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 2020

Results for announcement to the market
(corresponding period half year ended 31 December 2019)

Total revenues and other income	up	28%	to	$230.1m
Net profit after income tax expense attributable to members of the Group	up	85%	to	$151.8m
Funds from operations ("FFO") [(1)]	down	10%	to	$60.6m

(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 2020	31 Dec 2019
Basic earnings per security (cents)	22.68	12.92
Basic FFO per security (cents)	9.06	10.59
Distribution per security (cents - including proposed distribution)	8.50	9.45
Weighted average securities on issue (million)	669.3	635.2

Distributions	per stapled security
December 2020 half	8.50 cents
This distribution was declared on 7 December 2020 and will be paid on 26 February 2021	
Record date for determining entitlement to the distributions	15 January 2021

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 2020.

Details of individual and total distribution payments to securityholders		per stapled security	Total
Final June 2020 distribution	paid 31 August 2020	9.05 cents	$59.1m

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 2020	30 June 2020
Net tangible assets per security [(2)]	$3.26	$3.32

(2) Net tangible assets per security excludes the external non-controlling interest and includes right-of-use property assets of $1.8 million (30 June 2020: $2.3 million).

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.

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

Abacus Property Group

ABN 31 080 604 619

Financial Report

For the half year ended
31 December 2020

HALF-YEAR FINANCIAL REPORT

31 December 2020

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

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

CONTENTS

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 2020 and Abacus Property Group's 30 June 2020 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 2020

The Directors present their report for the period ended 31 December 2020.

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)
Steven Sewell	Managing Director
Trent Alston	Non-executive Director
Mark Haberlin	Non-executive Director (Lead Independent)
Holly Kramer	Non-executive Director
Jingmin Qian	Non-executive Director

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 2020. 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 AASB 10 by Abacus results in the consolidation of 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 fund.

AGHL has been identified as the parent entity of the Group. The financial report of the Group for the half-year ended 31 December 2020 comprises 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, 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 2020 were investment in commercial (office and other) and self storage properties, along with managing the legacy investments in property developments.

These activities are reported in the segment information note.

DIRECTORS' REPORT
31 December 2020

GROUP RESULTS SUMMARY

The Group earned a statutory net profit excluding external non-controlling interests of $151.8 million for the half-year ended 31 December 2020 (December 2019: $82.1 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 $60.6 million (December 2019: $67.3 million).

FFO is derived from the statutory profit and present the results of the ongoing business activities in a way that reflects our underlying performance. FFO is 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 reconciliation between the Group's statutory profit excluding non-controlling interests and FFO is as follows. This reconciliation has not been reviewed by the Group's auditor.

	31 Dec 2020 $'000	31 Dec 2019 $'000
Consolidated statutory net profit after tax attributable to members of the Group	**151,817**	**82,076**
Adjust for:		
Net change in fair value of investment properties and property, plant and equipment derecognised	3	54
Net change in fair value of investment properties and property, plant and equipment held at balance date	(93,896)	(25,762)
Net change in fair value of investments and financial instruments held at balance date	4,993	13,383
Net change in fair value of property, plant and equipment and investment properties included in equity accounted investments	(8,609)	(4,006)
Impairment (reversal) / charges	-	294
Depreciation on owner occupied property, plant and equipment	1,689	1,354
Net change in fair value of derivatives	(61)	942
Amortisation of rent abatement incentives	3,500	2,461
Amortisation of other tenant incentives	895	855
Straightline of rental income	(100)	(1,302)
Movement in lease liabilities	(589)	(426)
Net tax (benefit) / expense on non-FFO Items	964	(2,632)
Abacus funds from operations ("FFO")	**60,606**	**67,291**

	31 Dec 2020	31 Dec 2019
Basic earnings per security (cents)	22.68	12.92
Basic FFO per security (cents)	9.06	10.59
Distribution per security (cents - including proposed distribution)	8.50	9.45
Weighted average securities on issue (million)	669.3	635.2

Abacus continued to focus its investment capital on acquisitions across the commercial office and self storage sectors in line with its capital allocation strategy as these sectors, in Abacus' view, represented the best risk adjusted returns over the investment period. Abacus purchased the following properties during the period: the balance of the 8% interest in 201 Elizabeth Street, Sydney NSW for $53 million and 11 self storage sites in Bassendean WA, Cheltenham VIC, Cockburn Central WA, Epping VIC, Granville NSW, Maddington NSW, North Wollongong NSW, Perth Airport WA, Redbank Plains QLD, Rowville VIC and Yarraville VIC for $100 million.

DIRECTORS' REPORT
31 December 2020

GROUP RESULTS SUMMARY (continued)

Impact of the COVID-19 pandemic

Further to the tenant engagement program implemented in March 2020, the Group continues to communicate with all tenants, particularly the tenants whose businesses have been severely impacted by the COVID-19 pandemic. In assessing requests for rental support, Abacus has complied with the National Cabinet Mandatory Code of Conduct for SME Commercial Leasing Principles during COVID-19 ("Code"). In addition, rental support has been provided to tenants who do not qualify under the Code in return for extension of leases where possible, in order to assist in the retention of these tenants over the medium term.

