Appendix 4D

Abacus 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 2022

Results for announcement to the market

(corresponding period half year ended 31 December 2021)

Total revenues and other income	down	48.9%	to	$207.2m
Net profit after income tax expense attributable to members of the Group	down	73.2%	to	$84.5m
Funds from operations ("FFO") (1)	up	0.4%	to	$81.4m

(1) 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), other non-recurring adjustments deemed significant on account of their nature and non-FFO tax benefit/expense.

	31 Dec 2022	31 Dec 2021
Basic earnings per security (cents)	9.46	38.05
Basic FFO per security (cents)	9.11	9.80
Distribution per security (cents - including proposed distribution)	9.00	8.75
Weighted average securities on issue (million)	893.3	827.3

Distributions	per stapled security
December 2022 half	9.00 cents
This distribution was declared on 16 December 2022 and will be paid on or about 28 February 2023	
Record date for determining entitlement to the distributions	30 December 2022

Refer to the attached announcement for a detailed discussion of the Abacus Group's results and the above figures for the half year ended 31 December 2022.

Details of individual and total distribution payments to securityholders		per stapled security	Total
Final June 2022 distribution	paid 31 August 2022	9.25 cents	$82.5m

The distributions were paid in full by Abacus Trust and Abacus Storage Property Trust which do not pay tax, hence there were no franking credits attached.

	31 December 2022	30 June 2022
Net tangible assets per security	$3.86	$3.85

Distribution Reinvestment Plan (DRP)

The Group's Distribution Reinvestment Plan (DRP) will not apply to the interim distribution. Information on the terms of the DRP is available from our website www.abacusgroup.com.au.

INTERIM FINANCIAL REPORT

31 December 2022

HALF-YEAR FINANCIAL REPORT

31 December 2022

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 13, 77 Castlereagh Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusgroup.com.au

Share Registry:
Boardroom Pty Ltd
Level 8, 210 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 2022 and Abacus Group's 30 June 2022 Annual Financial Report. It is also recommended that the report be considered together with any public announcements made by the Abacus Group in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

DIRECTORS' REPORT

31 December 2022

The Directors present their report for the period ended 31 December 2022.

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:

Myra Salkinder	Chair (Non-executive)
Steven Sewell	Managing Director
Trent Alston	Non-executive Director
Mark Bloom	Non-executive Director
Mark Haberlin	Non-executive Director (Lead Independent)
Sally Herman	Non-executive Director (appointed 16 December 2022)
Holly Kramer	Non-executive Director (resigned 23 November 2022)
Jingmin Qian	Non-executive Director

Directors were in office for this entire period unless otherwise stated.

STRUCTURE AND PRINCIPAL ACTIVITIES

Listed Structure / Entities

The listed Abacus 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 2022. 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. Abacus is also included in the FTSE EPRA NAREIT Global Real Estate Index Series.

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 Group Consolidation

AGHL has been identified as the parent entity of the Group. The financial report of the Group for the half-year ended 31 December 2022 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.

The principal activities of Abacus that contributed to its earnings during the course of the half-year ended 31 December 2022 were investment in self storage properties and commercial (office and other).

These activities are reported in the segment information note on page 15.

DIRECTORS' REPORT

31 December 2022

GROUP RESULTS SUMMARY

The Group earned a statutory net profit after tax of $84.5 million for the half-year ended 31 December 2022 (December 2021: $314.8 million). This profit has been calculated in accordance with Australian Accounting Standards. It includes certain significant items that are adjusted to enable securityholders to obtain an understanding of Abacus' funds from operations ("FFO") of $81.4 million (December 2021: $81.1 million).

FFO is derived from the statutory profit and presents 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), 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 2022 $'000	31 Dec 2021 $'000
Consolidated statutory net profit after tax attributable to members of the Group	**84,464**	**314,788**
Adjust for:		
Net change in fair value of investment properties and property, plant and equipment derecognised	39	1,270
Net change in fair value of investment properties and property, plant and equipment held at balance date	(5,744)	(175,212)
Net change in fair value of investments and financial instruments held at balance date	(19,771)	(71,792)
Net change in fair value of property, plant and equipment and investment properties included in equity	4,514	(3,242)
Depreciation on owner occupied property, plant and equipment	2,261	2,075
Net change in fair value of derivatives	5,169	(3,138)
Amortisation of rent abatement incentives	6,252	4,605
Amortisation of other tenant incentives, finance costs and other	2,270	4,133
Straightline of rental income	(1,245)	(691)
Movement in lease liabilities	(555)	(709)
Net tax expense on non-FFO Items	3,747	8,965
Abacus funds from operations ("FFO")	**81,401**	**81,052**

	31 Dec 2022	31 Dec 2021
Basic earnings per security (cents)	9.46	38.05
Basic FFO per security (cents)	9.11	9.80
Distribution per security (cents - including proposed distribution)	9.00	8.75
Weighted average securities on issue (million)	893.3	827.3

Abacus continued to focus its investment capital on acquisitions across the self storage and commercial office 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 50% interest in 324 Queen Street, Brisbane QLD for $93.8 million and 7 self storage sites for $70.1 million being 2 operating facilities at Loganholme QLD and Capalaba QLD, and 5 development sites at Darlington SA, Currumbin QLD, Chatswood NSW, Campbelltown NSW and Dandenong VIC.

