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SELF STORAGE CONTINUES TO DELIVER STRONG ORGANIC GROWTH

ASK reaffirms FY24 guidance, with HY24 RevPAM up 4.8% compared to HY23

Abacus Storage King (ASX:ASK) ('ASK') today announced its results for the half year ended 31 December 2023, delivering HY24 FFO of \$37.6 million (3.0 cents per security) driven by strong RevPAM growth and a statutory net profit of \$0.4 million, impacted primarily by property devaluations.

ASK launched as a sector specialist Self Storage REIT on 3 August 2023¹ after de-stapling from Abacus Group (ASX:ABG). ASK is now an integrated property portfolio and operating platform, externally managed by Abacus Group with a conservative capital structure providing capacity to fund future growth.

Self Storage operating conditions remained robust in HY24, despite global inflationary and cost of living pressures. ASK's strong HY24 performance reflects its irreplaceable portfolio of metropolitan focused properties and the Storage King operating platform. Key operational highlights from HY24 include: RevPAM² growth of 4.8% compared to HY23³, \$161 million of acquisitions, and delivery of one new store and an expansion adding 11,000 sqm of NLA to the portfolio. ASK was also pleased to bring forward its commitment to deliver net zero emissions by 2030⁴.

Key financial metrics⁵

EARNINGS	HY24	BALANCE SHEET	DEC-23
Distribution per security (DPS)	3.0cps	Gearing	29.3%
FFO per security	3.0cps	Total assets	\$3.1bn
Statutory profit	\$0.4m	Net tangible assets (NTA)	\$1.52ps

¹ ASK listed on the ASX 1 August 2023 conditional upon the de-stapling from ABG which was implemented on 3 August 2023.

² Average over last 6 months (by area) of all established assets.

³ HY23 established stores have been restated to include 86 mature stores as at 1 July 2022 for comparison purposes.

⁴ Scope 1 & 2 greenhouse gas emissions for ASK owned stores assuming access to green power remaining a feasible option, if required.

⁵ ASK did not exist as a standalone entity as at HY23 and FY23. As a result HY24 comparisons are limited.

Balance sheet with significant capacity to fund growth initiatives

As part of the de-stapling, ASK was recapitalised and at HY24, has conservative gearing well within the 25%-35% target range. In conjunction with a \$250 million increase in banking facilities, negotiated in December 2023 (total facilities now \$1.25 billion), ASK has capacity to fund future acquisition and development initiatives, enabling growth in the medium to long term.

ASK is in a strong capital position with minimal debt expiry until FY26 and comfortable headroom to covenants, with approximately \$250 million of acquisition capacity to take advantage of accretive opportunities as they arise. ASK's average cost of debt in HY24 was 3.3% and anticipates an FY24 average cost of debt of 3.6%.⁶

Abacus Group's Chief Financial Officer, Evan Goodridge, noted, "HY24 was a strong first reporting period for ASK as a standalone entity. In a more challenged economic environment where the cost of capital is rising, we remain disciplined on directing capital towards assets that provide potential for enhanced income growth and the creation of medium to long term value."

The HY24 revaluation process resulted in the Self Storage investment property portfolio decreasing in value by \$27 million or 1.0%. Market income growth contributed to a \$21 million increase in value, while 10 basis points of cap rate expansion to 5.67% offset the increase resulting in an overall decline.

Continued multi pronged growth strategy – portfolio and platform initiatives

ASK's growth strategy encompasses a variety of organic and inorganic initiatives:

- **Organic:** Structural demand factors such as population growth, the rise of e-commerce and an increasing awareness of the category are expected to support near term growth. Additionally, there are cyclical factors supporting growth including housing density and turnover. These drivers are supported by the Storage King operating platform.
- **Acquisitions:** A disciplined acquisition process together with a focus on location gaps are expected to enhance ASK's existing network. The Australian and New Zealand Self Storage sector is fragmented with ~50% of the market owned by independent operators – thereby providing a pipeline of acquisition opportunities.
- **Developments and expansions:** ASK develops and manages a \$564 million⁷ pipeline of new stores which will be fit for purpose, bold brand icons that are expected to deliver an exceptional customer experience and set new industry standards for sustainability and customer experience.
- **Platform:** The Storage King operating platform is Australia and New Zealand's most recognised Self Storage brand,⁸ managing ASK's owned and licensed 197 store network across Australia and New Zealand. A number of initiatives are being actively pursued, such as in revenue and data management technology which are expected to expand margins over the longer term.