During the half year ended 31 December 2020, the amount of rent concessions provided to tenants is $2.8 million with 68% or $1.9 million provided in the form of a rent waiver. The total amount of rent concessions provided to tenants since March 2020 to 31 December 2020 is $6.8 million with 64% or $4.3 million provided in the form of a rent waiver. The rent concessions represent 7% of rental income and $0.8 million has been expensed in the half year ended 31 December 2020, with the remaining rent waivers amortised over the life of the leases as lease incentives. The balance 36% of the rent concessions has been provided to tenants in the form of a rent deferral recoverable under the Code over a minimum of two years or the life of the lease whichever is longer. In support of the rent waivers, the Group received $0.8 million of rebates from the state governments during the period. Since the balance date, there has been no material change to the amount of rent concessions provided to tenants.

While self storage does not strictly fall within the Code, tenants have been offered rent relief. The relief is being structured as rent waivers with no rent deferrals being offered to tenants. To 31 December 2020 there have been a total of 653 tenants seeking COVID-19 related abatement through the dedicated Storage King hotline including 46 tenants during the half year ended 31 December 2020. These are weighted equally by number between commercial and residential tenants. Abatements for the half year ended 31 December 2020 were $0.2 million which equates to 0.4% of rent roll.

Due to the COVID-19 pandemic, it is expected that short to medium term downside risks to demand and rental growth will emerge. Going forward, some businesses may reassess their future workspace needs and an extensive work from home period may accelerate changes in the use and demand for some office space. Whether that translates to less shared workspaces (such as hot-desking), an increase in flexible work arrangements or a demand for more space to comply with physical distancing requirements, remains to be seen.

Valuations

The Abacus investment property portfolio was revalued at period end which resulted in a gain of $93.9 million or 3.3% in the six months to 31 December 2020. The investment property portfolio's overall weighted average capitalisation rate tightened 22 basis points from 6.00% to 5.78%. The investment portfolio (including equity accounted properties) is now valued at over $3.31 billion including $1.81 billion of commercial properties across 30 assets and $1.50 billion of self storage facilities across 92 assets.

The COVID-19 pandemic has created unprecedented uncertainty in the short to medium term economic environment, in particular, the continued lack of market transactions, which are ordinarily a strong source of evidence for valuations of investment properties. Further considerations in relation to the COVID-19 pandemic and impact on property valuations are detailed in note 2 of the financial statements.

As part of the portfolio valuation process for the period ended 31 December 2020, 17 of the 122 investment properties (excluding equity accounted properties) or 14% by number were independently valued. The remaining properties were subject to internal valuation and, where appropriate, their values were adjusted.

Abacus' storage portfolio has proven resilient over the past six months achieving both rental income growth as well as yield compression. As financial markets remain volatile, this may increase the attractiveness of self storage income which is perceived as relatively resilient. The current environment supports the Group's capital allocation strategy to increase its exposure in this asset class and improve recurring earnings.

Further Abacus believes that its commercial office portfolio remains robust in the current conditions. The majority of Abacus' offices:

- are well located in CBD or suburban locations with low and often below market average rent levels;
- have limited exposure to full floor or multi-floor tenants; and
- have ample car parking spaces.

DIRECTORS' REPORT
31 December 2020

GROUP RESULTS SUMMARY (continued)

The potential cost for a tenant (financial and time) of relocating to another property in the same location often outweighs the benefit of a cheaper rent elsewhere. The Group's tenants are strongly connected to the property's location, which is traditionally the reason they initially leased the property and this results in a positive predisposition to remain. Due to the multi-tenanted floor structure, Abacus has the ability to work proactively with its tenants to contract or expand and adjust their space requirements as needed.

As a result of current market conditions and a shift in future expectations in the office sector, Abacus has targeted assets that offer more stabilised income streams with longer dated value enhancing strategies. This capital allocation strategy supports the Group's drive to improve recurring earnings.

CHANGES IN THE STATE OF AFFAIRS

The contributed equity of the Group increased $431.4 million to $2,311.2 million compared to $1,879.8 million as at 30 June 2020. In December 2020, Abacus completed a fully underwritten 1-for-4.8 accelerated non-renounceable pro rata entitlement offer was also offered in December 2020 to eligible securityholders to apply for new securities at $2.90 per stapled security which raised $402 million. Further, securityholders participated in the distribution reinvestment plan during the period.

Total equity increased by $514.3 million to $2,721.0 million at 31 December 2020 compared to $2,206.7 million at 30 June 2020.

DISTRIBUTIONS

An interim distribution of 8.50 cents per Abacus stapled security was declared on 7 December 2020 which will be paid on 26 February 2021. Distributions are paid on a semi-annual basis.

SIGNIFICANT EVENTS AFTER BALANCE DATE

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.

