

Abacus Property Group

HY22 Results Presentation

17 February 2022

Platform metrics HY22



TOTAL
ASSETS

A\$4.9bn
↑21.6% on FY21

WEIGHTED
AVERAGE
CAP RATE

5.49%^{1,2}
↓16bps on FY21

GEARING

29.4%
↑690bps on FY21

NET
TANGIBLE
ASSETS

\$3.73ps
↑8.7% on FY21

STATUTORY
PROFIT

\$314.8m
↑107.4% on HY21

FFO

\$81.1m
↑33.7% on HY21

FFO
PER SECURITY

9.8c
↑8.2% on HY21

DPS

8.75c
↑2.9% on HY21

1. Includes equity accounted investments.
2. Commercial portfolio 5.52%, Self Storage portfolio 5.47%.

HY22 highlights



Abacus is a diversified Australian REIT with an investment portfolio concentrated in the Commercial property and Self Storage sectors

Deployment:

- Material transformation with approximately \$3.2 billion¹ deployed since FY17 including over \$1.8 billion into Self Storage
- Over \$1 billion¹ deployed into key sectors during FY22 to date
- FFO per security growth of 8.2% on 1H21 and 4.9% on 2H21

Operating conditions:

Self Storage: Multi-pronged growth strategy continues to deliver with a strong trading performance in HY22

- \$483 million invested²
- Established portfolio³ RevPAM growth of 11.7%
- 69% growth on HY21 in Self Storage net property rental income to \$57.7 million⁴

Commercial: Acquisitions and active asset management support resilient trading in HY22

- \$601 million invested⁵
- over 25,000 sqm of Office leasing completed with positive spreads
- 15% growth on HY21 in Commercial net property rental income to \$47.8 million⁶

1. Includes \$401 million of acquisition: 77 Castlereagh Street, Sydney NSW, 56 Prescot Parade, Milperra NSW (**Riverlands**), 181 James Ruse Drive, Camellia NSW (**Camellia**) and \$53 million of Self Storage sites (**post balance date transactions**).

2. Including \$53 million post balance date transactions.

3. Established portfolio: 63 mature stores open at 1 July 2020.

4. Note impact from elimination of Storage King (**SK**) management fees (SK acquired in November 2020).

5. Including \$348 million post balance date transactions.

6. Excluding equity accounted investments.

Proforma¹ balance sheet allocation



31 DECEMBER 2021

\$5.2 billion of Total Assets²

Commercial \$2.5 billion	50%	Self Storage \$2.5 billion	50%
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Office	\$1,932m	Established ³	\$1,220m
Retail	\$485m	Acquisitions ⁴	\$451m
Other	\$103m	Stabilising ⁵	\$431m
		Other ⁶	\$357m

30 JUNE 2021

\$4.1 billion of Total Assets²

Commercial \$2.0 billion	52%	Self Storage \$1.8 billion	45%
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Office	\$1,646m	Established ³	\$1,072m
Retail	\$343m	Acquisitions ⁴	\$130m
Other	\$45m	Stabilising ⁵	\$248m
		Other ⁶	\$306m

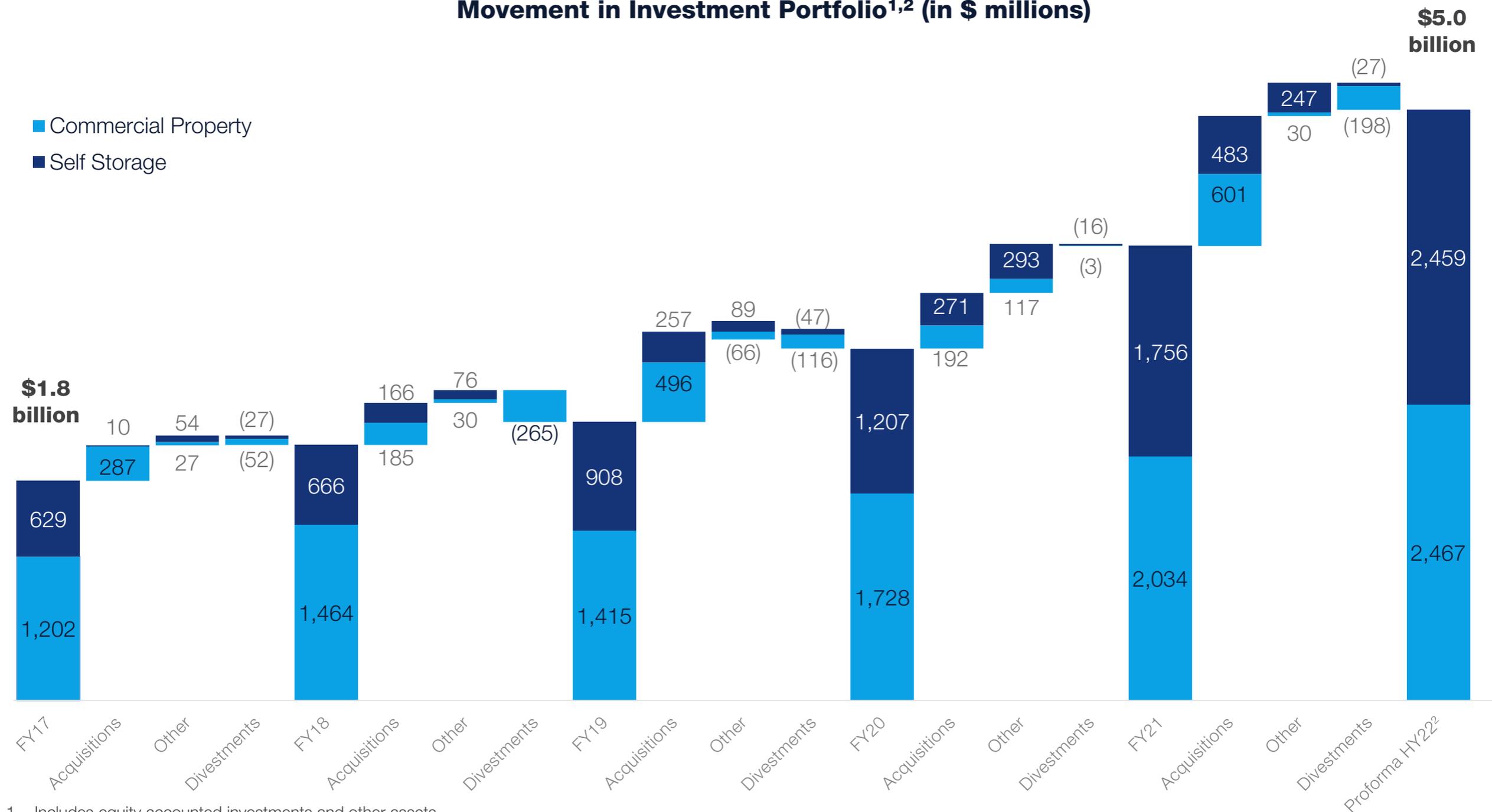
1. Includes post balance date transactions.
2. Includes investments in cash and other assets not pictured above.
3. Established portfolio: 63 mature stores open at 1 July 2020.
4. Acquisitions: 29 mature stores acquired post 1 July 2020.
5. Stabilising portfolio: 29 stores.
6. Includes Storage King, developments and other Self Storage investments.

Capital deployment



Investment of approximately \$3.2 billion into key sectors since FY17 has transformed Abacus into a strong asset backed, annuity style investment house

Movement in Investment Portfolio^{1,2} (in \$ millions)



1. Includes equity accounted investments and other assets.
 2. Includes impact of post balance date transactions.

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Financial Metrics

HY22 key financial metrics



KEY FINANCIAL METRICS	HY22	HY21
AIFRS statutory profit	\$314.8m	\$151.8m
Funds from operations (FFO)	\$81.1m	\$60.6m
FFO per security (WAV securities on issue)	9.80c (827m)	9.06c (669m)
Distributions per security	8.75c	8.50c
Cashflow from operating activities	\$59.9m	\$46.5m

Result highlights in HY22:

