUP RESULTS SUMMARY

The Group earned a statutory net profit excluding external non-controlling interests of \$82.1 million for the half-year ended 31 December 2019 (December 2018: \$127.8 million). This profit has been calculated in accordance with Australian Accounting Standards. It includes certain significant items that are adjusted to enable securityholders to obtain an understanding of Abacus' funds from operations ("FFO") of \$67.3 million (December 2018: \$65.3 million) and underlying profit of \$64.3 million (December 2018: \$72.0 million).

FFO and underlying profit are derived from the statutory profit and present the results of the ongoing business activities in a way that reflects our underlying performance. FFO and underlying profit are the basis on which distributions are determined.

FFO has been determined with reference to the Property Council of Australia's voluntary disclosure guidelines to help investors and analysts compare Australian real estate organisations. FFO is calculated by adding back tenant incentive amortisation, depreciation on owner occupied property, plant & equipment (PP&E), change in fair value of investment properties derecognised, capital costs, unrealised fair value gains / losses on investment properties, adjustments arising from the effect of revaluing assets / liabilities carried at fair value (such as derivatives, financial instruments and investments), and other non-recurring adjustments deemed significant on account of their nature and non-FFO tax benefit/expense. The consolidated profits / losses which belong to the securityholders of Abacus Hospitality Fund are excluded as these profits cannot and do not form part of the distributable income of Abacus.

The underlying profit has been prepared in accordance with the AICD / Finsia reporting principles and includes change in fair value of investment properties derecognised.

The reconciliation between the Group's statutory profit excluding non-controlling interests, Abacus' underlying profit and FFO is below. This reconciliation has not been reviewed by the Group's auditor.

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
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less: Consolidated profits relating to the managed funds (these profits are excluded as the profits of the managed funds cannot and do not form part of the assessable and distributable income of Abacus)	-	(855)
<b>Net profit attributable to Abacus securityholders</b>	<b>82,076</b>	<b>126,967</b>
<b>Certain significant items:</b>		
Net change in fair value of investment properties held at balance date	(25,762)	(60,093)
Net change in fair value of investments and financial instruments held at balance date	13,383	(64)
Net change in fair value of derivatives	942	(383)
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Impairment charges	-	6,972
Net tax benefit on significant items	(2,343)	(2,137)
<b>Underlying profit attributable to Abacus securityholders</b>	<b>64,290</b>	<b>72,014</b>
<b>Adjust for:</b>		
Net change in fair value of investment properties derecognised	54	(8,275)
Impairment on inventory	294	-
Depreciation on owner occupied property, plant and equipment	1,354	360
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Straightline of rental income	(1,302)	(1,910)
Movement in lease liabilities	(426)	-
Tax (benefit)/expense on non-FFO Items	(289)	953
<b>Abacus funds from operations ("FFO")</b>	<b>67,291</b>	<b>65,308</b>

## DIRECTORS' REPORT

31 December 2019

### GROUP RESULTS SUMMARY (continued)

	31 Dec 2019	31 Dec 2018
Basic earnings per security (cents)	12.92	22.05
Basic underlying earnings per security (cents)	10.12	12.42
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Distribution per security (cents - including proposed distribution)	9.45	9.25
Weighted average securities on issue (million)	635.2	579.7

Abacus continued to be a cautious acquirer of new properties. Abacus remains committed that all new acquisitions are backed by strong property fundamentals and present a sound value proposition. Abacus purchased the following properties during the period: 201 Elizabeth Street, Sydney NSW for \$159 million (24% interest) and eight self storage sites in Canning Vale WA, Ellenbrook WA, Joondalup WA, Narellan NSW, Preston NSW, Woonona NSW and Onehunga and Panmure in New Zealand for \$89 million.

The Abacus investment portfolio was revalued at period end which resulted in a gain of \$25.8 million or 1.3% in the six months to 31 December 2019. The investment property portfolio's overall weighted average capitalisation rate tightened 16 basis points from 6.31% to 6.15%. The investment portfolio (including equity accounted properties) is now valued at over \$2.45 billion including \$1.46 billion of commercial properties across 32 assets and \$973 million of storage facilities across 78 assets.

### CHANGES IN THE STATE OF AFFAIRS

The contributed equity of the Group increased \$250.5 million to \$1,849.6 million compared to \$1,599.1 million as at 30 June 2019. In July 2019, Abacus completed a fully underwritten institutional placement of 63.3 million new ordinary stapled securities at an issue price of \$3.95 per stapled security which raised \$250 million. A Security Purchase Plan ("SPP") was also offered in August 2019 to eligible securityholders to apply for up to \$15,000 of new securities at \$3.95 per stapled security. Further securityholders participated in the distribution reinvestment plan during the period.

Total equity increased by \$270.3 million to \$2,235.7 million at 31 December 2019 compared to \$1,965.4 million at 30 June 2019.

### DISTRIBUTIONS

An interim distribution of 9.45 cents per Abacus stapled security was declared on 13 December 2019 which will be paid on 28 February 2020. Distributions are paid on a semi-annual basis.

### SIGNIFICANT EVENTS AFTER BALANCE DATE

On 15 January 2020, Abacus completed the acquisition of an office building at 99 Walker Street, North Sydney NSW for \$311.3 million excluding transaction costs.

Other than as disclosed already in this report and to the knowledge of directors, there has been no matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may affect, the Group's operations in future financial periods, the results of those operations or the Group's state of affairs in future financial periods.

### ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Group under ASIC Corporations Instrument 2016/191. The Group is an entity to which the instrument applies.

## DIRECTORS' REPORT

31 December 2019

### AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is set out on page 6.

Signed in accordance with a resolution of the directors.  
Abacus Group Holdings Limited (ABN 31 080 604 619)



Myra Salkinder  
Chair  
Sydney, 18 February 2020



Steven Sewell  
Managing Director



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Abacus Group Holdings Limited**

As lead auditor for the review of the half-year financial report of Abacus Group Holdings Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Abacus Group Holdings Limited and the entities it controlled during the financial period.