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	Steven Sewell
Chair	Managing Director
Sydney, 18 February 2021	

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Sydney NSW 2000 Australia
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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 2020, 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

Anthony Ewan
Partner
18 February 2021

CONSOLIDATED INCOME STATEMENT
HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	31 Dec 2020 $'000	31 Dec 2019 $'000
REVENUE			
Rental income		106,895	91,268
Finance income		7,910	35,390
Fee income		2,193	2,774
Sale of inventory		2,944	15,027
Total Revenue		**119,942**	**144,459**
OTHER INCOME			
Net change in fair value of investment properties held at balance date		93,896	25,762
Share of profit from equity accounted investments	5(a)	12,887	9,902
Net change in fair value of derivatives		61	(942)
Other income		3,279	73
Total Revenue and Other Income		**230,065**	**179,254**
Property expenses and outgoings		(31,097)	(32,094)
Depreciation and amortisation expense		(3,430)	(2,209)
Cost of inventory sales		(2,709)	(12,026)
Net change in fair value of investment properties, property, plant and equipment, investments and financial instruments derecognised		(3)	2,863
Net change in fair value of investments held at balance date		(4,993)	(13,383)
Impairment charges		(2,750)	(4,760)
Finance costs		(12,653)	(10,713)
Administrative and other expenses		(15,673)	(12,653)
PROFIT BEFORE TAX		**156,757**	**94,279**
Income tax expense		(4,740)	(12,186)
NET PROFIT AFTER TAX		**152,017**	**82,093**
PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent entity (AGHL)		(20,023)	3,568
Equity holders of other stapled entities			
AT members		29,928	31,035
AGPL members		12,620	2,014
AIT members		2,247	3,484
ASPT members		84,754	16,167
ASOL members		42,291	25,808
Stapled security holders		**151,817**	**82,076**
Net profit attributable to external non-controlling interests		200	17
NET PROFIT		**152,017**	**82,093**
Basic and diluted earnings per stapled security (cents)	1	22.68	12.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
HALF-YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020 $'000	31 Dec 2019 $'000
NET PROFIT AFTER TAX	152,017	82,093
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to the income statement		
Foreign exchange translation adjustments, net of tax	(170)	1,079
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**151,847**	**83,172**
Total comprehensive income attributable to:		
Members of the Group	151,647	83,155
External non-controlling interests	200	17
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**151,847**	**83,172**
Total comprehensive income / (loss) attributable to members of the Group analysed by amounts attributable to:		
AGHL members	(20,023)	3,568
AT members	29,928	31,035
AGPL members	12,620	2,014
AIT members	2,247	3,484
ASPT members	84,614	17,171
ASOL members	42,261	25,883
TOTAL COMPREHENSIVE INCOME AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP	**151,647**	**83,155**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31 Dec 2020 $'000	30 Jun 2020 $'000
CURRENT ASSETS			
Investment properties held for sale	2	88,846	-
Inventory	3(a)	-	2,241
Property loans	4(a)	9,592	73,163
Cash and cash equivalents		88,654	127,313
Trade and other receivables		16,563	39,427
Other		5,953	3,695
TOTAL CURRENT ASSETS		**209,608**	**245,839**
NON-CURRENT ASSETS			
Investment properties	2	2,850,851	2,652,916
Inventory	3(b)	47,289	45,763
Property loans	4(b)	77,831	63,221
Equity accounted investments	5(b)	122,447	123,429
Deferred tax assets		23,545	18,512
Property, plant and equipment	10	18,099	17,832
Other financial assets	4(c)	159,024	141,508
Intangible assets and goodwill		107,805	32,991
Other		35	25
TOTAL NON-CURRENT ASSETS		**3,406,926**	**3,096,197**
TOTAL ASSETS		**3,616,534**	**3,342,036**
CURRENT LIABILITIES			
Trade and other payables		94,950	80,990
Derivatives at fair value		135	123
Income tax payable		1,942	11,581
Other		4,058	4,642
TOTAL CURRENT LIABILITIES		**101,085**	**97,336**
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	6(a)	750,983	1,009,760
Derivatives at fair value		1,480	1,543
Deferred tax liabilities		34,991	20,347
Other		7,028	6,336
TOTAL NON-CURRENT LIABILITIES		**794,482**	**1,037,986**
TOTAL LIABILITIES		**895,567**	**1,135,322**
NET ASSETS		**2,720,967**	**2,206,714**
TOTAL EQUITY		**2,720,967**	**2,206,714**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2020

	Notes	31 Dec 2020 $'000	30 Jun 2020 $'000
Equity attributable to members of AGHL:			
Contributed equity		511,150	411,422
Reserves		1,696	2,336
Retained earnings		155,974	175,997
Total equity attributable to members of AGHL:		**668,820**	**589,755**
Equity attributable to unitholders of AT:			
Contributed equity		1,270,005	1,079,576
Accumulated losses		(199,074)	(171,628)
Total equity attributable to unitholders of AT:		**1,070,931**	**907,948**
Equity attributable to members of AGPL:			
Contributed equity		40,606	32,910
Retained earnings		34,416	21,796
Total equity attributable to members of AGPL:		**75,022**	**54,706**
Equity attributable to unitholders of AIT:			
Contributed equity		173,774	148,013
Accumulated losses		(93,590)	(92,837)
Total equity attributable to unitholders of AIT:		**80,184**	**55,176**
Equity attributable to members of ASPT:			
Contributed equity		257,676	172,891
Reserves		736	876
Retained earnings		136,318	59,564
Total equity attributable to members of ASPT:		**394,730**	**233,331**
Equity attributable to members of ASOL:			
Contributed equity		57,974	34,953
Reserves		28	58
Retained earnings		368,108	325,817
Total equity attributable to members of ASOL:		**426,110**	**360,828**
Equity attributable to external non-controlling interest:			
Contributed equity		16,445	16,445
Accumulated losses		(11,275)	(11,475)
Total equity attributable to external non-controlling interest:		**5,170**	**4,970**
TOTAL EQUITY		**2,720,967**	**2,206,714**
Contributed equity	8	2,311,185	1,879,765
Reserves		2,460	3,270
Retained earnings		402,152	318,709
Total stapled security holders' interest in equity		2,715,797	2,201,744
Total external non-controlling interest		5,170	4,970
TOTAL EQUITY		**2,720,967**	**2,206,714**