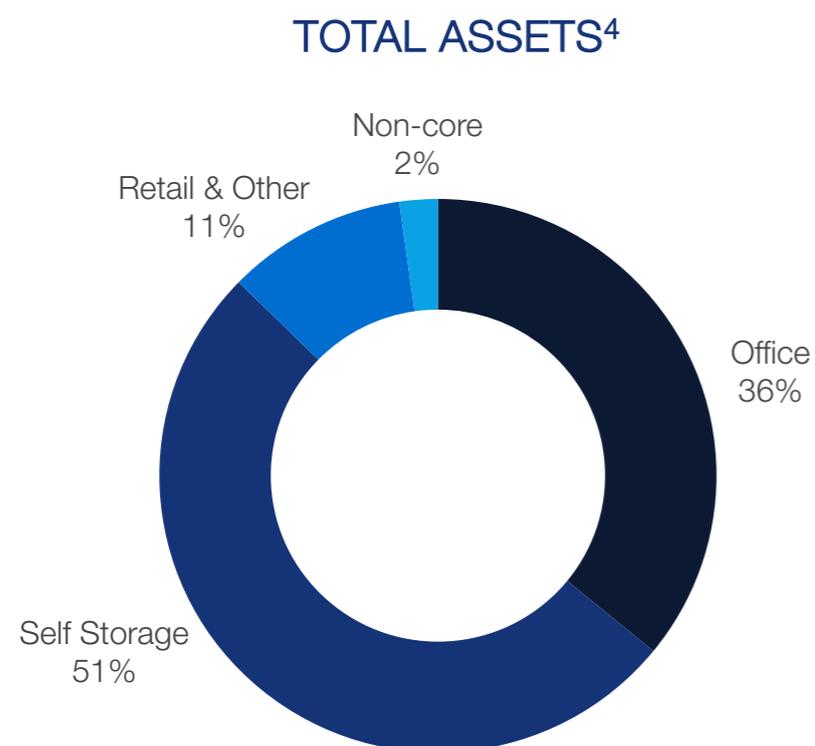
- FFO up 33.7% to \$81.1 million
 - Commercial portfolio FFO contribution increased 13.5% to \$47.1 million
 - Self Storage portfolio FFO contribution increased 67.2% to \$53.0 million¹ driven by:
 - Acquisitions and investments
 - Organic growth and internalisation of Storage King Platform

1. Note impact from elimination of Storage King (SK) management fees (SK acquired in November 2020).

Balance sheet – HY22



- NTA per security up 8.7% to \$3.73
- Proforma¹ balance sheet gearing is 33.3%²
- Anticipate FY22 cost of debt to be between 2.00% - 2.25%



KEY FINANCIAL METRICS	HY22	FY21
NTA per security	\$3.73	\$3.43
Abacus total assets	\$4,936m	\$4,059m
Net tangible assets	\$3,102m	\$2,811m
Average cost of drawn debt	2.0%	2.0%
Gearing ²	29.4%	22.5%
Gearing ratio calculated for covenant measures ³	34.2%	28.1%
Debt term to maturity	4.1 yrs	4.8 yrs

1. Includes post balance date transactions

2. Bank debt minus cash divided by total assets minus cash. If JV and fund assets and debt are consolidated proportionately based on Abacus' equity interest, HY22 proforma look through gearing is 33.8%.

3. Covenant gearing calculated as total liabilities (net of cash) divided by total tangible assets (net of cash). HY22 proforma covenant gearing is 37.9%.

4. Excludes investments in cash and other assets.

Investment portfolio – valuation



INVESTMENT PORTFOLIO ¹	HY22 Valuation \$m	FY21 Valuation \$m	HY22 weighted average cap rate	FY21 weighted average cap rate
Self Storage (116 assets)	\$2,406 ²	\$1,756 ²	5.47%	5.74%
Office (21 assets)	\$1,682	\$1,646	5.35%	5.50%
Retail & Other (4 assets)	\$490	\$388	6.07%	6.37%
Total Abacus investment portfolio	\$4,578	\$3,790	5.49%	5.65%

- The revaluation process for Abacus resulted in a net increase in investment property values for HY22 of \$175.2 million
 - Gain of \$140.8 million or 7.5% across the Self Storage portfolio with 60% of existing portfolio valuation gains derived from income growth
 - Gain of \$34.4 million or 1.8% across the Commercial portfolio

1. Includes equity accounted investments and other assets.

2. Cap rate applied to \$2,029 million of Self Storage Investment Properties.

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Operating Performance



Storage King, Woonona NSW

SELF STORAGE \$2.4 billion (51% of total assets¹)

- Established² Self Storage portfolio of \$1.2 billion yielding 5.7% on an annualised basis
- Asset class continues resilient performance through COVID-19 pandemic with the FY20 established portfolio³ occupancy up 400 basis points and average rent up 11.0% since FY20

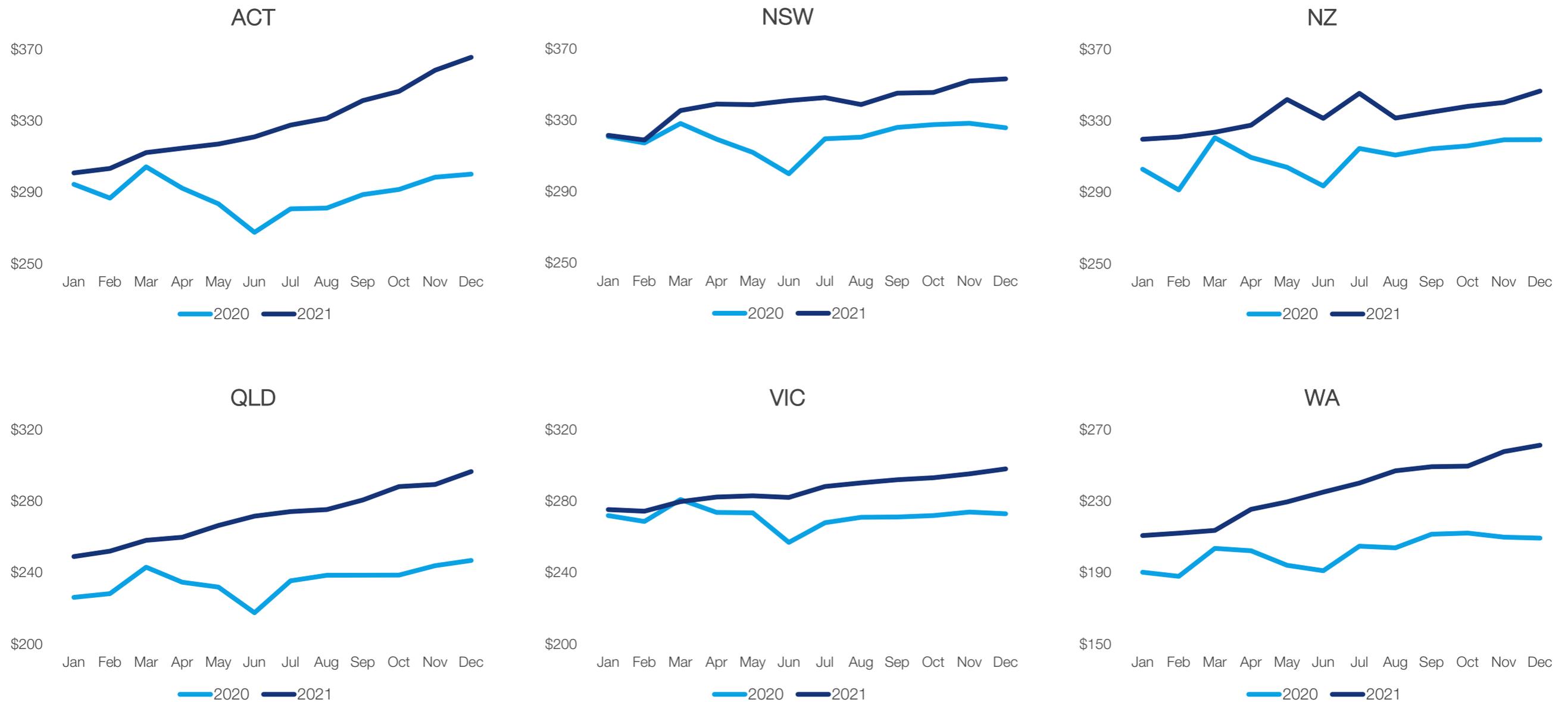
	Established portfolio ²	Acquisitions ⁴	Stabilising portfolio ⁵
Assets	63	29 ⁶	29 ⁶
Value	\$1,220m	\$451m ⁶	\$431m ⁶
Net Lettable Area	324,998 sqm	143,236 sqm	76,953 sqm
Occupancy	92.8%	90.0% ⁷	67.6%
Average rent psm	\$312	\$287 ⁷	\$260
RevPAM	\$290	\$259 ⁷	\$176
RevPAM growth	11.7%	na	na

- As at HY22. Excludes investments in cash and other assets.
- Established portfolio: 63 mature stores open at 1 July 2020.
- FY20 established portfolio: defined in FY20 as 57 stores trading since FY18.
- Acquisitions: 29 mature stores acquired since FY20, including post balance date transactions.
- Stabilising portfolio: 29 stores including post balance date transactions. Includes 15 development sites not captured in these trading metrics.
- Includes post balance date transactions.
- Excluded Self Storage assets at Morisset NSW and Cockburn Central WA due to site composition.