*Ernst & Young*  
Ernst & Young

*A Ewan*

Anthony Ewan  
Partner  
18 February 2020

**CONSOLIDATED INCOME STATEMENT**  
**HALF-YEAR ENDED 31 DECEMBER 2019**

	Notes	31 Dec 2019 \$'000	31 Dec 2018 \$'000
<b>REVENUE</b>			
Rental income		91,268	86,300
Finance income		35,390	24,441
Fee income		2,774	2,720
Sale of inventory		15,027	22,422
<b>Total Revenue</b>		<b>144,459</b>	<b>135,883</b>
<b>OTHER INCOME</b>			
Net change in fair value of investments and financial instruments derecognised		2,917	586
Net change in fair value of investment properties held at balance date		25,762	60,093
Share of profit from equity accounted investments	5(a)	9,902	8,141
Other income		73	451
<b>Total Revenue and Other Income</b>		<b>183,113</b>	<b>205,154</b>
Property expenses and outgoings		(32,094)	(28,925)
Depreciation and amortisation expense		(2,209)	(1,272)
Cost of inventory sales		(12,026)	(13,545)
Net change in fair value of investment properties derecognised		(54)	8,275
Net change in fair value of investments held at balance date		(13,383)	64
Net change in fair value of derivatives		(942)	383
Impairment charges		(4,760)	(6,972)
Finance costs		(10,713)	(13,979)
Administrative and other expenses		(12,653)	(12,842)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>94,279</b>	<b>136,341</b>
Income tax expense		(12,186)	(10,349)
<b>NET PROFIT AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>82,093</b>	<b>125,992</b>
<b>Discontinued Operations</b>			
Net profit after tax from discontinued operations	12	-	1,679
<b>NET PROFIT AFTER TAX</b>		<b>82,093</b>	<b>127,671</b>
<b>PROFIT ATTRIBUTABLE TO:</b>			
Equity holders of the parent entity (AGHL)		3,568	21,934
<i>Equity holders of other stapled entities</i>			
AT members		31,035	49,441
AGPL members		2,014	591
AIT members		3,484	3,612
ASPT members		16,167	27,380
ASOL members		25,808	24,864
<b>Stapled security holders</b>		<b>82,076</b>	<b>127,822</b>
Net profit attributable to external non-controlling interests		17	(151)
<b>NET PROFIT</b>		<b>82,093</b>	<b>127,671</b>
<b>Basic and diluted earnings per stapled security (cents)</b>	1	12.92	22.05
<b>Basic and diluted earnings per stapled security from continuing operations (cents)</b>	1	12.92	21.37

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**HALF-YEAR ENDED 31 DECEMBER 2019**

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
<b>NET PROFIT AFTER TAX</b>	82,093	127,671
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Items that may be reclassified subsequently to the income statement</i>		
Foreign exchange translation adjustments, net of tax	1,079	2,254
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>83,172</b>	<b>129,925</b>
<b>Total comprehensive income attributable to:</b>		
Members of the Group	83,155	130,076
External non-controlling interests	17	(151)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>83,172</b>	<b>129,925</b>
<b>Total comprehensive income / (loss) attributable to members of the Group analysed by amounts attributable to:</b>		
AGHL members	3,568	21,934
AT members	31,035	49,441
AGPL members	2,014	591
AIT members	3,484	3,612
ASPT members	17,171	29,599
ASOL members	25,883	24,899
<b>TOTAL COMPREHENSIVE INCOME AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP</b>	<b>83,155</b>	<b>130,076</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Notes	31 Dec 2019 \$'000	30 Jun 2019 \$'000
<b>CURRENT ASSETS</b>			
Investment properties held for sale	2	6,750	78,850
Inventory	3(a)	1,655	12,800
Property loans	4(a)	114,224	122,709
Cash and cash equivalents		146,308	89,028
Trade and other receivables		50,338	26,030
Derivatives at fair value		29	-
Other		3,161	3,874
<b>TOTAL CURRENT ASSETS</b>		<b>322,465</b>	<b>333,291</b>
<b>NON-CURRENT ASSETS</b>			
Investment properties	2	2,306,218	1,983,644
Inventory	3(b)	45,124	45,809
Property loans	4(b)	90,884	188,323
Equity accounted investments	5(b)	125,781	168,100
Other financial assets	4(c)	998	48,255
Deferred tax assets		15,500	12,682
Property, plant and equipment	10	15,465	10,548
Derivatives at fair value		516	-
Intangible assets and goodwill		32,394	32,394
Other		-	4,615
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,632,880</b>	<b>2,494,370</b>
<b>TOTAL ASSETS</b>		<b>2,955,345</b>	<b>2,827,661</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		79,468	73,475
Derivatives at fair value		20	-
Income tax payable		8,375	178
Other		3,042	5,750
<b>TOTAL CURRENT LIABILITIES</b>		<b>90,905</b>	<b>79,403</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	6(a)	602,696	744,535
Derivatives at fair value		78	16,692
Deferred tax liabilities		19,398	17,976
Other		6,584	3,651
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>628,756</b>	<b>782,854</b>
<b>TOTAL LIABILITIES</b>		<b>719,661</b>	<b>862,257</b>
<b>NET ASSETS</b>		<b>2,235,684</b>	<b>1,965,404</b>
<b>TOTAL EQUITY</b>		<b>2,235,684</b>	<b>1,965,404</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