CONSOLIDATED STATEMENT OF CASH FLOW
HALF-YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020 $'000	31 Dec 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	120,909	158,444
Interest received	58	282
Distributions received	2,602	1,410
Income tax paid	(14,748)	(5,750)
Finance costs paid	(11,751)	(9,633)
Operating payments	(48,854)	(44,183)
Payments for land acquisitions	(1,689)	(2,234)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**46,527**	**98,336**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments and funds advanced	(2,039)	(38,279)
Proceeds from sale and settlement of investments and funds repaid	43,280	191,357
Purchase of property, plant and equipment	(1,395)	(3,026)
Disposal of property, plant and equipment	5	-
Purchase of investment properties	(187,215)	(282,137)
Disposal of investment properties	-	56,542
Acquisition of subsidiary, net of cash acquired	(46,395)	-
Payment for other investments and financial assets	(10,853)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(204,612)**	**(75,543)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	402,207	254,312
Payment of issue / finance costs	(4,417)	(5,745)
Repayment of borrowings	(280,851)	(197,744)
Repayment of principal portion of lease liabilities	(648)	(489)
Proceeds from borrowings	29,768	36,919
Distributions paid	(26,633)	(52,806)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**119,426**	**34,447**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(38,659)	57,240
Net foreign exchange differences	-	40
Cash and cash equivalents at beginning of period	127,313	89,028
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**88,654**	**146,308**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF-YEAR ENDED 31 DECEMBER 2020

	Attributable to the stapled security holder				External	
CONSOLIDATED	**Issued capital $'000**	**Foreign currency translation reserve $'000**	**Employee equity benefits $'000**	**Retained earnings $'000**	**Non-controlling interest $'000**	**Total Equity $'000**
At 1 July 2020	1,879,765	934	2,336	318,709	4,970	2,206,714
Other comprehensive income	-	(170)	-		-	(170)
Net income for the period	-	-	-	151,817	200	152,017
Total comprehensive income for the period	-	(170)	-	151,817	200	151,847
Equity raisings	402,208	-	-	-	-	402,208
Issue costs	(3,297)	-	-	-	-	(3,297)
Distribution reinvestment plan	32,509	-	-	-	-	32,509
Security acquisition rights	-	-	(640)	-	-	(640)
Distribution to securityholders	-	-	-	(68,374)	-	(68,374)
At 31 December 2020	**2,311,185**	**764**	**1,696**	**402,152**	**5,170**	**2,720,967**

	Attributable to the stapled security holder				External	
CONSOLIDATED	**Issued capital $'000**	**Foreign currency translation reserve $'000**	**Employee equity benefits $'000**	**Retained earnings $'000**	**Non-controlling interest $'000**	**Total Equity $'000**
At 1 July 2019	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
Total comprehensive income for the period	-	1,079	-	82,076	17	83,172
Equity raisings	254,312	-	-	-	-	254,312
Return of capital	-	-	-	-	-	-
Issue costs	(5,575)	-	-	-	-	(5,575)
Distribution reinvestment plan	1,655	-	-	-	-	1,655
Security acquisition rights	-	-	(2,300)	-	-	(2,300)
Acquisition of units in subsidiary		-				-
Distribution to securityholders	-	-	-	(60,984)	-	(60,984)
At 31 December 2019	**1,849,537**	**4,004**	**1,720**	**375,733**	**4,690**	**2,235,684**

CONTENTS
31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS – About this Report
31 DECEMBER 2020

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 2020 was authorised for issue in accordance with a resolution of the directors on 18 February 2021.

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.

NOTES TO THE FINANCIAL STATEMENTS – Segment Information
31 DECEMBER 2020

	Property Investment		Property		
	Commercial	Storage	Development	Other	Consolidated
Half-year ended 31 December 2020	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue					
Rental income	55,004	51,891	-	-	**106,895**
Finance income	-	-	7,852	58	**7,910**
Fee income	1,709	484	-	-	**2,193**
Sale of inventory	-	-	-	2,944	**2,944**
Net change in investment properties held at balance date	(3,584)	97,480	-	-	**93,896**
Share of profit from equity accounted investments	12,854 ^	48	(15)	-	**12,887**
Other income	(5)	3,284	-	-	**3,279**
Other unallocated revenue	-	-	-	61	**61**
Total consolidated revenue and other income	**65,978**	**153,187**	**7,837**	**3,063**	**230,065**
Property expenses and outgoings	(13,340)	(17,759)	-	2	**(31,097)**
Depreciation and amortisation expense	(2,475)	(955)	-		**(3,430)**
Cost of inventory sales	-	-	-	(2,709)	**(2,709)**
Net change in fair value of investment properties, property, plant and equipment, investments and financial instruments derecognised	(3)	4	(4)	-	**(3)**
Net change in fair value of investments held at balance date	(193)	11,021	(15,821)	-	**(4,993)**
Impairment charges	-	-	(2,750)	-	**(2,750)**
Administrative and other expenses	(8,072)	(6,321)	(1,235)	(45)	**(15,673)**
Segment result	**41,895**	**139,177**	**(11,973)**	**311**	**169,410**
Finance costs					(12,653)
Profit before tax					**156,757**
Income tax expense					(4,740)
Net profit for the period					**152,017**
less non-controlling interest					(200)
Net profit for the period attributable to members of the Group					**151,817**