Self Storage – average rent trends



9.3% average rent growth (CY21 vs. CY20) across the Established portfolio¹



1. Established portfolio: 63 mature stores open at 1 July 2020.

Storage King – operational update



STORE GROWTH DRIVING REVENUE

- As at HY22 Storage King manages 189 stores, (104 Abacus and 85 licensee stores) with 8 stores added during the half year
- Storage sector benefitting from tail winds of work from home, decluttering, e-commerce and housing market activity
- Brand refresh program is being rolled out with 10 stores completed during HY22
- Ancillary merchandise income for the established portfolio¹ is up 7.7% on the previous corresponding period, driven by website/e-commerce platform
- Digital marketing strategies – continue to focus heavily on improving digital platforms (Storage King website, Google AdWords, and YouTube)



1. Established portfolio: 63 mature stores open at 1 July 2020.

Self Storage – portfolio additions



ACQUISITIONS

- Disciplined, acquisition strategy with a strong pipeline
- \$430 million¹ of Self Storage acquisitions settled in HY22
 - 70% (by value) located in Top 3 SUAs²
- A further \$53 million of acquisitions exchanged post balance date³
 - 74% (by value) located in Top 3 SUAs²



DEVELOPMENTS

- Over 13,000 sqm of net lettable area (NLA) delivered during HY22
- Flexible medium term development pipeline of \$266 million to be delivered when conditions permit including:
 - New development pipeline with c.90,000 sqm of NLA⁴
 - Expansions to provide over 35,000 sqm of additional NLA
 - Branding refresh program

Image on left is of Storage King, Coomera QLD. Image on right is of Storage King, Rowville VIC.

1. Includes acquisition costs.

2. Significant Urban Areas, as defined by the Australian Bureau of Statistics. Top 3 markets by population are Sydney, Melbourne and Brisbane.

3. \$8m of acquisitions settled in February 2022, \$45m of acquisitions due to settle in 4Q22.

4. Includes 3 development assets due to settle in Q4 FY22.

Commercial: Office snapshot



OFFICE \$1.7 billion (36% of total assets¹)

95.0%
Occupancy²

6.6%
LFL income growth^{2,3}

3.8 yrs
WALE²

5.35%
WACR⁴

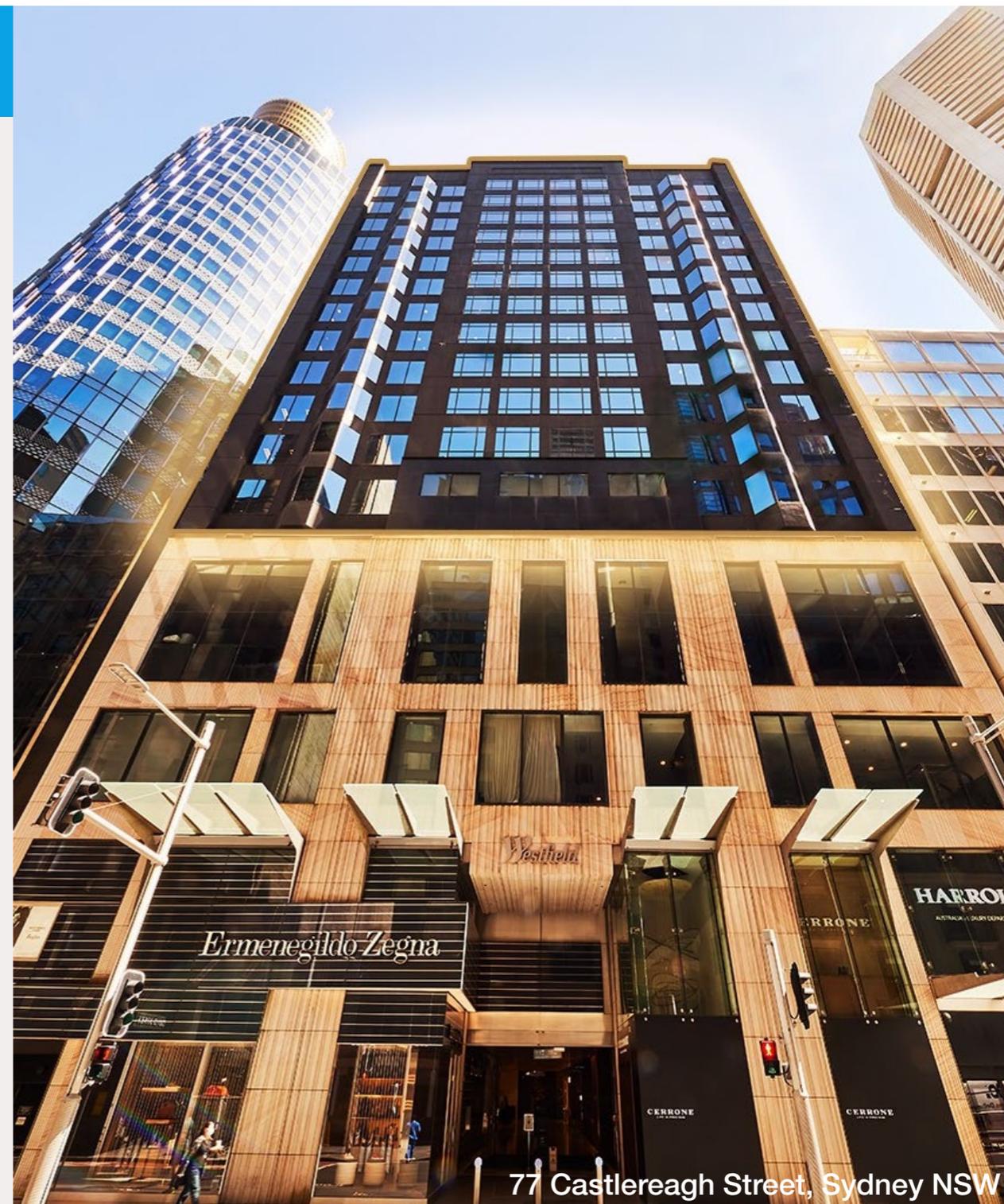
39
Leasing deals

345
Customers⁵

96%
Rent collected⁶

2%
Waivers provided⁷

1. As at HY22. Excludes investments in cash and other assets.
2. Excludes development affected assets.
3. Occupancy increased 500bps during the period, at same occupancy LFL income growth was 1.0% for the period.
4. Including equity accounted investments.
5. Includes all assets managed by Abacus.
6. Calculated as rent invoiced less arrears > 30 days, less any waivers provided.
7. Waivers provided during the year due to the impact of COVID-19.