DIRECTORS' REPORT

31 December 2022

GROUP RESULTS SUMMARY (continued)

Impact of the COVID-19 pandemic

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.

The total amount of rent concessions provided to tenants from March 2020 to 31 December 2022 is $10.7 million with 69.2% or $7.3 million provided in the form of a rent waiver. Rent concessions of $0.6 million have been expensed in the half year ended 31 December 2022, with the remaining rent waivers of $2.0m yet to be amortised over the life of the leases as lease incentives. The 30.8% balance 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 the longer.

The nature of the assets and tenant customers for the Group, being predominantly SME (small and medium sized enterprises), 64% by number, is considered to be a mitigant to any major exposure for negative impacts going forward.

Valuations

The Abacus investment property portfolio was revalued at period end which resulted in a gain of $5.7 million or 0.12% in the six months to 31 December 2022. The investment property portfolio's overall weighted average capitalisation rate softened 9 basis points from 5.39% to 5.48%. The investment portfolio (excluding equity accounted properties) is now valued at over $4.7 billion including $2.3 billion of commercial properties across 20 assets and $2.4 billion of self storage facilities across 126 assets.

As part of the portfolio valuation process for the period ended 31 December 2022, 40 of the 146 investment properties (excluding equity accounted properties) or 27% by number were independently valued. The remaining properties were subject to internal valuation and, where appropriate, their values were adjusted.

The current economic environment is being driven by high inflation and rising interest rates. This may provide the Group opportunities to acquire core assets with medium to long term growth prospects.

Abacus' existing established self storage portfolio remains somewhat resilient, achieving rental income growth partially offset by marginal yield expansion over the past six months.

Abacus believes that its current commercial office portfolio remains robust despite current conditions, given that the majority of the Group's investments:

- 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
- Are managed to better than average quality sustainability standards, usually offering contemporary building facilities.

As a result of these features, the Group's building tenants are typically strongly connected to the property's location, and so have a positive predisposition to remain.

DIRECTORS' REPORT

31 December 2022

GROUP RESULTS SUMMARY (continued)

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 FFO.

CHANGES IN THE STATE OF AFFAIRS

The contributed equity of the Group increased $3.4 million to $2,596.7 million compared to $2,593.3 million as at 30 June 2022 due to securityholders' participation in the distribution reinvestment plan during the period.

Total equity increased by $10.5 million to $3,511.6 million at 31 December 2022 compared to $3,501.1 million at 30 June 2022.

DISTRIBUTIONS

An interim distribution of 9.0 cents per Abacus stapled security was declared on 16 December 2022 which will be paid on or about 28 February 2023. Distributions are paid on a semi-annual basis.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 16 February 2023, the Group announced its intention, subject to market conditions, to create a new ASX listed Self Storage REIT to be known as Abacus Storage King REIT (ASK). ASK is to be established by de-stapling ASPT and ASOL, and will be an externally managed REIT with a majority independent Board of Directors. Abacus will be the manager of ASK and intends to retain a minority interest of up to 19.9% of the stapled securities in ASK.

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, 16 February 2023	

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Building a better working world

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 2022, 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;

b) No contraventions of any applicable code of professional conduct in relation to the review; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