^ includes fair value gain of $8.6 million

NOTES TO THE FINANCIAL STATEMENTS – Segment Information (continued)

31 DECEMBER 2020

Half-year ended 31 December 2019	Property Investment Commercial $'000	Property Investment Storage $'000	Property Development $'000	Other $'000	Consolidated $'000
Revenue					
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**
Total consolidated revenue and other income	**62,840**	**67,484**	**46,326**	**6,463**	**183,113**
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)**
Segment result	**35,131**	**50,606**	**19,993**	**204**	**105,934**
Net change in fair value of derivatives					(942)
Finance costs					(10,713)
Profit before tax					**94,279**
Income tax expense					(12,186)
Net profit for the period					**82,093**
less non-controlling interest					(17)
Net profit for the period attributable to members of the Group					**82,076**

^ includes fair value loss of $4.0 million

NOTES TO THE FINANCIAL STATEMENTS – Segment Information (continued)
31 DECEMBER 2020

As at 31 December 2020	Property Investment $'000	Property Development $'000	Unallocated $'000	Total $'000
Current assets	88,846	9,592	111,170	**209,608**
Non-current assets	3,225,371	125,120	56,435	**3,406,926**
Total assets	**3,314,217**	**134,712**	**167,605**	**3,616,534**
Current liabilities	21,097	9,194	70,794	**101,085**
Non-current liabilities	1,865	799	791,818	**794,482**
Total liabilities	**22,962**	**9,993**	**862,612**	**895,567**
Net assets	**3,291,255**	**124,719**	**(695,007)**	**2,720,967**
Total facilities - bank loans				1,359,930
Facilities used at reporting date - bank loans				(723,948)
Facilities unused at reporting date - bank loans				**635,982**

As at 30 June 2020	Property Investment $'000	Property Development $'000	Unallocated $'000	Total $'000
Current assets	-	73,163	172,676	**245,839**
Non-current assets	2,935,779	109,487	50,931	**3,096,197**
Total assets	**2,935,779**	**182,650**	**223,607**	**3,342,036**
Current liabilities	18,271	7,706	71,359	**97,336**
Non-current liabilities	992	425	1,036,569	**1,037,986**
Total liabilities	**19,263**	**8,131**	**1,107,928**	**1,135,322**
Net assets	**2,916,516**	**174,519**	**(884,321)**	**2,206,714**
Total facilities - bank loans				1,113,325
Facilities used at reporting date - bank loans				(974,119)
Facilities unused at reporting date - bank loans				**139,206**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

1. EARNINGS PER STAPLED SECURITY

	31 Dec 2020	31 Dec 2019
Basic and diluted earnings per stapled security (cents)	22.68	12.92
Reconciliation of earnings used in calculating earnings per stapled security		
Basic and diluted earnings per stapled security		
Net profit ($'000)	**151,817**	**82,076**
Weighted average number of shares:		
Weighted average number of stapled securities for basic earning per security ('000)	669,250	635,215

2. INVESTMENT PROPERTIES

	31 Dec 2020 $'000	30 Jun 2020 $'000
Leasehold investment properties [1]	12,154	12,300
Freehold investment properties	2,927,543	2,640,616
Total investment properties	**2,939,697**	**2,652,916**

1. The carrying amount of the leasehold property is presented gross of the finance liability of $2.1 million (30 June 2020: $2.6 million).

Reconciliation

	31 Dec 2020 $'000	30 Jun 2020 $'000
Investment properties held for sale		
Office	72,546	-
Other	16,300	-
Total investment properties held for sale	**88,846**	**-**
Investment properties		
Office	1,410,923	1,414,556
Storage	1,253,928	1,040,669
Other	186,000	197,691
Total investment properties	**2,850,851**	**2,652,916**
Total investment properties including held for sale	**2,939,697**	**2,652,916**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

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 2020	**30 Jun 2020**
Leasehold investment properties	**$'000**	**$'000**
Carrying amount at beginning of the financial period	12,300	12,824
Capital expenditure	281	57
Net change in fair value as at balance date	(427)	(581)
Carrying amount at end of the period	**12,154**	**12,300**

	Held for sale		Non-current	
	31 Dec 2020	**30 Jun 2020**	**31 Dec 2020**	**30 Jun 2020**
Freehold investment properties	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at beginning of the financial period	-	78,850	2,640,616	1,970,820
Additions	-	-	152,683	626,500
Capital expenditure	-	52	39,054	71,040
Net change in fair value as at balance date	-	-	94,323	(40,594)
Net change in fair value derecognised	-	(106)	(3)	(9)
Disposals	-	(63,111)	-	(2,291)
Effect of movements in foreign exchange	-	-	770	(4,406)
Transfer to inventory	-	-	-	-
Properties transferred to / from held for sale	88,846	(15,685)	(88,846)	15,685
Straightlining	-	-	100	3,871
Carrying amount at end of the period	**88,846**	**-**	**2,838,697**	**2,640,616**

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 2020

2. INVESTMENT PROPERTIES (continued)

External valuations are conducted by qualified independent valuers who are appointed by the Head 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 5.78% (30 June 2020: 6.00%) and for each significant category above is as follows;

- Office – 5.58% (30 June 2020: 5.61%)
- Storage – 6.08% (30 June 2020: 6.58%)
- Other – 6.01% (30 June 2020: 5.96%)

The optimal occupancy rate utilised in the valuation process ranged from 80.0% to 100.0% (30 June 2020: 80.0% to 100.0%). The current occupancy rate for the principal portfolio excluding development and self storage assets is 91.6% (30 June 2020: 92.6%). The current occupancy rate for self storage assets is 89.2% (30 June 2020: 88.1%).