AS AT 31 DECEMBER 2019

	Notes	31 Dec 2019 \$'000	30 Jun 2019 \$'000
<b>Equity attributable to members of AGHL:</b>			
Contributed equity		404,573	349,226
Reserves		1,720	4,020
Retained earnings		183,600	180,032
<b>Total equity attributable to members of AGHL:</b>		<b>589,893</b>	<b>533,278</b>
<b>Equity attributable to unitholders of AT:</b>			
Contributed equity		1,065,566	944,808
Accumulated losses		(89,295)	(67,892)
<b>Total equity attributable to unitholders of AT:</b>		<b>976,271</b>	<b>876,916</b>
<b>Equity attributable to members of AGPL:</b>			
Contributed equity		32,328	27,500
Retained earnings		22,918	20,904
<b>Total equity attributable to members of AGPL:</b>		<b>55,246</b>	<b>48,404</b>
<b>Equity attributable to unitholders of AIT:</b>			
Contributed equity		146,228	131,538
Accumulated losses		(89,496)	(89,800)
<b>Total equity attributable to unitholders of AIT:</b>		<b>56,732</b>	<b>41,738</b>
<b>Equity attributable to members of ASPT:</b>			
Contributed equity		167,432	124,804
Reserves		3,779	2,782
Retained earnings		48,496	37,695
<b>Total equity attributable to members of ASPT:</b>		<b>219,707</b>	<b>165,281</b>
<b>Equity attributable to members of ASOL:</b>			
Contributed equity		33,410	21,269
Reserves		225	143
Retained earnings		299,510	273,702
<b>Total equity attributable to members of ASOL:</b>		<b>333,145</b>	<b>295,114</b>
<b>Equity attributable to external non-controlling interest:</b>			
Contributed equity		16,445	24,805
Accumulated losses		(11,755)	(20,132)
<b>Total equity attributable to external non-controlling interest:</b>		<b>4,690</b>	<b>4,673</b>
<b>TOTAL EQUITY</b>		<b>2,235,684</b>	<b>1,965,404</b>
Contributed equity	8	1,849,537	1,599,145
Reserves		5,724	6,945
Retained earnings		375,733	354,641
Total stapled security holders' interest in equity		2,230,994	1,960,731
Total external non-controlling interest		4,690	4,673
<b>TOTAL EQUITY</b>		<b>2,235,684</b>	<b>1,965,404</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**HALF-YEAR ENDED 31 DECEMBER 2019**

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income receipts	158,444	125,363
Interest received	282	957
Distributions received	1,410	78
Income tax paid	(5,750)	(24,561)
Finance costs paid	(9,633)	(13,345)
Operating payments	(44,183)	(44,482)
Payments for land acquisitions	(2,234)	(6,729)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>98,336</b>	<b>37,281</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for investments and funds advanced	(38,279)	(13,241)
Proceeds from sale and settlement of investments and funds repaid	191,357	53,994
Purchase of property, plant and equipment	(3,026)	(1,146)
Disposal of property, plant and equipment	-	82,201
Purchase of investment properties	(282,137)	(177,844)
Disposal of investment properties	56,542	230,417
Payment for other investments and financial assets	-	(56,679)
<b>NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(75,543)</b>	<b>117,702</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of units	254,312	-
Payment of issue / finance costs	(5,745)	(591)
Repayment of borrowings	(197,744)	(111,332)
Repayment of principal portion of lease liabilities	(489)	-
Proceeds from borrowings	36,919	74,873
Distributions paid	(52,806)	(51,697)
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>34,447</b>	<b>(88,747)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>57,240</b>	<b>66,236</b>
Net foreign exchange differences	40	32
Cash and cash equivalents at beginning of period	89,028	103,256
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>146,308</b>	<b>169,524</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**HALF-YEAR ENDED 31 DECEMBER 2019**

	Attributable to the stapled security holder					External	Total Equity \$'000
	Issued capital \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Employee equity benefits \$'000	Retained earnings \$'000	Non- controlling interest \$'000	
<b>CONSOLIDATED</b>							
<b>At 1 July 2019</b>	1,599,145	-	2,925	4,020	354,641	4,673	1,965,404
Other comprehensive income	-	-	1,079	-	-	-	1,079
Net income for the period	-	-	-	-	82,076	17	82,093
<b>Total comprehensive income for the period</b>	-	-	1,079	-	82,076	17	83,172
Equity raisings	254,312	-	-	-	-	-	254,312
Issue costs	(5,575)	-	-	-	-	-	(5,575)
Distribution reinvestment plan	1,655	-	-	-	-	-	1,655
Security acquisition rights	-	-	-	(2,300)	-	-	(2,300)
Distribution to securityholders	-	-	-	-	(60,984)	-	(60,984)
<b>At 31 December 2019</b>	<b>1,849,537</b>	<b>-</b>	<b>4,004</b>	<b>1,720</b>	<b>375,733</b>	<b>4,690</b>	<b>2,235,684</b>

	Attributable to the stapled security holder					External	Total Equity \$'000
	Issued capital \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Employee equity benefits \$'000	Retained earnings \$'000	Non- controlling interest \$'000	
<b>CONSOLIDATED</b>							
<b>At 1 July 2018</b>	1,594,987	17,926	300	4,014	252,838	46,637	1,916,702
Impact of changes in accounting standards	-	-	-	-	(11,150)	-	(11,150)
Adjusted balance at 1 July 2018	1,594,987	17,926	300	4,014	241,688	46,637	1,905,552
Other comprehensive income	-	-	2,254	-	-	-	2,254
Net income for the period	-	-	-	-	127,822	(151)	127,671
<b>Total comprehensive income for the period</b>	-	-	2,254	-	127,822	(151)	129,925
Distribution reinvestment plan	1,646	-	-	-	-	-	1,646
Security acquisition rights	-	-	-	889	-	-	889
Distribution to security holders	-	-	-	-	(53,631)	(736)	(54,367)
Transfer of reserve (hotel disposal)	-	(17,926)	-	-	17,926	-	-
<b>At 31 December 2018</b>	<b>1,596,633</b>	<b>-</b>	<b>2,554</b>	<b>4,903</b>	<b>333,805</b>	<b>45,750</b>	<b>1,983,645</b>

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**NOTES TO THE FINANCIAL STATEMENTS – About this Report****31 DECEMBER 2019**

Abacus Property Group (“APG” or the “Group”) is comprised of Abacus Group Holdings Limited (“AGHL”) (the nominated parent entity), Abacus Trust (“AT”), Abacus Group Projects Limited (“AGPL”), Abacus Income Trust (“AIT”), Abacus Storage Property Trust (“ASPT”) and Abacus Storage Operations Limited (“ASOL”). Shares in AGHL, AGPL and ASOL and units in AT, AIT and ASPT have been stapled together so that neither can be dealt with without the other. The securities trade as one security on the Australian Securities Exchange (the “ASX”) under the code ABP.