A Ewan

Anthony Ewan
Partner
16 February 2023

CONSOLIDATED INCOME STATEMENT

HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 $'000	31 Dec 2021 $'000
REVENUE			
Rental income		164,636	135,685
Finance income		1,728	6,160
Fee income		8,952	7,937
Total Revenue		**175,316**	**149,782**
OTHER INCOME			
Net change in fair value of investment properties held at balance date		5,744	175,212
Net change in fair value of investment properties, property, plant and equipment, investments and financial instruments derecognised		111	3,648
Net change in fair value of investments held at balance date		19,771	71,792
Other income		6,210	4,931
Total Revenue and Other Income		**207,152**	**405,365**
Share of (loss)/profit from equity accounted investments	4(a)	(724)	7,614
Net change in fair value of derivatives		(5,169)	3,138
Property expenses and outgoings		(41,795)	(30,138)
Depreciation and amortisation expense		(4,680)	(4,768)
Finance costs		(23,449)	(17,658)
Administrative and other expenses		(37,971)	(32,931)
PROFIT BEFORE TAX		93,364	330,622
Income tax expense		(8,900)	(15,834)
NET PROFIT AFTER TAX		84,464	314,788
PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent entity (AGHL)		(31,814)	(5,475)
Equity holders of other stapled entities			
AT members		(14,784)	63,617
AGPL members		(639)	10,619
AIT members		(5,860)	8,737
ASPT members		84,250	184,289
ASOL members		53,311	53,001
NET PROFIT		84,464	314,788
Basic and diluted earnings per stapled security (cents)	1	9.46	38.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022 $'000	31 Dec 2021 $'000
NET PROFIT AFTER TAX	84,464	314,788
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to the income statement		
Foreign exchange translation adjustments, net of tax	3,900	2,295
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**88,364**	**317,083**
Total comprehensive income attributable to:		
Members of the Group	88,364	317,083
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**88,364**	**317,083**
Total comprehensive income / (loss) attributable to members of the Group analysed by amounts attributable to:		
AGHL members	(31,814)	(5,475)
AT members	(14,784)	63,617
AGPL members	(639)	10,619
AIT members	(5,860)	8,737
ASPT members	87,962	186,524
ASOL members	53,499	53,061
TOTAL COMPREHENSIVE INCOME AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP	**88,364**	**317,083**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	31 Dec 2022 $'000	30 Jun 2022 $'000
CURRENT ASSETS			
Investment properties held for sale	2	117,500	-
Property loans	3(a)	248	-
Cash and cash equivalents		197,777	176,505
Trade and other receivables		48,487	43,472
Derivatives at fair value		17,399	20,869
Other		8,109	7,281
TOTAL CURRENT ASSETS		**389,520**	**248,127**
NON-CURRENT ASSETS			
Investment properties	2	4,650,509	4,500,582
Property loans	3(b)	53,144	53,144
Equity accounted investments	4(b)	185,544	172,961
Deferred tax assets		15,510	15,998
Property, plant and equipment	9	24,217	21,668
Other financial assets	3(c)	264,433	244,334
Intangible assets and goodwill		105,161	105,626
Derivatives at fair value		37,081	38,072
Other		6,532	6,547
TOTAL NON-CURRENT ASSETS		**5,342,131**	**5,158,932**
TOTAL ASSETS		**5,731,651**	**5,407,059**
CURRENT LIABILITIES			
Trade and other payables		220,455	127,030
Income tax payable		931	1,732
Other		5,527	9,188
TOTAL CURRENT LIABILITIES		**226,913**	**137,950**
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	5(a)	1,932,832	1,709,241
Deferred tax liabilities		54,780	52,906
Other		5,481	5,853
TOTAL NON-CURRENT LIABILITIES		**1,993,093**	**1,768,000**
TOTAL LIABILITIES		**2,220,006**	**1,905,950**
NET ASSETS		3,511,645	3,501,109
TOTAL EQUITY		3,511,645	3,501,109

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2022

	Notes	31 Dec 2022 $'000	30 Jun 2022 $'000
Equity attributable to members of AGHL:			
Contributed equity		568,862	568,221
Reserves		2,227	2,941
Retained earnings		96,386	128,200
Total equity attributable to members of AGHL:		**667,475**	**699,362**
Equity attributable to unitholders of AT:			
Contributed equity		1,373,217	1,372,070
Accumulated losses		(167,238)	(107,236)
Total equity attributable to unitholders of AT:		**1,205,979**	**1,264,834**
Equity attributable to members of AGPL:			
Contributed equity		47,064	46,983
Retained earnings		63,991	64,630
Total equity attributable to members of AGPL:		**111,055**	**111,613**
Equity attributable to unitholders of AIT:			
Contributed equity		188,472	188,330
Accumulated losses		(121,118)	(113,047)
Total equity attributable to unitholders of AIT:		**67,354**	**75,283**
Equity attributable to members of ASPT:			
Contributed equity		334,622	333,683
Reserves		2,366	(1,346)
Retained earnings		463,424	412,174
Total equity attributable to members of ASPT:		**800,412**	**744,511**
Equity attributable to members of ASOL:			
Contributed equity		84,424	84,059
Reserves		(163)	(351)
Retained earnings		575,109	521,798
Total equity attributable to members of ASOL:		**659,370**	**605,506**
TOTAL EQUITY		**3,511,645**	**3,501,109**
Contributed equity	7	2,596,661	2,593,346
Reserves		4,430	1,244
Retained earnings		910,554	906,519
TOTAL EQUITY		**3,511,645**	**3,501,109**