Commercial: Office leasing metrics



25,237 sqm
leased in HY22¹

24% new
76% renewals

29%
average incentive

33% on new deals
24% on renewals

2.6%
leasing spreads

6.6% on new deals
0.6% on renewals

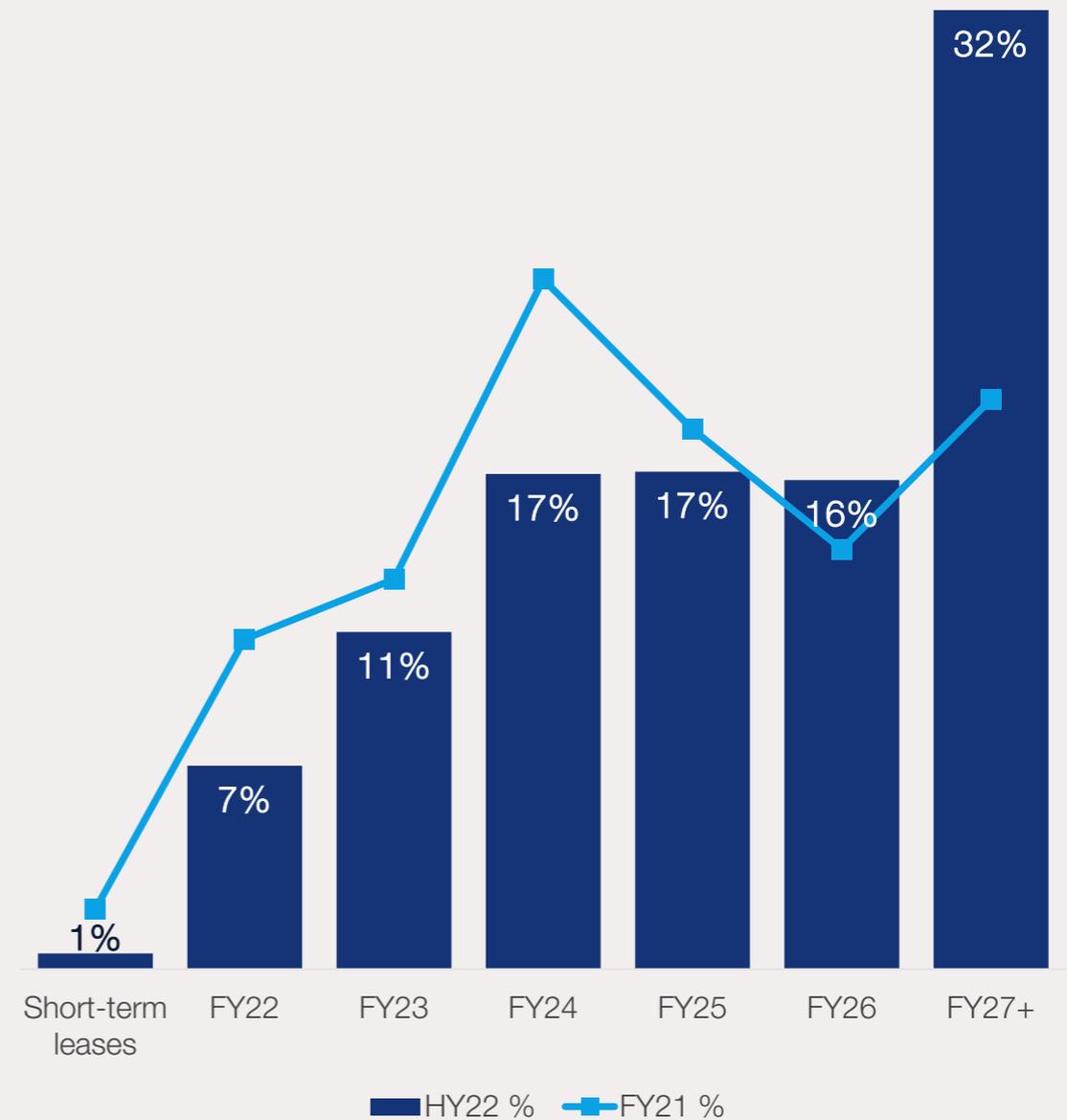
3.9%
average rent review

97% fixed
3% CPI

\$707² psm
average base rent

\$822 average CBD² rent
\$496 average fringe² rent

LEASE EXPIRY PROFILE (BY INCOME)



1. Based on 100% ownership.
2. Sydney and Melbourne - excludes development affected (from July 21 Abbotsford excluded).

Commercial: Retail snapshot



RETAIL \$485 million (11% of total assets¹)

93.5%
Occupancy

(0.9%)
LFL income growth

6.4 yrs
WALE

6.07%
WACR

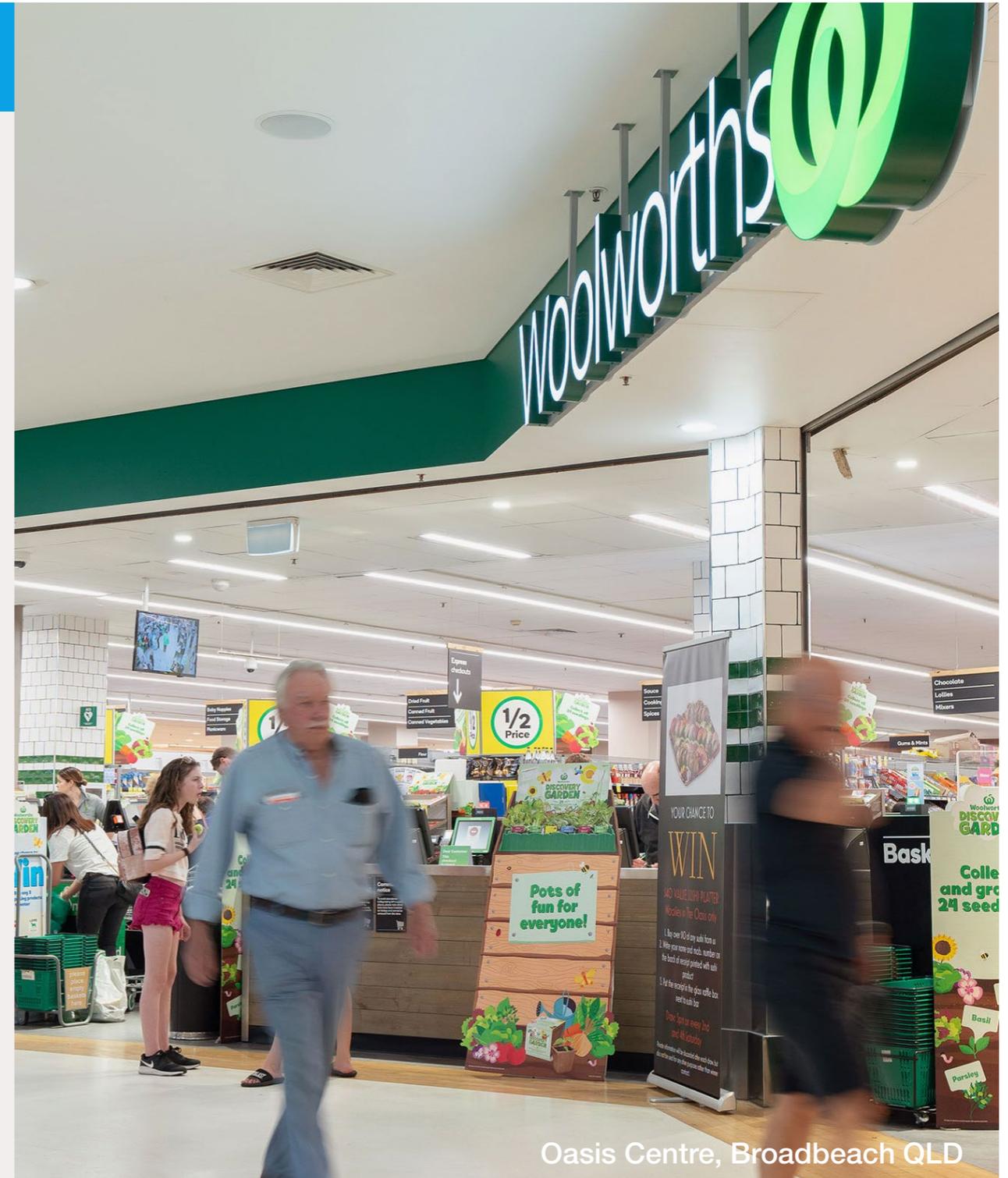
22
Leasing deals

206
Customers

93%
Rent collected²

2%
Waivers provided³

1. As at HY22. Excludes investments in cash and other assets.
2. Calculated as rent invoiced less arrears > 30 days, less any waivers provided.
3. Waivers provided during the year due to the impact of COVID-19.



Oasis Centre, Broadbeach QLD



459 - 471 Church Street, Richmond VIC (artist's impression)

COMMERCIAL TRANSACTIONS AND DEVELOPMENT

- \$601 million¹ invested, including:
 - 77 Castlereagh Street, Sydney NSW – 100% interest acquired for \$250 million, due to settle March 2022
 - Myer Bourke Street, Melbourne VIC – 33.3% acquired for \$135.2 million, settled July 2021
 - 56 Prescott Parade, Milperra NSW and 181 James Ruse Drive, Camellia NSW – acquisition of remaining land converting Abacus' interest from lender to owner, due to settle in March 2022
- Commercial development pipeline of over \$120 million in progress (\$38 million cost to complete):
 - In partnership with Salta, delivery of approximately 19,000 sqm² of new project NLA
 - At Abbotsford, over 14,000 sqm of refurbishment