The financial report of the Group for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 18 February 2020.

The nature of the operations and principal activities of the Group are described in the Directors’ Report.

The Group predominately operates in Australia. Following are the Group’s operating segments, which are regularly reviewed by the Chief Operating Decision Maker (“CODM”) to make decisions about resources allocation and to assess performance:

- (a) Property Investment: the segment is responsible for the investment in and ownership of commercial, retail, industrial properties and self storage facilities. This segment also includes the equity accounting of co-investments in property entities not engaged in development and construction projects; and
- (b) Property Development: provides secured lending and related property financing solutions and is also responsible for the Group’s investment in joint venture developments and construction projects, which includes revenue from debt and equity investments in joint ventures.

Segment result includes transactions between operating segments which are then eliminated.

The Group has consolidated the Abacus Wodonga Land Fund. The performance of the Fund, which is operated as an externally managed investment scheme, has been classified as within the other segment.

\* The operating segments reported by the Group have changed from the prior period. Accordingly, prior period comparatives have been restated to reflect the change.

**NOTES TO THE FINANCIAL STATEMENTS – Segment Information**

31 DECEMBER 2019

Half-year ended 31 December 2019	Property Investment		Property	Other	Total Group Segments
	Commercial	Storage	Development		
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
Rental income	48,439	42,816	-	13	91,268
Finance income	-	-	35,218	-	35,218
Fee income	2,774	-	-	-	2,774
Sale of inventory	-	-	8,749	6,278	15,027
Net change in fair value of investments and financial instruments derecognised	2,917	-	-	-	2,917
Net change in investment properties held at balance date	1,570	24,192	-	-	25,762
Share of profit from equity accounted investments	7,097 ^	476	2,329	-	9,902
Other income	43	-	30	-	73
Other unallocated revenue	-	-	-	172	172
<b>Total consolidated revenue and other income</b>	<b>62,840</b>	<b>67,484</b>	<b>46,326</b>	<b>6,463</b>	<b>183,113</b>
Property expenses and outgoings	(15,653)	(16,357)	-	(84)	(32,094)
Depreciation and amortisation expense	(1,590)	(618)	-	(1)	(2,209)
Cost of inventory sales	-	-	(7,838)	(4,188)	(12,026)
Net change in fair value of investment properties derecognised	(54)	-	-	-	(54)
Net change in fair value of investments held at balance date	(1,573)	97	(11,907)	-	(13,383)
Impairment charges	-	-	(2,800)	(1,960)	(4,760)
Administrative and other expenses	(8,839)	-	(3,788)	(26)	(12,653)
<b>Segment result</b>	<b>35,131</b>	<b>50,606</b>	<b>19,993</b>	<b>204</b>	<b>105,934</b>
Net change in fair value of derivatives					(942)
Finance costs					(10,713)
<b>Profit before tax</b>					<b>94,279</b>
Income tax expense					(12,186)
<b>Net profit for the period</b>					<b>82,093</b>
less non-controlling interest					(17)
<b>Net profit for the period attributable to members of the Group</b>					<b>82,076</b>

^ includes fair value gain of \$4.0 million

NOTES TO THE FINANCIAL STATEMENTS – Segment Information (continued)

31 DECEMBER 2019

Half-year ended 31 December 2018	Property Investment		Property	Other	Total Group Segments	Eliminations /	Consolidated
	Commercial	Storage	Development			Discontinued Operations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>							
Rental income	49,382	36,918	-	-	86,300	-	86,300
Finance income	-	-	24,242	-	24,242	-	24,242
Fee income	6,108	-	-	-	6,108	(3,388)	2,720
Sale of inventory	-	-	15,750	6,672	22,422	-	22,422
Net change in fair value of investments and financial instruments derecognised	586	-	-	-	586	-	586
Net change in investment properties held at balance date	16,498	43,595	-	-	60,093	-	60,093
Share of profit from equity accounted investments	1,889	421	5,831	-	8,141	-	8,141
Other income	70	-	381	-	451	-	451
Other unallocated revenue	-	-	-	199	199	-	199
<b>Total consolidated revenue and other income</b>	<b>74,533</b>	<b>80,934</b>	<b>46,204</b>	<b>6,871</b>	<b>208,542</b>	<b>(3,388)</b>	<b>205,154</b>
Net change in fair value of investment properties and property, plant & equipment derecognised	8,292	(17)	-	-	8,275	-	8,275
Net change in fair value of investments held at balance date	64	-	-	-	64	-	64
Property expenses and outgoings	(15,108) ^	(13,734)	-	(83)	(28,925)	-	(28,925)
Depreciation and amortisation expense	(1,029)	(241)	-	(2)	(1,272)	-	(1,272)
Cost of inventory sales	-	-	(9,745)	(3,800)	(13,545)	-	(13,545)
Impairment charges	-	-	(6,972)	-	(6,972)	-	(6,972)
Administrative and other expenses	(8,968)	-	(3,843)	352	(12,459)	-	(12,459)
<b>Segment result</b>	<b>57,784</b>	<b>66,942</b>	<b>25,644</b>	<b>3,338</b>	<b>153,708</b>	<b>(3,388)</b>	<b>150,320</b>
Finance costs					(13,633)	(346)	(13,979)
<b>Profit before tax</b>					<b>140,075</b>	<b>(3,734)</b>	<b>136,341</b>
Income tax expense					(10,349)	-	(10,349)
<b>Net profit for the period from continuing operations</b>					<b>129,726</b>	<b>(3,734)</b>	<b>125,992</b>
Net profit after tax from discontinued operations					-	1,679	1,679
<b>Net profit for the period</b>					<b>129,726</b>	<b>(2,055)</b>	<b>127,671</b>
less non-controlling interest					(2,132)	2,283	151
<b>Net profit for the period attributable to members of the Group</b>					<b>127,594</b>	<b>228</b>	<b>127,822</b>