CONSOLIDATED STATEMENT OF CASH FLOW

HALF-YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022 $'000	31 Dec 2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	180,568	149,837
Interest received	254	13
Distributions received	6,098	4,949
Income tax paid	(9,774)	(8,167)
Finance costs paid	(22,021)	(12,468)
Operating payments	(75,710)	(73,879)
Payments for inventory	-	(390)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**79,415**	**59,895**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments and funds advanced	(17,113)	(74,143)
Proceeds from sale and settlement of investments and funds repaid	-	100,698
Purchase of property, plant and equipment	(4,158)	(2,254)
Disposal of property, plant and equipment	9	8
Payments for investment properties and capital expenditure	(252,591)	(646,535)
Disposal of investment properties	-	86,074
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(273,853)**	**(536,152)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of issue / finance costs	(279)	(961)
Repayment of borrowings	(3,277)	-
Repayment of principal portion of lease liabilities	(698)	(673)
Proceeds from borrowings	299,074	590,794
Distributions paid	(79,205)	(31,055)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**215,615**	**558,105**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	21,177	81,848
Net foreign exchange differences	95	32
Cash and cash equivalents at beginning of period	176,505	57,992
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**197,777**	**139,872**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF-YEAR ENDED 31 DECEMBER 2022

	Attributable to the stapled security holders				
CONSOLIDATED	Issued capital $'000	Foreign currency translation reserve $'000	Employee equity benefits $'000	Retained earnings $'000	Total equity $'000
At 1 July 2022	2,593,346	(1,697)	2,941	906,519	3,501,109
Other comprehensive income	-	3,900	-		3,900
Net income for the period	-	-	-	84,464	84,464
Total comprehensive income for the period	-	3,900	-	84,464	88,364
Issue costs	(30)	-	-	-	(30)
Distribution reinvestment plan	3,345	-	-	-	3,345
Security acquisition rights	-	-	(714)	-	(714)
Distribution to security holders	-	-	-	(80,429)	(80,429)
At 31 December 2022	**2,596,661**	**2,203**	**2,227**	**910,554**	**3,511,645**

	Attributable to the stapled security holders				
CONSOLIDATED	Issued capital $'000	Foreign currency translation reserve $'000	Employee equity benefits $'000	Retained earnings $'000	Total equity $'000
At 1 July 2021	2,349,791	(74)	2,705	549,457	2,901,879
Other comprehensive income	-	2,295	-		2,295
Net income for the period	-	-	-	314,788	314,788
Total comprehensive income for the period	-	2,295	-	314,788	317,083
Distribution reinvestment plan	42,617	-	-	-	42,617
Security acquisition rights	-	-	(1,542)	-	(1,542)
Distribution to security holders	-	-	-	(76,877)	(76,877)
At 31 December 2021	**2,392,408**	**2,221**	**1,163**	**787,368**	**3,183,160**

CONTENTS
31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS – About this Report

31 DECEMBER 2022

Abacus 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 2022 was authorised for issue in accordance with a resolution of the directors on 16 February 2023.

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

The Group predominately operates in Australia. The Group's operating segments are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resource allocation and to assess performance.

The Group's operating segments are:

(a) Property Investment – Self Storage: the segment is responsible for the management, operation and ownership of self storage properties. This segment also includes the operating business Storage King, ownership of listed securities and equity accounting of co-investments; and

(b) Property Investment – Commercial: the segment is responsible for the management and ownership of commercial (office and other) properties. This segment also includes the equity accounting of co-investments in property entities and secured property loan.

The segment result includes transactions between operating segments which are then eliminated.

NOTES TO THE FINANCIAL STATEMENTS – Segment Information

31 DECEMBER 2022

Half-year ended 31 December 2022	Property Investment Self Storage $'000	 Commercial $'000	 Unallocated $'000	 Consolidated $'000
Revenue				
Rental income	93,174	71,462	-	**164,636**
Finance income	-	1,474	254	**1,728**
Fee income	8,295	657	-	**8,952**
Net change in investment properties held at balance date	83,487	(77,743)	-	**5,744**
Net change in fair value of investment properties, property, plant and equipment, investments and financial instruments derecognised	(30)	-	141	**111**
Net change in fair value of investments held at balance date	20,161	(390)	-	**19,771**
Other income	6,180	30	-	**6,210**
Total consolidated revenue and other income	**211,267**	**(4,510)**	**395**	**207,152**
Share of loss from equity accounted investments	(900) *	176 ^	-	**(724)**
Property expenses and outgoings	(21,048)	(20,747)	-	**(41,795)**
Depreciation and amortisation expense	(1,553)	(3,127)	-	**(4,680)**
Administrative and other expenses	(27,386)	(10,585)	-	**(37,971)**
Segment result	**160,380**	**(38,793)**	**395**	**121,982**
Net change in fair value of derivatives				(5,169)
Finance costs				(23,449)
Profit before tax				**93,364**
Income tax expense				(8,900)
Net profit for the period attributable to members of the Group				**84,464**