1. Including \$348 million exchanged post balance date.
2. NLA based on 100% ownership.

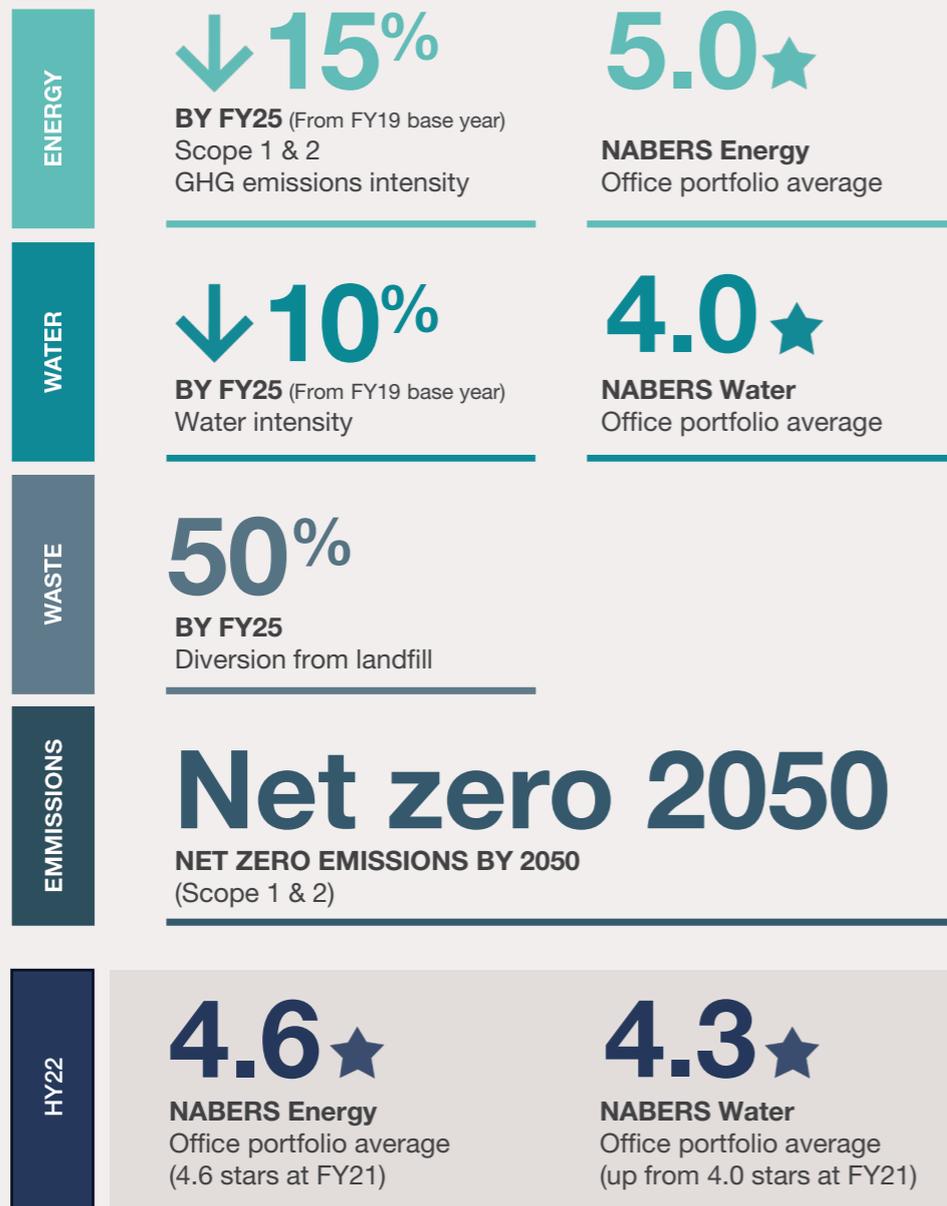
Sustainability – embedded in how we conduct business



Integration of ESG across the business to drive long term sustainable growth

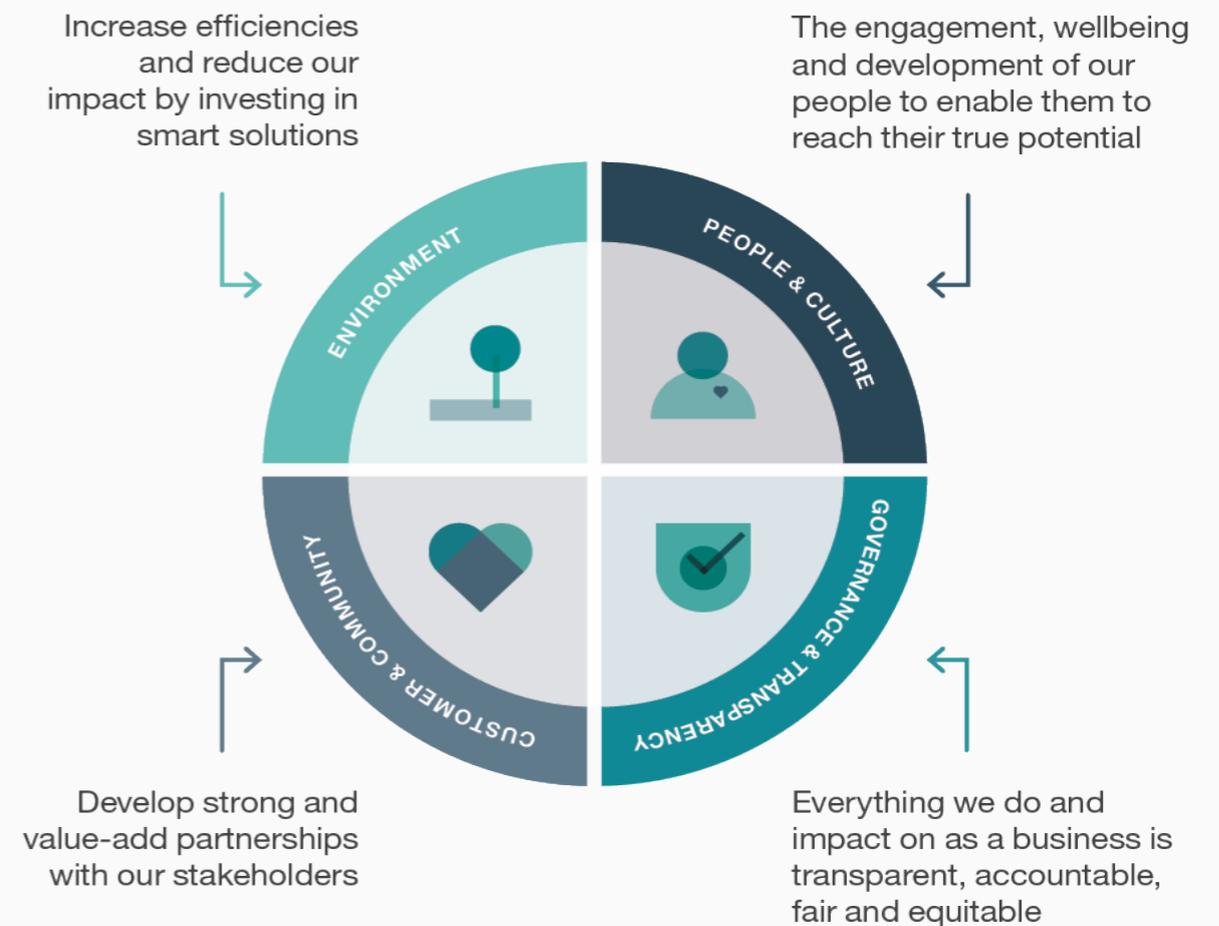
Public Sustainability Targets

Actively exploring opportunities and managing risks



Abacus Sustainability Strategy

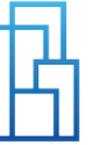
Deliver long-term sustainable outcomes for our stakeholders



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Summary and Outlook

Outlook



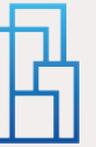
Abacus is positioned as a strong asset backed, annuity style A-REIT focused on the ownership and management of Commercial and Self Storage real estate and operation of storage locations

- Strategic focus is in key sectors of Self Storage and Commercial real estate
- The size, nature and market positioning of the Group's portfolio across key sectors is delivering recurring income and value creation over the medium to long term
- Abacus continues to explore opportunities to optimise the diversity, quality and nature of its investments
- FY22 distribution guidance of at least 18.0 cents per security for FY22 reflecting a payout ratio in the range of 85-95% of FFO
- Our FY22 guidance is predicated on business conditions continuing to normalise in the second half and no further COVID-19 disruptions

Abacus Property Group

HY22 Data Pack

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Segment earnings



\$ millions	COMMERCIAL	SELF STORAGE	PROPERTY DEVELOPMENT	HY22 TOTAL	HY21 TOTAL
Rental income	65.3 ¹	73.6		138.9	109.7
Finance income	1.5		4.7	6.2	5.1 ⁴
Fee income	0.7	7.2		7.9	2.2
Share of profit from equity accounted investments ^{2, 3}	4.3			4.3	4.3
Sale of inventory				-	2.9
Other income		9.9		9.9	3.3
Total Revenue	71.8	90.7	4.7	167.2	127.5
Expenses	(15.2)	(15.9)		(31.1)	(31.9)
Cost of inventory				-	(2.7)
Segment result before corporate overheads	56.6	74.8	4.7	136.1	92.9
Administrative and other expenses	(9.5)	(21.8)	(1.6)	(32.9)	(15.7)
EBIT	47.1	53.0	3.1	103.2	77.2
Finance costs				(15.3)	(12.6)
Tax expense				(6.8)	(3.8)
Non-controlling interests				-	(0.2)
Funds from Operations	47.1	53.0	3.1	81.1	60.6
Depreciation and amortisation				(3.8)	(2.6)
Rent straight-lining, incentives, movement in lease liabilities, finance costs				(5.6)	(2.8)
Gains / (losses) in divestments				(1.3)	-
Tax benefit / (expense) on FFO items				(9.0)	(1.0)
Change in fair value of investments & derivatives				253.4	97.6
Net Profit attributable to Abacus securityholders				314.8	151.8

1. Includes \$3.2 million of amortisation of rent abatement incentives, straightline of rental income and movement in lease liabilities.