^ includes fair value loss of \$0.8 million

**NOTES TO THE FINANCIAL STATEMENTS – Segment Information (continued)**  
**31 DECEMBER 2019**

	Property Investment	Property Development	Unallocated	Total
<b>As at 31 December 2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current assets	6,750	114,224	201,491	<b>322,465</b>
Non-current assets	2,446,819	137,643	48,418	<b>2,632,880</b>
<b>Total assets</b>	<b>2,453,569</b>	<b>251,867</b>	<b>249,909</b>	<b>2,955,345</b>
Current liabilities	14,652	6,561	69,692	<b>90,905</b>
Non-current liabilities	862	369	627,525	<b>628,756</b>
<b>Total liabilities</b>	<b>15,514</b>	<b>6,930</b>	<b>697,217</b>	<b>719,661</b>
<b>Net assets</b>	<b>2,438,055</b>	<b>244,937</b>	<b>(447,308)</b>	<b>2,235,684</b>
Total facilities - bank loans				1,047,750
Facilities used at reporting date - bank loans				(567,699)
<b>Facilities unused at reporting date - bank loans</b>				<b>480,051</b>

	Property Investment	Property Development	Unallocated	Total
<b>As at 30 June 2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current assets	117,459	91,682	124,150	<b>333,291</b>
Non-current assets	2,201,219	242,225	50,926	<b>2,494,370</b>
<b>Total assets</b>	<b>2,318,678</b>	<b>333,907</b>	<b>175,076</b>	<b>2,827,661</b>
Current liabilities	17,465	7,434	54,504	<b>79,403</b>
Non-current liabilities	928	398	781,528	<b>782,854</b>
<b>Total liabilities</b>	<b>18,393</b>	<b>7,832</b>	<b>836,032</b>	<b>862,257</b>
<b>Net assets</b>	<b>2,300,285</b>	<b>326,075</b>	<b>(660,956)</b>	<b>1,965,404</b>
Total facilities - bank loans				1,047,750
Facilities used at reporting date - bank loans				(710,719)
<b>Facilities unused at reporting date - bank loans</b>				<b>337,031</b>

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2019

**1. EARNINGS PER STAPLED SECURITY**

	31 Dec 2019	31 Dec 2018
Basic and diluted earnings per stapled security (cents)	12.92	22.05
Basic and diluted earnings per stapled security for continuing operations (cents)	12.92	21.37
<b>Reconciliation of earnings used in calculating earnings per stapled security</b>		
<i>Basic and diluted earnings per stapled security</i>		
Continuing operations	82,076	123,860
Discontinued operations	-	3,962
<b>Net profit (\$'000)</b>	<b>82,076</b>	<b>127,822</b>
<b>Weighted average number of shares:</b>		
Weighted average number of stapled securities for basic earning per security ('000)	635,215	579,651

**2. INVESTMENT PROPERTIES**

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
Leasehold investment properties <sup>1</sup>	12,770	12,824
Freehold investment properties	2,300,198	2,049,670
<b>Total investment properties</b>	<b>2,312,968</b>	<b>2,062,494</b>

1. The carrying amount of the leasehold property is presented gross of the finance liability of \$2.6 million (30 June 2019: \$2.7 million).

**Reconciliation**

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
<b>Investment properties held for sale</b>		
Office	6,750	22,310
Other	-	56,540
<b>Total investment properties held for sale</b>	<b>6,750</b>	<b>78,850</b>
<b>Investment properties</b>		
Office	1,123,941	938,992
Storage	972,707	841,509
Other	209,570	203,143
<b>Total investment properties</b>	<b>2,306,218</b>	<b>1,983,644</b>
<b>Total investment properties including held for sale</b>	<b>2,312,968</b>	<b>2,062,494</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

### 2. INVESTMENT PROPERTIES (continued)

A reconciliation of the carrying amount of investment properties at the beginning and end of the period is as follows. All investment properties are classified as Level 3 in accordance with the fair value hierarchy outlined in Note 7:

	Non-current	
	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
<b>Leasehold investment properties</b>		
Carrying amount at beginning of the financial period	12,824	12,690
Capital expenditure	1	3
Net change in fair value as at balance date	(55)	131
<b>Carrying amount at end of the period</b>	<b>12,770</b>	<b>12,824</b>

  

	Held for sale		Non-current	
	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000
<b>Freehold investment properties</b>				
Carrying amount at beginning of the financial period	78,850	209,606	1,970,820	1,713,704
Additions	-	-	249,470	247,197
Capital expenditure	55	3,374	29,556	48,060
Net change in fair value as at balance date	116	-	25,701	69,509
Net change in fair value derecognised	(50)	3,028	(4)	10,524
Disposals	(56,536)	(216,008)	(596)	(48,250)
Effect of movements in foreign exchange	-	-	1,514	5,580
Transfer to inventory	-	-	-	(874)
Properties transferred to / from held for sale	(15,685)	78,850	15,685	(78,850)
Straightlining	-	-	1,302	4,220
<b>Carrying amount at end of the period</b>	<b>6,750</b>	<b>78,850</b>	<b>2,293,448</b>	<b>1,970,820</b>

Investment properties are carried at the Directors' determination of fair value. The determination of fair value includes reference to the original acquisition cost together with capital expenditure since acquisition and either the latest full independent valuation, latest independent update or directors' valuation. Total acquisition costs include incidental costs of acquisition such as property taxes on acquisition, legal and professional fees and other acquisition related costs.

#### Sensitivity Information

Significant input	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input
Adopted capitalisation rate	Decrease	Increase
Rate per unit	Increase	Decrease
Optimal occupancy	Increase	Decrease
Adopted discount rate	Decrease	Increase

The adopted capitalisation rate forms part of the income capitalisation approach.

When calculating the income capitalisation approach, the net market rent has a strong interrelationship with the adopted capitalisation rate given the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the net market rent and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the net market rent and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the net market rent and the adopted capitalisation rate could potentially magnify the impact to the fair value.