* includes fair value loss of $1.0 million

^ includes fair value loss of $3.5 million

NOTES TO THE FINANCIAL STATEMENTS – Segment Information (continued)

31 DECEMBER 2022

Half-year ended 31 December 2021	Property Investment Self Storage $'000	Property Investment Commercial $'000	Property Development $'000	Unallocated $'000	Consolidated $'000
Revenue					
Rental income	73,594	62,091	-	-	**135,685**
Finance income	-	1,474	4,671	15	**6,160**
Fee income	7,203	734	-	-	**7,937**
Net change in investment properties held at balance date	140,761	34,451	-	-	**175,212**
Share of profit from equity accounted investments ^	-	7,626^	(12)	-	**7,614**
Net change in fair value of investment properties, property, plant and equipment, investments and financial instruments derecognised	5,012	(1,364)	-	-	**3,648**
Net change in fair value of investments held at balance date	72,323	267	(798)	-	**71,792**
Other income	4,893	30	8	-	**4,931**
Total consolidated revenue and other income	**303,786**	**105,309**	**3,869**	**15**	**412,979**
Property expenses and outgoings	(15,893)	(14,245)	-	-	**(30,138)**
Depreciation and amortisation expense	(1,377)	(3,391)	-	-	**(4,768)**
Administrative and other expenses	(21,832)	(9,513)	(1,586)	-	**(32,931)**
Segment result	**264,684**	**78,160**	**2,283**	**15**	**345,142**
Net change in fair value of derivatives					3,138
Finance costs					(17,658)
Profit before tax					**330,622**
Income tax expense					(15,834)
Net profit for the period attributable to members of the Group					**314,788**

^ includes fair value loss of $3.2 million

NOTES TO THE FINANCIAL STATEMENTS – Segment Information (continued)

31 DECEMBER 2022

	Property Investments			
	Self Storage	Commercial	Unallocated	Total
As at 31 December 2022	$'000	$'000	$'000	$'000
Current assets	22,965	140,112	226,443	**389,520**
Non-current assets	2,820,280	2,436,247	85,604	**5,342,131**
Total assets	**2,843,245**	**2,576,359**	**312,047**	**5,731,651**
Current liabilities	119,633	23,785	83,495	**226,913**
Non-current liabilities	3,926	-	1,989,167	**1,993,093**
Total liabilities	**123,559**	**23,785**	**2,072,662**	**2,220,006**
Net assets	**2,719,686**	**2,552,574**	**(1,760,615)**	**3,511,645**
Total facilities - bank loans				2,057,750
Facilities used at reporting date - bank loans				(1,899,881)
Facilities unused at reporting date - bank loans				**157,869**

	Property Investments			
	Self Storage	Commercial	Unallocated	Total
As at 30 June 2022	$'000	$'000	$'000	$'000
Current assets	17,331	20,233	210,563	**248,127**
Non-current assets	2,574,488	2,496,703	87,741	**5,158,932**
Total assets	**2,591,819**	**2,516,936**	**298,304**	**5,407,059**
Current liabilities	27,534	22,528	87,888	**137,950**
Non-current liabilities	3,909	-	1,764,091	**1,768,000**
Total liabilities	**31,443**	**22,528**	**1,851,979**	**1,905,950**
Net assets	**2,560,376**	**2,494,408**	**(1,553,675)**	**3,501,109**
Total facilities - bank loans				2,057,750
Facilities used at reporting date - bank loans				(1,677,011)
Facilities unused at reporting date - bank loans				**380,739**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

1. EARNINGS PER STAPLED SECURITY

	31 Dec 2022	31 Dec 2021
Basic and diluted earnings per stapled security (cents)	9.46	38.05
Reconciliation of earnings used in calculating earnings per stapled security		
Basic and diluted earnings per stapled security		
Net profit ($'000)	**84,464**	**314,788**
Weighted average number of securities:		
Weighted average number of stapled securities for basic earning per security ('000)	893,250	827,324

2. INVESTMENT PROPERTIES

	31 Dec 2022 $'000	30 Jun 2022 $'000
Leasehold investment properties [1]	13,672	13,272
Freehold investment properties	4,754,337	4,487,310
Total investment properties	**4,768,009**	**4,500,582**

1. The carrying amount of the leasehold property is presented gross of the finance liability of $2.4 million (30 June 2022: $2.5 million).