2. Distributions from joint ventures.

3. Excludes fair value gain of \$3.2 million.

4. Net of impairment charge.

Segment balance sheet



\$ millions	PROPERTY INVESTMENT	PROPERTY DEVELOPMENT	OTHER	HY22	FY21
Commercial investment properties	1,943.5			1,943.5	1,919.7
Self Storage investment properties	2,028.8			2,028.8	1,430.2
PP&E, equity accounted and other investments, financial and other assets	479.4		81.6	561.0	428.9
Loans	53.1	55.5		108.6	67.9
Inventory		48.4		48.4	48.1
Cash and cash equivalents			139.9	139.9	58.0
Goodwill and intangibles	73.6		32.4	106.0	106.3
Total assets	4,578.4	103.9	253.9	4,936.2	4,059.1
Interest bearing liabilities				1,583.0	988.5
Other liabilities				170.0	168.7
Total liabilities				1,753.0	1,157.2
Net assets				3,183.2	2,901.9

HY22 Balance sheet allocation



31 DECEMBER 2021

\$4.9 billion of
Total Assets¹

Commercial \$2.2 billion	47%	Self Storage \$2.4 billion	51%
------------------------------------	------------	--------------------------------------	------------

Office	\$1,682m	Established ²	\$1,220m
Retail	\$485m	Acquisitions ³	\$437m
Other	\$5m	Stabilising ⁴	\$391m
		Other ⁵	\$358m

30 JUNE 2021

\$4.1 billion of
Total Assets¹

Commercial \$2.0 billion	52%	Self Storage \$1.8 billion	45%
------------------------------------	------------	--------------------------------------	------------

Office	\$1,646m	Established ²	\$1,072m
Retail	\$343m	Acquisitions ³	\$130m
Other	\$45m	Stabilising ⁴	\$248m
		Other ⁵	\$306m

1. Includes investments in cash and other assets not pictured above.
2. Established portfolio: 63 mature stores open at 1 July 2020.
3. Acquisitions: 27 mature stores acquired post 1 July 2020.
4. Stabilising portfolio: 26 stores owned as at 31 December 2021.
5. Includes Storage King, developments and other Self Storage investments

Net tangible asset reconciliation



\$ millions	HY22	FY21
Net assets	3,183.2	2,901.9
<i>Less</i>		
Intangible assets and goodwill	(106.0)	(106.3)
Deferred tax assets/liabilities (net)	24.6	15.3
Total net tangible assets	3,101.8	2,810.9
Securities on issue	831.8	818.6
Net tangible assets per security	3.73	3.43

Debt facilities



CAPITAL MANAGEMENT METRICS	HY22	FY21
Total bank debt facilities	\$1,860m	\$1,360m
Total bank debt drawn	\$1,551m	\$960m
Term to maturity	4.1 yrs	4.8 yrs
% hedged	43%	47%
% hedged of total debt facilities	36%	33%
Weighted average hedge maturity	2.3 yrs	2.1 yrs
Average cost of debt – drawn	2.0%	2.0%
Average cost of debt – fully drawn	1.8%	1.6%
Group gearing ¹	29.4%	22.5%
Look through gearing ²	30.0%	23.3%
Gearing calculated for covenant measures / covenant ¹	34.2% / 50%	28.1% / 50%
Interest coverage ratio / covenant	6.7x / 2.0x	8.8x / 2.0x

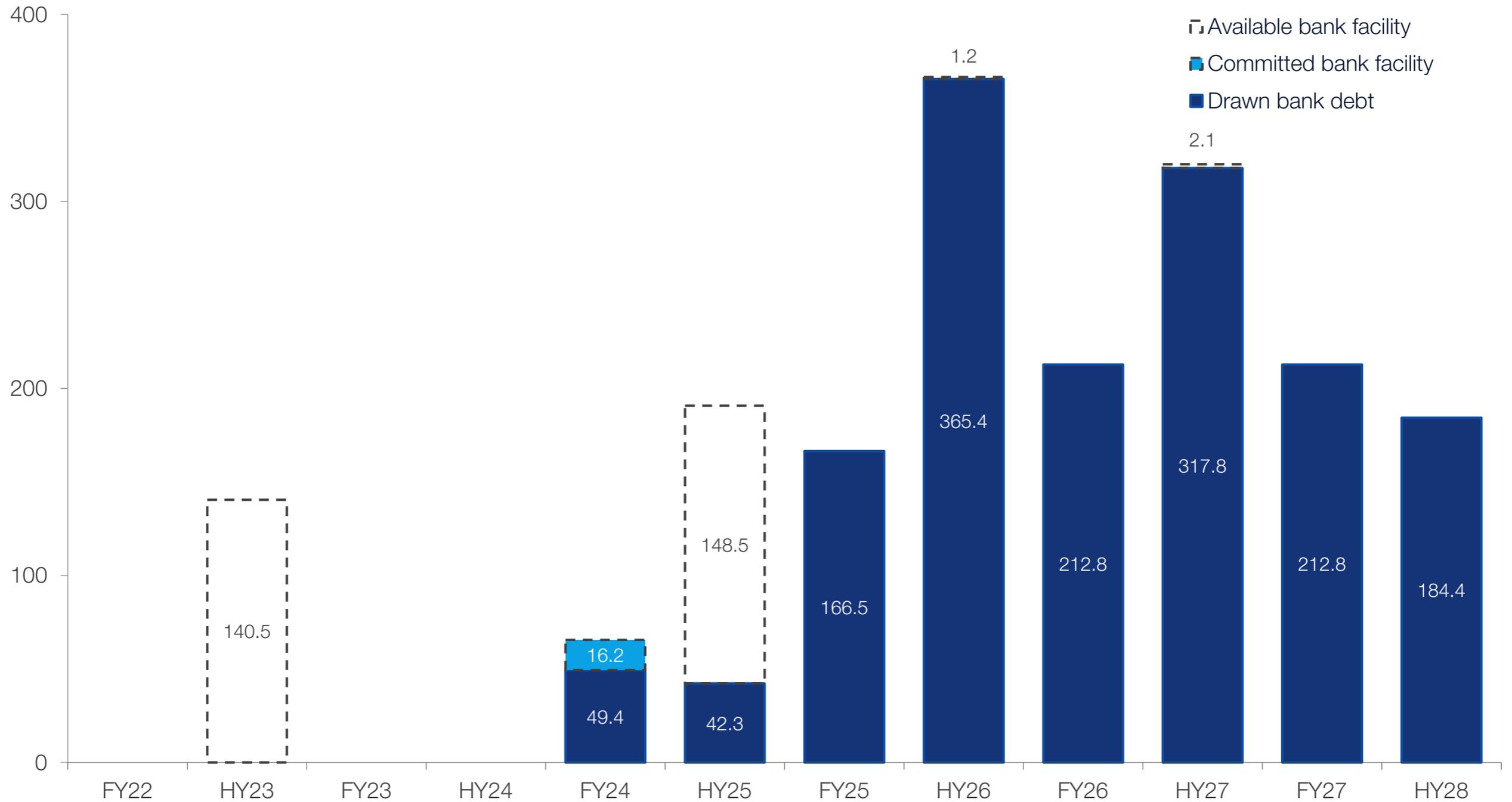
1. Abacus target maximum gearing of up to 35%.