⁶ FY24 guidance for avg. cost of drawn debt 3.6% assuming average floating rate of 4.5%.

⁷ Estimated completion value of ASK's development pipeline in the short to medium term.

⁸ Self Storage Association Australasia's State of the Industry 2022 report.

Portfolio NLA continues to grow from acquisitions, developments and expansions

Operating conditions were resilient in HY24, with the key trading and asset metrics summarised below:

ESTABLISHED PORTFOLIO	HY24	HY23 ⁹	CHANGE (%)	TOTAL PORTFOLIO	DEC-23	JUN-23
Average rental rate psm	\$358	\$341	5.0%	Operating stores	115	111
Occupancy	90.4%	90.5%	(10bps)	Development sites	21	20
RevPAM	\$324	\$309	4.8%	SUA ¹⁰ exposure	66%	66%

RevPAM growth was +4.8% across the established portfolio, with 5.0% rental rate growth offset marginally by a 10 basis points decline in occupancy. One new store at Brendale in Queensland and an expansion at Burwood came online in HY24, adding 11,000 sqm of total NLA to the portfolio. Looking forward, we expect these investments to contribute positively to FFO, as stabilisation and leasing up is achieved.

Total acquisitions in HY24 were \$161 million including: \$84 million acquired as part of the de-staple from ABG, \$67 million for three operating stores and \$10 million for two development sites. External acquisitions¹¹ added 16,600 sqm of NLA to the portfolio. A further \$24 million has been exchanged across three assets that are expected to settle in 2H24.

Sustainability

Development of ASK's sustainability strategy commenced during the period, with initial progress including announcement of a revised Net Zero emissions target from 2050 to 2030¹². The attraction and retention of talent remained a key focus during HY24, with a new employee benefits program incorporating rewards and recognition completed during the period. Further details on ASK's sustainability strategy will be released later this calendar year.

Outlook and guidance

ASK remains well positioned to leverage its key enablers and deliver recurring income and value creation over the medium term, underpinned by its multi-pronged growth strategy. Longer term, ASK is focused on implementing platform enhancements across technology, data and revenue management to enhance the growth outlook.

Abacus Group's Managing Director, Steven Sewell commented, "It was pleasing to be able to introduce ASK to the market as a specialist Self Storage REIT with an integrated property portfolio and operating platform, externally managed by Abacus Group. As part of the de-staple, ASK's balance sheet has been

⁹ HY23 established stores have been restated for comparison purposes.

¹⁰ Significant Urban Areas, as defined by the Australian Bureau of Statistics. Top 3 markets by population are Sydney, Melbourne and Brisbane.

¹¹ Operating stores acquired from vendors other than ABG.

¹² Scope 1 & 2 greenhouse gas emissions for ASK owned stores assuming access to green power remaining a feasible option, if required.

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set with sufficient capacity to fund medium term growth initiatives and ultimately support our vision to be the undisputed leader in the Self Storage industry by being the most respected, responsive, and recognised owner, operator and manager”.

ASK reaffirms FY24 distribution guidance of 6.0 cents per security, targeting a full year distribution payout of 90%-100% of FFO. Our guidance is predicated on no material decline in current business conditions.

Market briefing

Abacus Storage King will conduct a market briefing on Friday, 16 February at 9:00am (AEDT).

Access will be via webcast at: abacusgroup.com.au/investor-centre/abacus-storage-king/key-dates-events/

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