Reconciliation

	31 Dec 2022 $'000	30 Jun 2022 $'000
Investment properties held for sale		
Commercial [2]	117,500	-
Total investment properties held for sale	**117,500**	-
Investment properties		
Commercial	2,203,408	2,239,949
Self Storage	2,447,101	2,260,633
Total investment properties	**4,650,509**	**4,500,582**
Total investment properties including held for sale	**4,768,009**	**4,500,582**

2. The investment properties held for sale are 187 Todd Road, VIC and 51 Allara Street, ACT.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

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 6:

	Non-current	
Leasehold investment properties	31 Dec 2022 $'000	30 Jun 2022 $'000
Carrying amount at beginning of the financial period	13,272	11,613
Capital expenditure	19	27
Net change in fair value as at balance date	381	1,632
Carrying amount at end of the period	**13,672**	**13,272**

	Held for sale		Non-current	
Freehold investment properties	31 Dec 2022 $'000	30 Jun 2022 $'000	31 Dec 2022 $'000	30 Jun 2022 $'000
Carrying amount at beginning of the financial period	-	161,571	4,487,310	3,176,758
Additions	-	-	162,970	975,760
Capital expenditure	-	511	87,237	118,705
Net change in fair value as at balance date	-	-	5,363	343,918
Net change in fair value derecognised	-	(685)	-	(351)
Disposals	-	(161,397)	-	(120,651)
Effect of movements in foreign exchange	-	-	10,212	(8,710)
Properties transferred to / (from) held for sale	117,500	-	(117,500)	-
Straightlining[i]	-	-	1,245	1,881
Carrying amount at end of the period	**117,500**	-	**4,636,837**	**4,487,310**

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. INVESTMENT PROPERTIES (continued)

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.

External valuations are conducted by qualified independent valuers who are appointed by the Chief Investment Officer 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 5.

The weighted average capitalisation rate for Abacus is 5.48% (30 June 2022: 5.39%) and for each significant category above is as follows:

- Self Storage – 5.54% (30 June 2022: 5.45%)
- Commercial – 5.43% (30 June 2022: 5.33%)

The optimal occupancy rate utilised in the valuation process ranged from 80.0% to 100.0% (30 June 2022: 80.0% to 100.0%). The current occupancy rate for the principal portfolio excluding development and self storage assets is 95.1% (30 June 2022: 95.0%). The occupancy rate for the established self storage portfolio is 91.7% (30 June 2022: 92.9%).

The property valuations have been prepared based on the information that is available at 31 December 2022.

In the event that there are any unanticipated material circumstances, this may 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 $227.4 million or decrease the fair value by $207.6 million respectively.

During the half-year ended 31 December 2022, 27% (31 December 2021: 36%) of the number of investment properties in the portfolio were subject to external valuations, the remaining 73% (31 December 2021: 64%) were subject to internal valuation.

3. PROPERTY LOANS AND OTHER FINANCIAL ASSETS

	31 Dec 2022 $'000	30 Jun 2022 $'000
(a) Current property loans		
Interest receivable on secured loans - amortised cost	248	-
	248	-
(b) Non-current property loans		
Secured loans - amortised cost	53,148	53,148
Provision for secured loans - amortised cost	(4)	(4)
	53,144	**53,144**
(c) Non-current other financial assets		
Other financial assets	260,696	240,469
Investment in securities and options - unlisted - fair value	3,737	3,865
	264,433	**244,334**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	Fordtrans Pty Ltd		AW 710 Collin St Trust		Other Joint Ventures		Total	
	31 Dec 2022 $'000	31 Dec 2021 $'000	31 Dec 2022 $'000	31 Dec 2021 $'000	31 Dec 2022 $'000	31 Dec 2021 $'000	31 Dec 2022 $'000	31 Dec 2021 $'000
Revenue	5,211	5,128	4,331	4,103	5,001	11,847	14,543	21,078
Expenses	(3,368)	(2,028)	(5,379)	(871)	(6,923)	(2,322)	(15,670)	(5,221)
Net profit / (loss)	**1,843**	**3,100**	**(1,048)**	**3,232**	**(1,922)**	**9,525**	**(1,127)**	**15,857**
Share of net profit / (loss)	**916**	**1,452**	**(651)**	**1,356**	**(989)**	**4,806**	**(724)**	**7,614**