The adopted discount rate of a discounted cash flow has a strong interrelationship in deriving a fair value given the discount rate will determine the rate in which the terminal value is discounted to the present value.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

### 2. INVESTMENT PROPERTIES (continued)

External valuations are conducted by qualified independent valuers who are appointed by the Director of Property who is also responsible for the Group's internal valuation process. He is assisted by in-house certified professional valuers who are experienced in valuing the types of properties in the applicable locations.

Investment properties are independently valued on a staggered basis every two years unless the underlying financing requires a different valuation cycle.

The majority of the investment properties are used as security for secured bank debt outlined in Note 6.

The weighted average capitalisation rate for Abacus is 6.15% (30 June 2019: 6.31%) and for each significant category above is as follows;

- Office – 5.80% (30 June 2019: 5.92%)
- Storage – 6.64% (30 June 2019: 6.91%)
- Other – 5.79% (30 June 2019: 5.82%)

The optimal occupancy rate utilised in the valuation process ranged from 80.0% to 100.0% (30 June 2019: 80.0% to 100.0%). The current occupancy rate for the principal portfolio excluding development and self storage assets is 92.8% (30 June 2019: 91.9%). The current occupancy rate for self storage assets is 87.9% (30 June 2019: 88.5%).

During the half-year ended 31 December 2019, 30% (30 June 2019: 56%) of the number of investment properties in the portfolio were subject to external valuations, the remaining 70% (30 June 2019: 44%) were subject to internal valuation.

### 3. INVENTORY

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
<b>(a) Current</b>		
Property developments <sup>1</sup>		
- purchase consideration	380	7,713
- development costs	1,275	5,287
- provision	-	(200)
	<b>1,655</b>	<b>12,800</b>
<b>(b) Non-current</b>		
Property developments <sup>1</sup>		
- purchase consideration	45,124	44,812
- development costs	-	997
	<b>45,124</b>	<b>45,809</b>
<b>Total inventory</b>	<b>46,779</b>	<b>58,609</b>

1. Inventories are held at the lower of cost and net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2019

**4. PROPERTY LOANS AND OTHER FINANCIAL ASSETS**

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
<b>(a) Current property loans</b>		
Secured loans - amortised cost <sup>1</sup>	29,846	57,674
Interest receivable on secured loans - amortised cost	3,670	3,410
Provision for secured loans - amortised cost	(2,942)	(153)
Secured loans - fair value	26,170	53,982
Interest receivable on secured loans - fair value	57,480	7,796
	<b>114,224</b>	<b>122,709</b>
<b>(b) Non-current property loans</b>		
Secured loans - amortised cost <sup>1</sup>	-	93,836
Interest receivable on secured loans - amortised cost	-	58,358
Provision for secured loans - amortised cost	-	(15,249)
Secured loans - fair value	81,725	39,065
Interest receivable on secured loans - fair value	9,159	12,313
	<b>90,884</b>	<b>188,323</b>
<b>(c) Non-current other financial assets</b>		
Other financial assets	-	46,978
Investment in securities and options - unlisted - fair value	998	1,277
	<b>998</b>	<b>48,255</b>

1. Mortgages are secured by real property assets. The current facilities are scheduled to mature and are expected to be realised on or before 31 December 2020 and the non-current facilities are expected to mature between 1 January 2021 and 1 July 2021.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2019

**5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

**(a) Extract from joint ventures and associates' profit and loss statements**

	Fordtrans Pty Ltd		Oasis JV Unit Trust		Other Joint Ventures		Total	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	5,891	5,299	18,341	6,635	52,968	76,733	77,200	88,667
Expenses	(3,074)	(3,122)	(3,970)	(7,192)	(47,023)	(58,248)	(54,067)	(68,562)
<b>Net profit / (loss)</b>	<b>2,817</b>	<b>2,177</b>	<b>14,371</b>	<b>(557)</b>	<b>5,945</b>	<b>18,485</b>	<b>23,133</b>	<b>20,105</b>
<b>Share of net profit / (loss)</b>	<b>1,408</b>	<b>1,088</b>	<b>5,749</b>	<b>(223)</b>	<b>2,745</b>	<b>7,276</b>	<b>9,902</b>	<b>8,141</b>

**(b) Extract from joint ventures and associates' balance sheets**

	Fordtrans Pty Ltd		Oasis JV Unit Trust		Other Joint Ventures		Total	
	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	6,495	5,014	182,889	9,416	23,765	61,745	213,149	76,175
Non-current assets	208,893	208,318	-	159,000	39,153	149,709	248,046	517,027
	215,388	213,332	182,889	168,416	62,918	211,454	461,195	593,202
Current liabilities	(15,275)	(13,151)	(95,868)	(2,795)	(18,308)	(48,156)	(129,451)	(64,102)
Non-current liabilities	(63,525)	(64,313)	-	(92,971)	(17,392)	(17,360)	(80,917)	(174,644)
<b>Net assets</b>	<b>136,588</b>	<b>135,868</b>	<b>87,021</b>	<b>72,650</b>	<b>27,218</b>	<b>145,938</b>	<b>250,827</b>	<b>354,456</b>
<b>Share of net assets</b>	<b>67,894</b>	<b>67,477</b>	<b>34,809</b>	<b>29,060</b>	<b>23,078</b>	<b>71,563</b>	<b>125,781</b>	<b>168,100</b>

There were no impairment losses or contingent liabilities relating to the investment in the joint ventures and associates.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2019

**6. INTEREST BEARING LOANS AND BORROWINGS**

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
<b>Non-current</b>		
Bank loans - A\$	457,250	638,050
Bank loans - A\$ value of NZ\$ denominated loan	110,449	73,299
Loan from related party - A\$	37,682	36,801
Less: Unamortised borrowing costs	(2,685)	(3,615)
<b>(a) Total non-current</b>	<b>602,696</b>	<b>744,535</b>

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
<b>(b) Maturity profile of current and non-current interest bearing loans</b>		
Due between one and five years	275,946	204,332
Due after five years	326,750	540,203
	<b>602,696</b>	<b>744,535</b>

Abacus maintains a range of interest-bearing loans and borrowings. The sources of funding are spread over a number of counterparties and the terms of the instruments are negotiated to achieve a balance between capital availability and cost of debt.