At 31 December 2020 there is still significant valuation uncertainty arising from the COVID-19 pandemic and the response of Governments to it. This means that the property values may change significantly and unexpectedly over a relatively short period of time.

Given the market conditions at balance date, the valuations are prepared on the basis of the existence of 'material valuation uncertainty', noting that less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. The current response to the COVID-19 pandemic means that the Group has faced an unprecedented set of circumstances on which to base a judgement.

The key assumptions and estimates used in these valuation approaches which have been impacted by COVID-19 include:

- forecast future rental income, based on the location, type and quality of the property, which are supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties adjusted to recognise the COVID-19 impact
- lease assumptions based on current and expected future market conditions after expiry of any current lease
- the capitalisation rate and discount rate derived from recent comparable market transactions adjusted for COVID-19 to reflect the uncertainty in the amount and timing of cash flows
- the impact of government support on tenants and rental schemes giving rise to rental deferrals, rental forgiveness, and eviction moratoriums.

The property valuations have been prepared based on the information that is available at 31 December 2020.

In the event that the circumstances are more material or prolonged than anticipated, this may further impact the fair value of the Group's investment property portfolio, and the future price achieved if a property is divested. The potential effect of a decrease / increase in weighted average capitalisation rate of 25 bps on property valuation would have the effect of increasing the fair value by up to $133.0 million or decrease the fair value by $121.9 million respectively.

During the half-year ended 31 December 2020, 14% (31 December 2019: 30%) of the number of investment properties in the portfolio were subject to external valuations, the remaining 86% (31 December 2019: 70%) were subject to internal valuation.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. INVENTORY

	31 Dec 2020 $'000	30 Jun 2020 $'000
(a) Current		
Property developments[1]		
- purchase consideration	-	532
- development costs	-	1,709
	-	**2,241**
(b) Non-current		
Property developments[1]		
- purchase consideration	47,289	45,763
	47,289	**45,763**
Total inventory	**47,289**	**48,004**

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

4. PROPERTY LOANS AND OTHER FINANCIAL ASSETS

	31 Dec 2020 $'000	30 Jun 2020 $'000
(a) Current property loans		
Secured loans - amortised cost[1]	12,525	22,236
Interest receivable on secured loans - amortised cost	2,968	2,256
Provision for secured loans - amortised cost	(6,550)	(3,910)
Secured loans - fair value	-	46,106
Interest receivable on secured loans - fair value	649	6,475
	9,592	**73,163**
(b) Non-current property loans		
Secured loans - fair value	64,405	54,578
Interest receivable on secured loans - fair value	13,426	8,643
	77,831	**63,221**
(c) Non-current other financial assets		
Other financial assets	156,794	140,669
Investment in securities and options - unlisted - fair value	2,230	839
	159,024	**141,508**

1. Mortgages are secured by real property assets. The current facilities are scheduled to mature and are expected to be realised on or before 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

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 2020 $'000	31 Dec 2019 $'000	31 Dec 2020 $'000	31 Dec 2019 $'000	31 Dec 2020 $'000	31 Dec 2019 $'000	31 Dec 2020 $'000	31 Dec 2019 $'000
Revenue	28,323	5,891	8,053	18,341	10,167	52,968	46,543	77,200
Expenses	(1,964)	(3,074)	(7,729)	(3,970)	(12,582)	(47,023)	(22,275)	(54,067)
Net profit / (loss)	**26,359**	**2,817**	**324**	**14,371**	**(2,415)**	**5,945**	**24,268**	**23,133**
Share of net profit / (loss)	**13,184**	**1,408**	**129**	**5,749**	**(426)**	**2,745**	**12,887**	**9,902**

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

	Fordtrans Pty Ltd		Oasis JV Unit Trust		Other Joint Ventures		Total	
	31 Dec 2020 $'000	30 Jun 2020 $'000	31 Dec 2020 $'000	30 Jun 2020 $'000	31 Dec 2020 $'000	30 Jun 2020 $'000	31 Dec 2020 $'000	30 Jun 2020 $'000
Current assets	9,959	9,004	7,843	5,957	5,514	12,671	23,316	27,632
Non-current assets	224,360	209,624	170,000	172,500	31,711	76,708	426,071	458,832
	234,319	218,628	177,843	178,457	37,225	89,379	449,387	486,464
Current liabilities	(11,197)	(17,982)	(2,679)	(96,288)	(8,008)	(10,930)	(21,884)	(125,200)
Non-current liabilities	(62,170)	(62,992)	(92,971)	-	(13,323)	(17,626)	(168,464)	(80,618)
Net assets	**160,952**	**137,654**	**82,193**	**82,169**	**15,894**	**60,823**	**259,039**	**280,646**
Share of net assets	**80,476**	**68,827**	**32,877**	**32,868**	**9,094**	**21,734**	**122,447**	**123,429**