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

	Fordtrans Pty Ltd		AW 710 Collin St Trust		Other Joint Ventures		Total	
	31 Dec 2022 $'000	30 Jun 2022 $'000	31 Dec 2022 $'000	30 Jun 2022 $'000	31 Dec 2022 $'000	30 Jun 2022 $'000	31 Dec 2022 $'000	30 Jun 2022 $'000
Current assets	2,259	5,824	3,662	772	4,558	3,939	10,479	10,535
Non-current assets	246,641	245,859	113,000	117,000	138,199	108,467	497,840	471,326
	248,900	251,683	116,662	117,772	142,757	112,406	508,319	481,861
Current liabilities	(1,713)	(5,911)	(6,884)	(3,548)	(5,429)	(12,562)	(14,026)	(22,021)
Non-current liabilities	(80,907)	(79,554)	-	-	(42,709)	(34,825)	(123,616)	(114,379)
Net assets	**166,280**	**166,218**	**109,778**	**114,224**	**94,619**	**65,019**	**370,677**	**345,461**
Share of net assets	**83,140**	**83,109**	**54,889**	**57,112**	**47,515**	**32,740**	**185,544**	**172,961**

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 2022

5. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2022 $'000	30 Jun 2022 $'000
Non-current		
Bank loans - A$	1,708,498	1,492,137
Bank loans - A$ value of NZ$ denominated loan	191,392	184,885
Loan from related party - A$	33,435	32,654
Less: Unamortised borrowing costs	(493)	(435)
(a) Total non-current	**1,932,832**	**1,709,241**

	31 Dec 2022 $'000	30 Jun 2022 $'000
(b) Maturity profile of non-current interest bearing loans		
Due within one year	-	-
Due between one and five years	1,465,332	883,172
Due after five years	467,500	826,069
	1,932,832	**1,709,241**

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 2023 to July 2028. The bank loans are secured by charges over the investment properties and certain property, plant and equipment.

Approximately 71.4% (30 June 2022: 76.1%) of bank debt drawn was subject to fixed rate hedges and the drawn bank debt had a weighted average term to maturity of 4.0 years (30 June 2022: 4.7 years). Hedge cover as a percentage of available facilities at 31 December 2022 is 65.9% (30 June 2022: 62.1%).

Abacus' weighted average interest rate as at 31 December 2022 was 2.58% (30 June 2022: 2.07%). Line fees on undrawn facilities contributed to 0.13% of the weighted average interest rate at 31 December 2022 (30 June 2022: 0.18%). Abacus' weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2022 was 2.45% (30 June 2022: 1.89%).

(c) Assets pledged as security

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

	31 Dec 2022 $'000	30 Jun 2022 $'000
Current		
First mortgage		
Investment properties held for sale	117,500	-
Total current assets pledged as security	117,500	-
Non-current		
First mortgage		
Investment properties	4,075,144	4,062,149
Total non-current assets pledged as security	4,075,144	4,062,149
Total assets pledged as security	**4,192,644**	**4,062,149**

(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 2022

6. 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	Net Operating income Adopted capitalisation rate Rate per unit Optimal occupancy Adopted discount rate
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
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.
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 2022

6. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

The following table is a reconciliation of the movements in secured loans, unlisted securities and options classified as Level 3 for the period ended 31 December 2022.

	Secured loans (fair value) $'000	Unlisted securities/ options $'000	Total $'000
Opening balance as at 30 June 2022	-	3,865	3,865
Fair value movement through the income statement	-	(390)	(390)
Additions	-	262	262
Closing balance as at 31 December 2022	-	**3,737**	**3,737**

	Secured loans (fair value) $'000	Unlisted securities/ options $'000	Total $'000
Opening balance as at 30 June 2021	67,946	2,590	70,536
Fair value movement through the income statement	(798)	273	(525)
Additions	9,756	646	10,402
Disposals	(21,454)	-	(21,454)
Closing balance as at 31 December 2021	**55,450**	**3,509**	**58,959**

Sensitivity of Level 3 - 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 2022: $0.1 million) or increase the fair value by $0.1 million (30 June 2022: $0.1 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

7. CONTRIBUTED EQUITY

(a) Issued stapled securities	31 Dec 2022 $'000	30 Jun 2022 $'000
Stapled securities	2,649,833	2,646,488
Issue costs	(53,172)	(53,142)
Total contributed equity	2,596,661	2,593,346

	Stapled securities	
(b) Movement in stapled securities on issue	Number 31 Dec 2022 '000	Number 30 Jun 2022 '000
At beginning of financial period	892,429	818,591
- equity raisings	-	60,145
- distribution reinvestment plan	1,229	13,693
Securities on issue at end of financial period	893,658	892,429