Bank loans are A\$ and NZ\$ denominated and are provided by several banks at interest rates which are set periodically on a fixed or floating basis. The loan facilities term to maturity varies from July 2020 to August 2025. The bank loans are secured by charges over the investment properties, certain inventory and certain property, plant and equipment.

Approximately 62.8% (30 June 2019: 50.2%) of bank debt drawn was subject to fixed rate hedges and the drawn bank debt had a weighted average term to maturity of 4.9 years (30 June 2019: 5.3 years). Hedge cover as a percentage of available facilities at 31 December 2019 is 34.1% (30 June 2019: 34.1%).

Abacus' weighted average interest rate as at 31 December 2019 was 4.02% (30 June 2019: 4.02%). Line fees on undrawn facilities contributed to 0.91% of the weighted average interest rate at 31 December 2019 (30 June 2019: 0.34%). Abacus' weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2019 was 3.11% (30 June 2019: 3.68%).

**(c) Assets pledged as security**

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
<b>Current</b>		
<i>First mortgage</i>		
Investment properties held for sale	6,750	68,050
Total current assets pledged as security	6,750	68,050
<b>Non-current</b>		
<i>First mortgage</i>		
Investment properties	2,201,727	1,896,955
Total non-current assets pledged as security	2,201,727	1,896,955
<b>Total assets pledged as security</b>	<b>2,208,477</b>	<b>1,965,005</b>

**(d) Defaults and breaches**

During the current and prior years, there were no defaults or breaches of any of the Group's loans.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

### 7. FINANCIAL INSTRUMENTS

#### Fair values

The fair value of the Group's financial assets and liabilities are approximately equal to that of their carrying values.

Details of the Group's fair value measurement, valuation technique and inputs are detailed below.

Class of assets / liabilities	Fair value hierarchy	Valuation technique	Inputs used to measure fair value
Investment properties	Level 3	Discounted Cash Flow ("DCF") Direct comparison Income capitalisation method	Discount rate Net operating income Adopted capitalisation rate Rate per unit Optimal occupancy Adopted discount rate
Property, plant and equipment	Level 3	Income capitalisation method	Net market EBITDA Optimal occupancy Adopted capitalisation rate
Property loans - fair value	Level 3	Residual cash flow analysis	Property loan cash flow forecast Property loan payment priorities
Securities and options - unlisted	Level 3	Pricing models	Security price Underlying net asset Property valuations
Derivative - financial instruments	Level 2	DCF (adjusted for counterparty credit worthiness)	Interest rates Consumer Price Index ("CPI") Volatility Quoted security price
Securities and options - listed	Level 1	Quoted prices (unadjusted) in active market for identical assets or liabilities	Quoted security price

**Level 1** Quoted prices (unadjusted) in active market for identical assets or liabilities;

**Level 2** Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

**Level 3** Inputs for the asset or liability that are not based on observable market data.

There were no transfers between Levels 1, 2 and 3 during the period.

Income capitalisation method	This method involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital expenditure reversions.
Direct comparison	This method directly compares and analyses sales evidence on a rate per unit.
Discounted cash flow method	Under the DCF method, the fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the assets' or liabilities' life including an exit or terminal value. The DCF method involves the projection of a series of cash flows from the assets or liabilities. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash flow stream associated with the assets or liabilities.
Residual cash flow analysis	The analysis takes into account the time value of money in a more detailed way than simply a developer's profit margin as it considers the timing of all costs and income associated with the project.
Pricing models – unlisted securities	The fair value is determined by reference to the net assets which approximates fair value of the underlying entities.
Pricing models – options	The fair value is determined using generally accepted pricing models including Black-Scholes and adjusted for specific features of the options including share price, underlying net assets and property valuations and prevailing exchange rates.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2019

**7. FINANCIAL INSTRUMENTS (continued)**

**Fair values (continued)**

The following table is a reconciliation of the movements in derivatives (projects), unlisted securities and options classified as Level 3 for the period ended 31 December 2019.

	Secured loans	Derivatives - projects	Unlisted securities/ options	Total
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 30 June 2019</b>	113,156	-	1,277	114,433
Fair value movement through the income statement	(11,907)	-	(279)	(12,186)
Additions	141,065	-	-	141,065
Disposals	(68,180)	-	-	(68,180)
<b>Closing balance as at 31 December 2019</b>	<b>174,134</b>	<b>-</b>	<b>998</b>	<b>175,132</b>
	Secured loans	Derivatives - projects	Unlisted securities/ options	Total
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 30 June 2018</b>	125,805	1,885	1,329	129,019
Fair value movement through the income statement	1,885	(1,885)	68	68
Additions	7,504	-	-	7,504
Disposals	(5,201)	-	-	(5,201)
<b>Closing balance as at 31 December 2018</b>	<b>129,993</b>	<b>-</b>	<b>1,397</b>	<b>131,390</b>

*Sensitivity of Level 3*

*Secured loans*

The fair values of the secured loans are impacted by the underlying property development valuations and returns. The potential effect of using reasonable possible alternative assumptions based on a change in the underlying property developments' returns by 5% would have the effect of reducing the fair value by up to \$0.1 million (30 June 2019: \$0.4 million) or increase the fair value by \$0.1 million (30 June 2019: \$0.4 million).

*Unlisted securities and options*

The potential effect of using reasonable possible alternative assumptions based on a change in the property valuations by 5% would have the effect of reducing the fair value by up to \$0.1 million (30 June 2019: \$0.1 million) or increase the fair value by \$0.1 million (30 June 2019: \$0.1 million).