2. Includes joint venture and fund assets and debt consolidated proportionately with Abacus' equity interest.

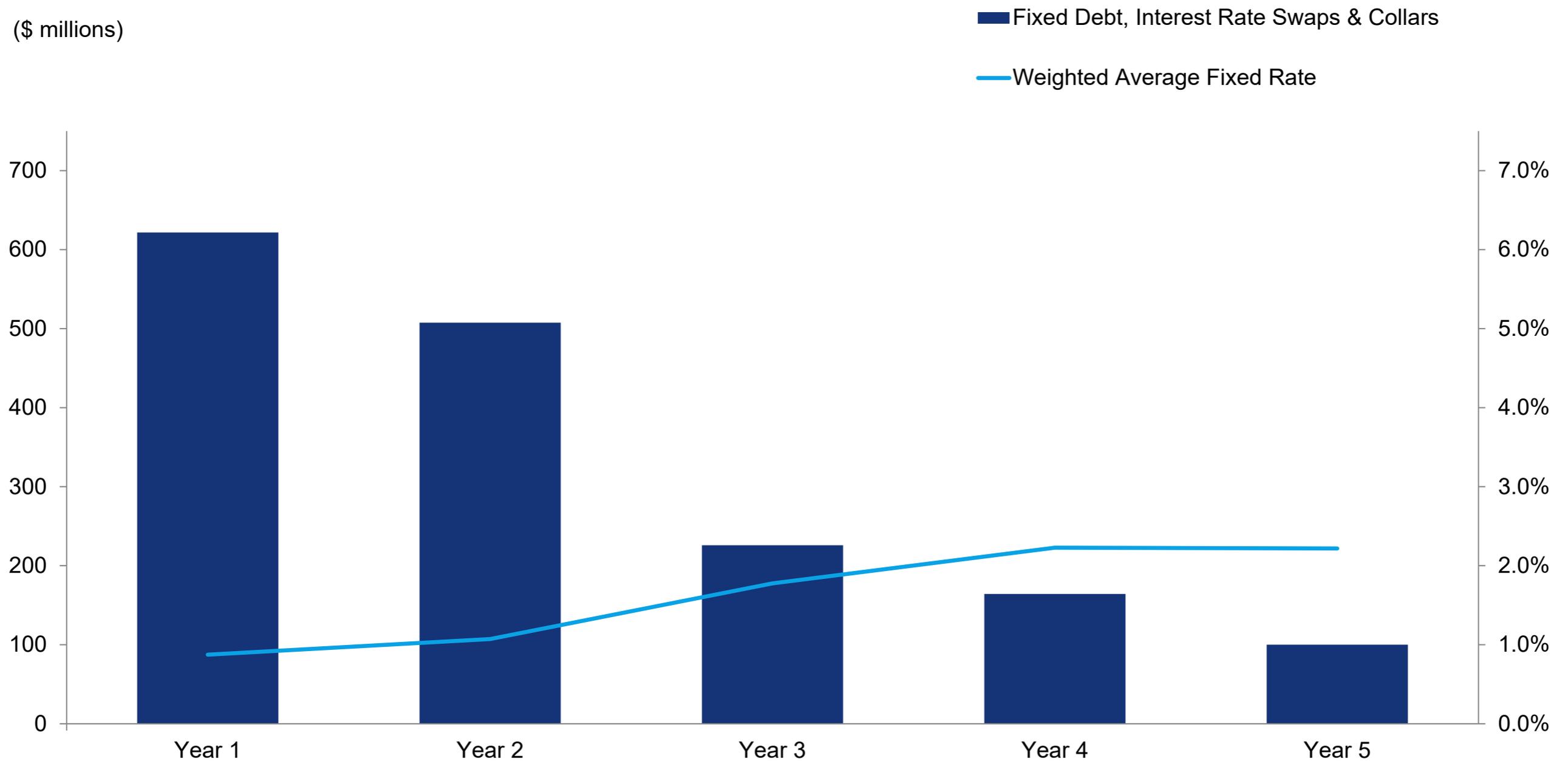
Debt maturity profile as at 31 December 2021



(\$ millions)



Fixed hedging maturity profile as at 31 December 2021



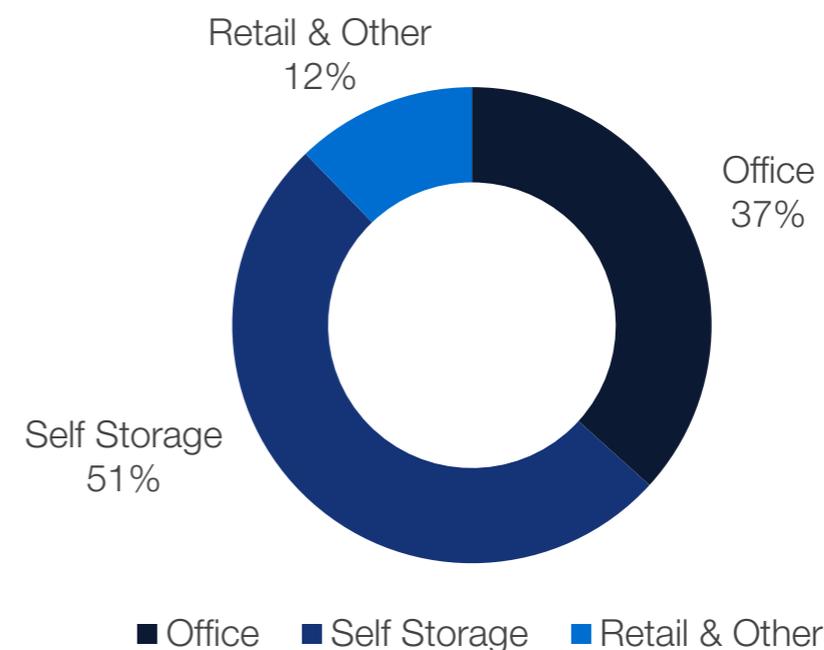
Investment portfolio metrics



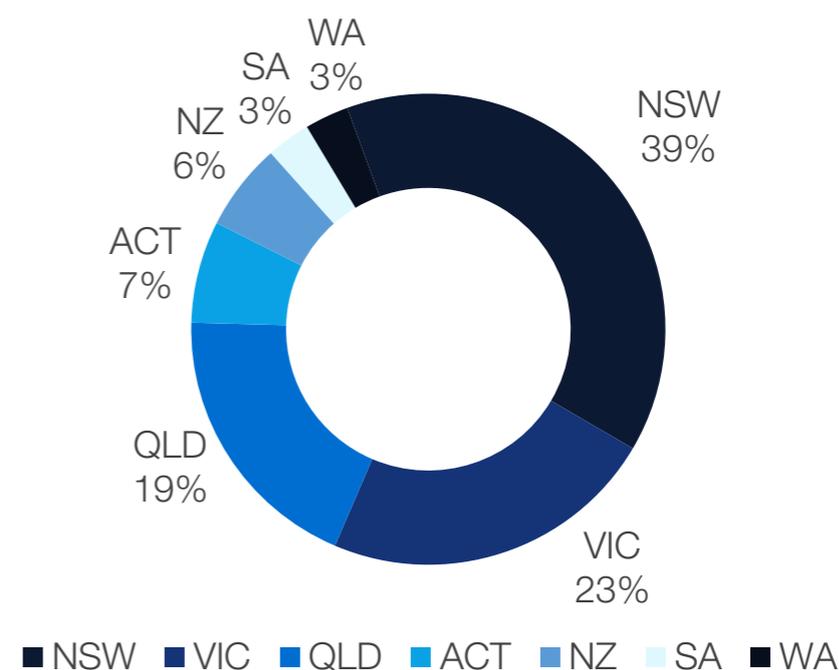
PORTFOLIO METRICS HY22	OFFICE	SELF STORAGE	RETAIL & OTHER	TOTAL
Value ¹ (\$m)	1,682	2,406	490	4,578
No. of assets	21	116 ²	4	141
NLA (sqm) ^{3,4}	110,553	545,187 ⁵	61,595	717,335
WACR ¹ (%)	5.35	5.47	6.07	5.49
Occupancy ³ (% by area)	95.0	92.8 ⁶	93.5	
Average rent psm ³ (A\$)	695	312 ⁶	601	
WALE ³ (yrs by income)	3.8		6.4 ⁷	

1. Includes equity accounted investments.
2. Includes 12 development assets.
3. Excludes development assets.
4. Abacus ownership basis.
5. Excludes commercial areas of 26,000 sqm.
6. Average over financial year (by area) of all established assets.
7. Retail assets only.