8. DISTRIBUTIONS PAID AND PROPOSED

	31 Dec 2022 $'000	31 Dec 2021 $'000
(a) Distributions paid during the period		
June 2022 half: 9.25 cents per stapled security (2021: 9.0 cents)	82,550	73,673
(b) Distributions declared and recognised as a liability^		
December 2022 half: 9.0 cents per stapled security (2021: 8.75 cents)	80,429	72,784

Distributions were paid from Abacus 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 9.0 cents per stapled security of approximately $80.4 million will be paid on or about 28 February 2023.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

9. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2022 $'000	30 Jun 2022 $'000
Non-current		
Right of use property asset	-	453
Storage equipment	23,743	20,670
Office equipment / furniture and fittings	474	545
Total non-current property, plant and equipment	**24,217**	**21,668**
Total property, plant and equipment	**24,217**	**21,668**

	31 Dec 2022 $'000	30 Jun 2022 $'000
Right of use property asset		
At the beginning of the period net of accumulated depreciation	453	1,360
Depreciation charge for the period	(453)	(907)
At the end of the period net of accumulated depreciation	-	**453**
Gross value	3,173	3,173
Accumulated depreciation	(3,173)	(2,720)
Net carrying amount at end of the period	-	**453**
Plant and equipment		
Gross value	39,123	34,678
Accumulated depreciation	(14,906)	(13,463)
Net carrying amount at end of the period	**24,217**	**21,215**
Total	**24,217**	**21,668**

10. COMMITMENTS AND CONTINGENCIES

At 31 December 2022 the Group had a $10.0 million bank guarantee facility which expires in July 2025 (30 June 2022: $10.0 million) and $7.5 million of bank guarantees had been issued from the facility (30 June 2022: $7.5 million).
Bank guarantees issued at reporting date but not recognised as liabilities are as follows:

	31 Dec 2022 $'000	30 Jun 2022 $'000
Bank guarantees		
- Australian Financial Service Licences	7,500	7,500
- redevelopment of investment properties	1,143	1,502
- lease of office premises	564	564
	9,207	**9,566**

There are no contingent assets or liabilities at 31 December 2022 other than as disclosed in this report.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. 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 Group for the year ended 30 June 2022. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Group during the half-year ended 31 December 2022 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 2022 except for the adoption of new standards and interpretations effective as of 1 July 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards and interpretations effective as of 1 July 2022.

There are several amendments and interpretations apply for the first time on 1 July 2022 as follows, but they do not have an impact on the consolidated financial statements of the Group.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments (effective for annual reporting periods 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 and they had no impact on consolidated financial statements of the Group.

  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 had no impact on the consolidated financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations (continued)

(i) Changes in accounting policy and disclosures (continued)

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.

The amendments had no impact on the consolidated financial statements of the Group.

Fees in the '10 per cent' test for derecognition of financial liabilities (part of annual improvements 2018-2020 cycle) – Amendment to AASB9

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.

These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

(ii) Accounting Standards and Interpretation issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2022. The significant new standards or amendments are outlined below:

- AASB 2020-1, AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current (effective for annual reporting periods from 1 January 2024)

  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 2024 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations (continued)

(ii) Accounting Standards and Interpretation issued but not yet effective (continued)

- AASB 2021-2 Amendments to Disclosure of Accounting Policies, Definition of Accounting Estimates and Other Amendments (effective for annual reporting periods from 1 January 2023)

  The amending standard made amendments to the following standards:

  Making Materiality Judgements – Disclosure of Accounting Policies – Amendments to AASB 7, AASB 101, AASB 134 Interim Financial Reporting and AASB Practices Statement 2

  The amendments to AASB 101 require disclosure of material accounting policy information, instead of significant accounting policies. Unlike 'material', 'significant' was not defined in the Australian Accounting Standards.

  The amendments to AASB Practice Statement 2 supplement the amendments to AASB 101 by illustrating how the four-step materiality process can identify material accounting policy information.

  Definition of Accounting Estimates – Amendments to AASB 108

  The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively.

  The new definition provides that 'Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.' The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correcting a prior period error.

The amendments are applied prospectively and are not expected to have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

12. EVENTS AFTER BALANCE SHEET DATE

On 16 February 2023, the Group announced its intention, subject to market conditions, to create a new ASX listed Self Storage REIT to be known as Abacus Storage King REIT (ASK). ASK is to be established by de-stapling ASPT and ASOL, and will be an externally managed REIT with a majority independent Board of Directors. Abacus will be the manager of ASK and intends to retain a minority interest of up to 19.9% of the stapled securities in ASK.

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 2022 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, 16 February 2023

Steven Sewell
Managing Director

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's review report to the members of Abacus Group Holdings Limited

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 2022, 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2022 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
16 February 2023