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 2020

6. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2020	30 Jun 2020
	$'000	$'000
Non-current		
Bank loans - A$	585,821	867,072
Bank loans - A$ value of NZ$ denominated loan	138,127	107,447
Loan from related party - A$	29,841	38,573
Less: Unamortised borrowing costs	(2,806)	(3,332)
(a) Total non-current	**750,983**	**1,009,760**

	31 Dec 2020	30 Jun 2020
	$'000	$'000
(b) Maturity profile of non-current interest bearing loans		
Due between one and five years	750,983	833,010
Due after five years	-	176,750
	750,983	**1,009,760**

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 2021 to August 2025. The bank loans are secured by charges over the investment properties, certain inventory and certain property, plant and equipment.

Approximately 61.7% (30 June 2020: 47.9%) of bank debt drawn was subject to fixed rate hedges and the drawn bank debt had a weighted average term to maturity of 3.6 years (30 June 2020: 3.9 years). Hedge cover as a percentage of available facilities at 31 December 2020 is 32.9% (30 June 2020: 41.9%).

Abacus' weighted average interest rate as at 31 December 2020 was 2.24% (30 June 2020: 3.01%). Line fees on undrawn facilities contributed to 0.28% of the weighted average interest rate at 31 December 2020 (30 June 2020: 0.45%). Abacus' weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2020 was 1.96% (30 June 2020: 2.56%).

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

	31 Dec 2020	30 Jun 2020
	$'000	$'000
Current		
First mortgage		
Investment properties held for sale	88,846	-
Total current assets pledged as security	88,846	-
Non-current		
First mortgage		
Investment properties	2,822,351	2,619,666
Total non-current assets pledged as security	2,822,351	2,619,666
Total assets pledged as security	**2,911,197**	**2,619,666**

(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 2020

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 2020

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 2020.

	Secured loans	Unlisted securities/ options	Total
	$'000	$'000	$'000
Opening balance as at 30 June 2020	115,802	839	116,641
Fair value movement through the income statement	(15,821)	(192)	(16,013)
Additions	15,027	1,583	16,610
Disposals	(36,528)	-	(36,528)
Closing balance as at 31 December 2020	**78,480**	**2,230**	**80,710**

	Secured loans	Unlisted securities/ options	Total
	$'000	$'000	$'000
Opening balance as at 30 June 2019	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)
Closing balance as at 31 December 2019	**174,134**	**998**	**175,132**

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 decrease / increase in the underlying property developments' returns by 10% would have the effect of reducing the fair value by up to $12.9 million (30 June 2020: $7.5 million) or increase the fair value by $14.2 million (30 June 2020: $Nil) respectively.

Unlisted securities and options

The potential effect of using reasonable possible alternative assumptions based on a decrease / increase in the property valuations by 5% would have the effect of reducing the fair value by up to $0.1 million (30 June 2020: $0.1 million) or increase the fair value by $0.1 million (30 June 2020: $0.1 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

8. CONTRIBUTED EQUITY

(a) Issued stapled securities	31 Dec 2020 $'000	30 Jun 2020 $'000
Stapled securities	2,360,115	1,925,398
Issue costs	(48,930)	(45,634)
Total contributed equity	2,311,185	1,879,764

	Stapled securities	
(b) Movement in stapled securities on issue	Number 31 Dec 2020 '000	Number 30 Jun 2020 '000
At beginning of financial period	653,502	580,555
- equity raisings	138,692	64,382
- distribution reinvestment plan	12,204	8,565
Securities on issue at end of financial period	804,398	653,502

9. DISTRIBUTIONS PAID AND PROPOSED

	31 Dec 2020 $'000	31 Dec 2019 $'000
(a) Distributions paid during the period		
June 2020 half: 9.05 cents per stapled security (2019: 9.25 cents)	59,142	53,701
(b) Distributions declared and recognised as a liability^		
December 2020 half: 8.50 cents per stapled security (2019: 9.45 cents)	68,374	60,984

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.

^ The interim distribution of 8.50 cents per stapled security of approximately $68.4 million will be paid on 26 February 2021.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2020 $'000	30 Jun 2020 $'000
Non-current		
Right of use property asset	1,813	2,266
Storage equipment	15,601	14,758
Office equipment / furniture and fittings	685	808
Total non-current property, plant and equipment	**18,099**	**17,832**

	31 Dec 2020 $'000	30 Jun 2020 $'000
Right of use property asset		
At the beginning of the period net of accumulated depreciation	2,266	-
Additions	-	3,173
Depreciation charge for the period	(453)	(907)
At the end of the period net of accumulated depreciation	**1,813**	**2,266**
Gross value	3,173	3,173
Accumulated depreciation	(1,360)	(907)
Net carrying amount at end of the period	**1,813**	**2,266**
Plant and equipment		
Gross value	26,119	24,209
Accumulated depreciation	(9,833)	(8,643)
Net carrying amount at end of the period	**16,286**	**15,566**
Total	**18,099**	**17,832**

11. COMMITMENTS AND CONTINGENCIES

There are no contingent assets or liabilities at 31 December 2020 other than as disclosed in this report.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

12. BUSINESS COMBINATION

At 30 November 2020, Abacus Storage Operations Limited acquired the remaining 75% interest in the self-storage management business of Storage King Corporate Holdings Pty Limited for full control of the business. The purchase price for the remaining 75% interest of the business was a cash payment of $50.0 million in addition to the 25% interest already held by Abacus, which was revalued by $5.7 million to $16.9 million.