INVESTMENT PORTFOLIO SECTOR DIVERSIFICATION



INVESTMENT PORTFOLIO GEOGRAPHIC DIVERSIFICATION



Self Storage metrics

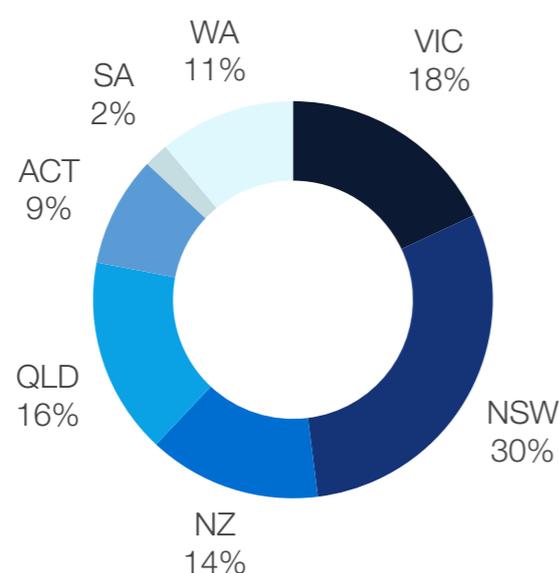


PERFORMANCE METRICS	AUS	NZ	HY22	FY21
Number of assets	101	15	116 ¹	93
NLA (sqm)	467,516	77,671	545,187	442,942
Occupancy (%)	92.7	92.9	92.8 ²	91.0 ²
Rental rate (psm)	A\$308	A\$324	A\$312 ²	A\$285 ²
RevPAM	A\$286	A\$301	A\$290 ²	A\$259 ²
WACR	5.41	5.79	5.47	5.74
Value (\$ millions)	2,127	279	2,406	1,756

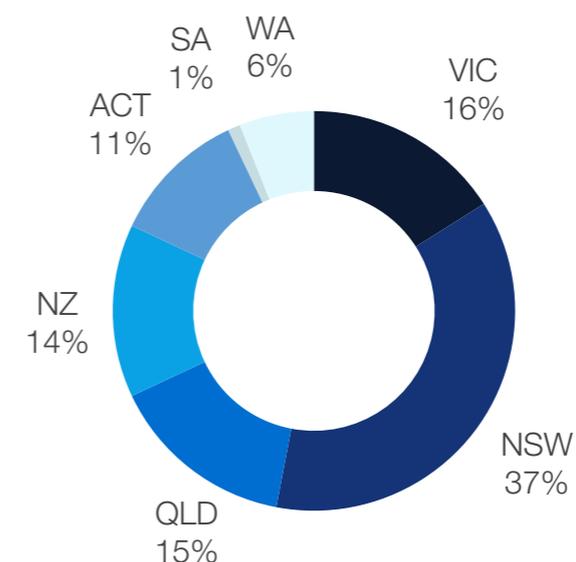
PERFORMANCE METRICS (\$ millions)	HY22	HY21
Storage revenue	66.0	45.4
Other revenue	7.6	6.5
Total revenue	73.6	51.9
Storage operating expenses ³	(27.2)	(19.0)
Operating EBITDA	46.4	32.9
Operating margin	63%	63%

1. Includes 12 development assets.
2. Average over financial year (by area) of all established assets.
3. Includes \$15.9m operating expenses and \$11.3m of administrative and other expenses (HY21: \$1.3m).

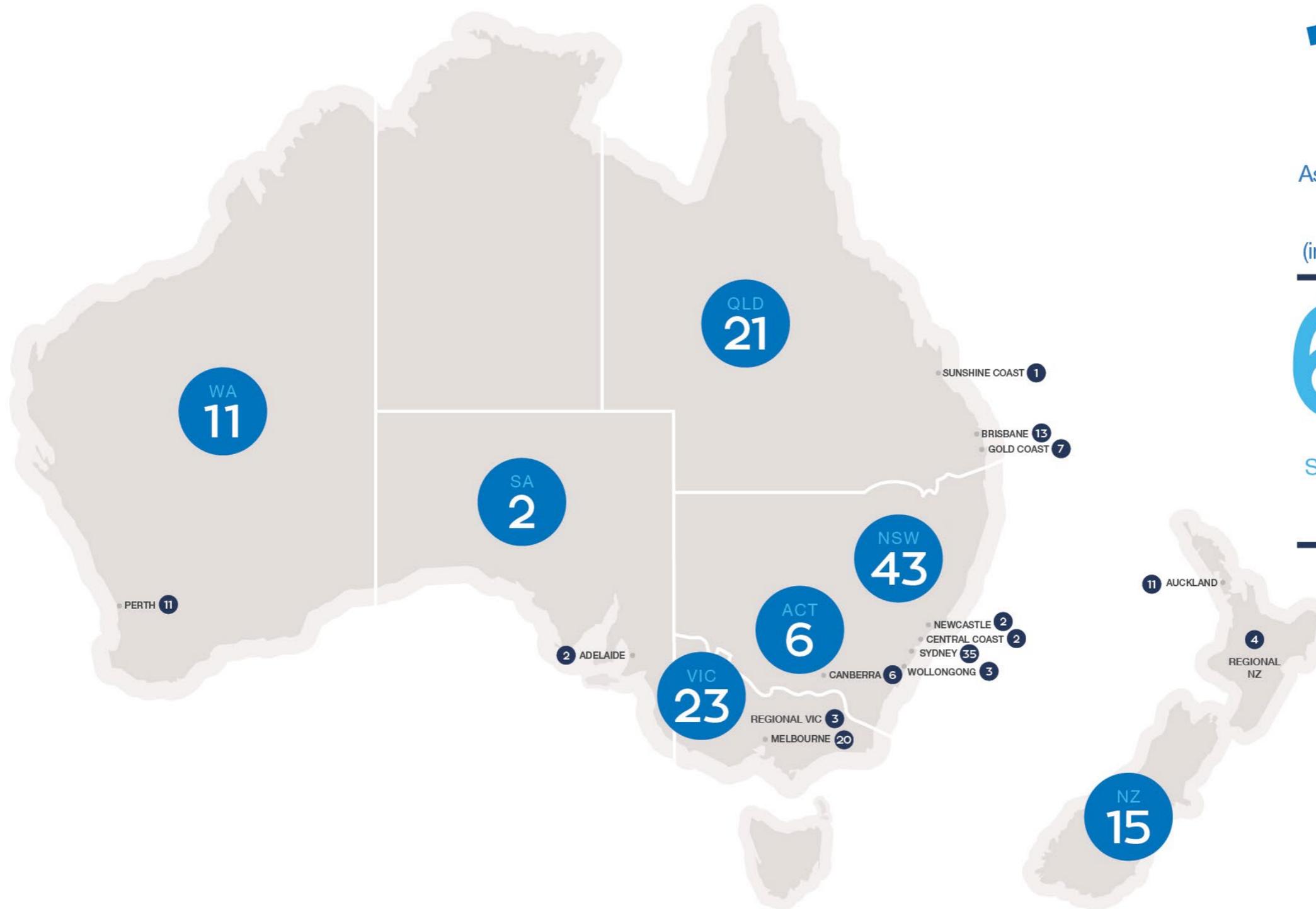
% NLA Breakdown by State



% Value Breakdown by State



Abacus store network HY22¹



121

Assets owned by Abacus Property Group as at 31 December 2021 (includes 15 future stores)

64%

of Australian Self Storage assets located in Top 3 Significant Urban Areas²

1. Includes post balance date transactions

2. Significant Urban Areas, as defined by the Australian Bureau of Statistics. Top 3 markets by population are Sydney, Melbourne and Brisbane.

Self Storage development pipeline



- 100,000 sqm of net lettable area (NLA) over 15 new development sites¹ to be developed across the short to medium-term, with over 10,000 sqm delivered during HY22
- Over 35,000 sqm of additional NLA to be generated from expansions across the existing portfolio
- Anticipated stabilised yield on cost of 7.0%+

NLA	FY22	FY23	Potential future pipeline	Total
Sydney	-	19,600	34,200	53,800
Brisbane	-	11,800	-	11,800
Melbourne	5,400	6,800	6,200	18,400
Greater Sydney	4,800	-	11,200	16,000
Total	10,200	38,200	51,600	100,000

1. Includes 3 post balance date transactions.

2. Post stabilisation.

Glossary



TERM	DEFINITION	TERM	DEFINITION
AIFRS	Australian International Financial Reporting Standards	NABERS	National Australian Built Environment Rating System
A-REIT	Australian Real Estate Investment Trust	NLA	Net lettable area
CBD	Central business district	NTA	Net tangible assets
CPI	Consumer price index	PP&E	Property, plant and equipment
CPS	Cents per stapled security	PS	Per stapled security
DPS	Distribution per stapled security	PSM	Per square metre
EBIT	Earnings before interest and tax	REIT	Real Estate Investment Trust
EBITDA	Earnings before interest, tax, depreciation and amortisation	RevPAM	Revenue per available square metre
ESG	Environmental, Social, and Governance	SQM	Square metre
FFO	Funds from operations	SUA	Significant Urban Area
FY	Financial year	WACR	Weighted average capitalisation rate
GHG	Greenhouse gas	WALE	Weighted average lease expiry
JV	Joint Venture	WAV	Weighted average value
LFL	Like for like		



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