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2019

**8. CONTRIBUTED EQUITY**

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
<b>(a) Issued stapled securities</b>		
Stapled securities	1,895,171	1,639,203
Issue costs	(45,634)	(40,058)
<b>Total contributed equity</b>	<b>1,849,537</b>	<b>1,599,145</b>

	Stapled securities	
	Number	Number
	31 Dec 2019	30 Jun 2019
	'000	\$'000
<b>(b) Movement in stapled securities on issue</b>		
<b>At beginning of financial year</b>	580,555	579,363
- equity raisings	64,382	-
- distribution reinvestment plan	393	1,192
<b>Securities on issue at end of financial period</b>	<b>645,330</b>	<b>580,555</b>

**9. DISTRIBUTIONS PAID AND PROPOSED**

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
<b>Abacus</b>		
<b>(a) Distributions paid during the period</b>		
June 2019 half: 9.25 cents per stapled security (2018: 9.00 cents)	53,701	52,143
<b>(b) Distributions declared and recognised as a liability<sup>^</sup></b>		
December 2019 half: 9.45 cents per stapled security (2018: 9.25 cents)	60,984	53,631

Distributions were paid from Abacus Trust, Abacus Income Trust and Abacus Storage Property Trust (which do not pay tax provided they distribute all their taxable income) hence, there were no franking credits attached.

<sup>^</sup> The interim distribution of 9.45 cents per stapled security was declared on 13 December 2019. The distribution being paid on or around 28 February 2020 will be approximately \$61.0 million.

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
<b>Non-core funds</b>		
<b>(a) Distributions paid during the period</b>		
Abacus Hospitality Fund	-	735
	-	<b>735</b>
<b>(b) Distributions proposed</b>		
Abacus Hospitality Fund	-	368
	-	<b>368</b>

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2019

**10. PROPERTY, PLANT AND EQUIPMENT**

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
<b>Non-current</b>		
Right of use property asset	2,719	-
Storage equipment	11,164	8,802
Office equipment / furniture and fittings	1,582	1,746
<b>Total non-current property, plant and equipment</b>	<b>15,465</b>	<b>10,548</b>
	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
<b>Land and buildings</b>		
At the beginning of the period net of accumulated depreciation	-	81,068
Disposal	-	(81,068)
<b>At the end of the period net of accumulated depreciation</b>	<b>-</b>	<b>-</b>
<b>Right of use property asset</b>		
Additions	3,173	-
Depreciation charge for the period	(454)	-
<b>At the end of the period net of accumulated depreciation</b>	<b>2,719</b>	<b>-</b>
Gross value	3,173	-
Accumulated depreciation	(454)	-
<b>Net carrying amount at end of the period</b>	<b>2,719</b>	<b>-</b>
<b>Plant and equipment</b>		
Gross value	21,682	18,586
Accumulated depreciation	(8,936)	(8,038)
<b>Net carrying amount at end of the period</b>	<b>12,746</b>	<b>10,548</b>
<b>Total</b>	<b>15,465</b>	<b>10,548</b>

**11. COMMITMENTS AND CONTINGENCIES**

There are no contingent assets or liabilities at 31 December 2019 other than as disclosed in this report.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2019

**12. DISCONTINUED OPERATIONS**

At 30 June 2019, Abacus Hospitality Fund was classified as a discontinued operation as the Fund was in process of being wound up. Abacus Hospitality Fund was presented in the segment note within the non core segment. The results of Abacus Hospitality Limited for the relevant year were presented as follows:

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
Hotel income	-	5,546
Finance income	-	767
Other income	-	2
<b>Total Revenue and Other Income</b>	<b>-</b>	<b>6,315</b>
Hotel expenses	-	(4,193)
Net change in fair value of investment properties and property, plant and equipment derecognised	-	(396)
Administrative and other expenses	-	(47)
<b>PROFIT BEFORE TAX FROM DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>1,679</b>
Income tax expense	-	-
<b>NET PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>1,679</b>

At 30 June 2019, Abacus Hospitality Fund had no assets or liabilities.

The net cash flow incurred by Abacus Hospitality Fund were as follows:

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
Operating	-	(4,934)
Investing	-	83,406
Financing	-	(736)
<b>Net cash (outflow) / inflow</b>	<b>-</b>	<b>77,736</b>

<b>Basic and diluted earnings per stapled security from discontinued operations (cents)</b>	<b>-</b>	<b>0.68</b>
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## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

### 13. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the Annual Financial Report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Property Group for the year ended 30 June 2019. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Property Group during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019 except for the adoption of new standards and interpretations effective as of 1 July 2019.

#### New accounting standards and interpretations

The Group has adopted the following new standards which became applicable on 1 July 2019:

- AASB 16 Leases
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle
- AASB Interpretation 23 Uncertainty over Income Tax Treatments, and relevant amending standards

The adoption of these amended standards and interpretation has no material impact on the financial results of the Group.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the half-year ended 31 December 2019. The impact of these new standards or amendments to the standards (to the extent relevant to the Group) and interpretations is as follows:

- AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business (effective from 1 January 2020)

This amends AASB 3 - Business Combinations to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (effective from 1 January 2020)

This amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2022)

This amends AASB 10 - Consolidated Financial Statements and AASB 128 - Investments in Associates and Joint Ventures to address an inconsistency between the requirements of AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. This amendment is not expected to have a significant impact on the financial statements on application.

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

**14. EVENTS AFTER BALANCE SHEET DATE**

On 15 January 2020, Abacus completed the acquisition of an office building at 99 Walker Street, North Sydney NSW for \$311.3 million excluding transaction costs.

Other than as disclosed in this report, there has been no other matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may affect, the Group's operations in future financial years, the results of those operations or the Group's state of affairs in future financial years.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Abacus Group Holdings Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2019 and the performance for the half-year ended on that date for the consolidated entity; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Myra Salkinder  
Chair  
Sydney, 18 February 2020



Steven Sewell  
Managing Director



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## **Independent Auditor's Review Report to the Members of Abacus Group Holdings Limited**

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Abacus Group Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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## **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young  
Ernst & Young

Anthony Ewan  
Partner  
Sydney  
18 February 2020