The fair value of the identifiable assets and liabilities of the businesses as at the date of acquisition were:

Recognised on acquisition	**Storage King Corporate Holdings Pty Limited $'000**
Intangibles*	74,926
Plant and equipment	430
Deferred tax assets	442
Cash and cash equivalents	4,188
Trade and other receivables	3,650
Prepayments	163
Total Assets	**83,799**
Trade payables	1,582
Provisions	3,011
Income tax payable	1,034
Deferred tax liabilities	10,728
Total Liabilities	**16,355**
Total identifiable net assets at fair value	**67,444**
Non-controlling interest measured at fair value based on transaction price	(16,861)
Purchase consideration transferred	**50,583**
The cash outflow on acquisition is as follows:	
Net cash acquired with the business	4,188
Cash paid	(50,583)
Net cash flow on acquisition	(46,395)

* Intangibles comprising brand, licensing and management agreements and goodwill and in accordance with AASB 3, the provisional accounting for the business combination will be finalised over the next period.

Revenue and profit contributions

From the date of acquisition to 31 December 2020, the acquired Storage King business contributed revenues of $1.1 million and net loss of $1.2 million to the Group. The net loss is after the elimination of $1.5 million of fee revenue which would have been previously derived by Storage King as an external manager. Correspondingly, there is an equivalent amount of elimination and savings in management and licensing fees of $1.5 million to the Group. Therefore, the net profit after tax contribution to the Group taking into consideration the savings in fees is $0.3 million during the period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

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 2020. 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 2020 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 2020 except for the inclusion of the accounting policy on intangible assets and the adoption of new standards and interpretations effective as of 1 July 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives, such as goodwill, are not amortised but are tested for impairment at each reporting period, either individually or at the CGU level. The assessment of indefinite life is reviewed at each reporting period to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Brand and trademarks

The Group acquired the Storage King brand and trademarks as part of the acquisition of the Storage King Group in November 2020. The brand and trademarks have been registered with the relevant government agency. In a licencing and management business, brand and trademarks are the most valuable intangible assets and may be renewed at little or no cost to the Group. As a result, the brand and trademarks are assessed as having an indefinite useful life.

Licencing and management agreements

The Group acquired Storage King's licencing and management agreements as part of the acquisition of the Storage King Group in November 2020. Storage King enters into licencing agreements with all its licensees which licensed the brand and trademarks to its licensees and provides specialist management services pursuant to a separate management agreement. In turn Storage King generates licencing and management fees income from these agreements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

13. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Software

The Group acquired Storage King's software as part of the acquisition of the Storage King Group in November 2020. Storage King has invested in the development of software systems known as the Storage King User Dashboard ("SKUD") which transforms data into actionable insights for the licensees, and an e-commerce platform which is fully integrated with the website and available self storage units in real time to provide an enhanced customer experience.

A summary of the policies applied to the Group's intangible assets is as follows:

	Brand and trademarks	Licencing and management agreements	Software
Useful lives	Indefinite	Finite (15 years)	Finite (2-10 years)
Amortisation method used	No amortisation	Amortised on a straightline basis over the period of the agreements	Amortised on a straightline basis over the useful life
Internally generated or acquired	Acquired	Acquired	Acquired

New accounting standards and interpretations

There are several amendments and interpretations apply for the first time on 1 July 2020 as follows, but they do not have an impact on the interim condensed consolidated financial statements of the Group.

- AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business

  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 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform

  The amendments to AASB 9 and AASB 139 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

- AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the AASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

13. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations (continued)

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

- AASB 2020-4 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions

  The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification. This amendment had no impact on the consolidated financial statements 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 2020. The impact of these new standards or amendments to the standards (to the extent relevant to the Group) and interpretations is as follows:

- AASB 2020-1 AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current – Deferral of Effective Date (effective from 1 January 2023)

  The amendments to paragraphs 69 to 76 of AASB 101 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require amendments.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments (effective from 1 January 2022)

  The amending standard made amendments to the following standards and conceptual framework:

  Reference to the Conceptual Framework – Amendments to AASB 3
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of AASB 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of AASB 137 or Interpretation 21 Levies, if incurred separately.

  At the same time, the Board decided to clarify existing guidance in AASB 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments apply prospectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

13. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations (continued)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to AASB 16
The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to AASB 137
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of AASB 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to AIFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of AASB 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group

14. EVENTS AFTER BALANCE SHEET DATE

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 2020 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 2021

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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 2020, 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 2020 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*.

Emphasis of Matter - Investment Property Fair Value

We draw attention to Note 2 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of the investment properties and how this has been considered by the Directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, the property values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

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 2020 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.

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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.

Independence

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

Ernst & Young

Ernst & Young

A R Ewan

Anthony Ewan
Partner
Sydney
18 February 2021

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