Appendix 4E

Abacus Group

(comprising Abacus Group Holdings Limited and its controlled entities, Abacus Trust and its controlled entities, Abacus Group Projects Limited and its controlled entities, Abacus Income Trust and its controlled entities)
In August 2023, Abacus Group's Self Storage business has been de-stapled from the Commercial business to create two separately listed stapled groups of Abacus Storage King (ASX:ASK) and Abacus Group, respectively. Abacus Group has also changed its ASX code from ABP to ABG.

ABN: 31 080 604 619

Annual Financial Report

For the year ended 30 June 2024

Results for announcement to the market

(corresponding period: year ended 30 June 2023)

Total revenues and other income	up	36.5%	to	$194.1m
Net profit after income tax expense attributable to stapled security holders	down	10.5x	to	($241.0m)
Funds from operations ("FFO") (1)	down	52.8%	to	$82.5m
FFO from continuing operations	up	3.2%	to	$81.3m

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

	30 June 2024	30 June 2023
Basic earnings per security (cents)	(26.97)	2.85
Basic funds from operations per security (cents)	9.24	19.58
Basic funds from continuing operations per security (cents)	9.10	8.82
Distribution per security (cents - including proposed distribution)	8.50	18.40
Weighted average securities on issue (million)	893.7	893.5

Distribution	per stapled security
June 2024 half year	4.25 cents
This distribution was declared on 20 June 2024 and will be paid on 30 August 2024	
Record date for determining entitlement to the distribution	1 July 2024

Refer to the attached announcement for a detailed discussion of the Abacus Group's results and the above figures for the year ended 30 June 2024.

Details of individual and total distribution payments		per stapled security	Total
Half December 2023 distribution	paid 29 February 2024	4.25	$38.0m

The distribution was paid in full by Abacus Trust which does not pay tax, hence there were no franking credits attached.

	30 June 2024	30 June 2023
Net tangible assets per security (2)	$1.76	$3.70

(2) Net tangible assets per security excludes external non-controlling interest. The Group has lost control of Abacus Storage Operations Limited and its controlled entities, and Abacus Storage Property Trust and its controlled entities during the period.

Distribution Reinvestment Plan (DRP)

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

ANNUAL FINANCIAL REPORT

30 June 2024

ABACUS

ANNUAL FINANCIAL REPORT

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Directory

Abacus Group Holdings Limited ABN: 31 080 604 619 Abacus Group Projects Limited ABN: 11 104 066 104 Abacus Funds Management Limited ABN: 66 007 415 590	Directors of Abacus Group Holdings Limited: Myra Salkinder, Chair Steven Sewell, Managing Director Trent Alston Mark Haberlin Sally Herman Jingmin Qian
Registered Office: Level 13, 77 Castlereagh Street SYDNEY NSW 2000 Tel: (02) 9253 8600 Fax: (02) 9253 8616 Website: www.abacusgroup.com.au	Company Secretary: Belinda Cleminson Auditor (Financial and Compliance Plan): Ernst & Young 200 George Street SYDNEY NSW 2000
Custodian: Perpetual Trustee Company Limited Level 12 Angel Place 123 Pitt Street SYDNEY NSW 2000	Share Registry: Boardroom Pty Ltd Level 8, 210 George St SYDNEY NSW 2000 Tel: 1300 737 760 Fax: 1300 653 459

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It is recommended that this Annual Financial Report should be read in conjunction with the Annual Financial Report of Abacus Trust, Abacus Group Projects Limited and Abacus Income Trust as at 30 June 2024. 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

30 JUNE 2024

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"), and Abacus Group Projects Limited ("AGPL") present their report for the year ended 30 June 2024.

PRINCIPAL ACTIVITIES AND STRUCTURE

The principal activities of Abacus Group during the year were investment in Commercial properties (office and other). Abacus Group is a strong asset backed, annuity style business where capital is directed towards assets that provide potential for enhanced income growth to generate increased total returns and create value.

The operating and financial review is intended to convey the Directors' perspective of Abacus Group and its operational and financial performance. It sets out information to assist securityholders to understand and interpret the financial statements included in this report prepared in accordance with Australian Accounting Standards and International Financial Reporting Standards ("IFRS"), as issued by the Australian Accounting Standards Board ("AASB") and the International Accounting Standards Board ("IASB") respectively. It should be read in conjunction with the financial statements and accompanying notes.

Listed Structure / Entities

The listed Abacus Group is a diversified property group that operates predominantly in Australia. It comprises AGHL, AT, AIT and AGPL (collectively "Abacus" or "the Group") and its securities trade on the Australian Securities Exchange ("ASX") as ABG. Abacus was listed on the ASX in November 2002 and its market capitalisation was over $1.0 billion at 30 June 2024. Abacus Group is included in the S&P/ASX 300 A-REIT index (ASX:XPK), a sub-index of the S&P/ASX 300 index that contains the listed vehicles classified as A-REITs.

In August 2023, Abacus Group's Self Storage business was de-stapled from the Commercial business to create two separately listed stapled groups of Abacus Storage King (ASX:ASK) and Abacus Group, respectively. Abacus Group also changed its ASX code from ABP to ABG.

Shares in AGHL, AGPL and units in AT, AIT have been stapled together so that none can be dealt with without the others and are traded together on the ASX as Abacus Group securities. An Abacus Group security consists of one share in AGHL, one unit in AT, one share in AGPL and one unit in AIT. 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 and AGPL are companies that are incorporated and domiciled in Australia. AT and AIT are Australian registered managed investment schemes. AFML is the Responsible Entity of AT and AIT. AFML is incorporated and domiciled in Australia and is a wholly owned subsidiary of AGHL.

Abacus Group Consolidation

AGHL (the company) has been identified as the parent entity of the Group. The financial report of the Group for the year ended 30 June 2024 comprises the consolidated financial reports of AGHL and its controlled entities, AT and its controlled entities, AIT and its controlled entities, AGPL and its controlled entities, and also includes Abacus Storage Property Trust ("ASPT") and its controlled entities and Abacus Storage Operations Limited ("ASOL") until 3 August 2023, as ASPT and ASOL were destapled from the Group on this date.

DIRECTORS' REPORT

30 JUNE 2024

OPERATING AND FINANCIAL REVIEW

GROUP OVERVIEW

Abacus Group completed a transformational de-staple in FY24, taking effect on 3 August 2023 to create a standalone Self Storage REIT, Abacus Storage King (ASX:ASK) ('ASK'). Post de-staple, Abacus Group is the manager of the ASK and following the transaction also remains invested with a strategic stake of 19.8% of ASK. This strategic stake is the largest asset on Abacus' balance sheet as its largest source of income, both through distributions received and from the fees it earns providing management services to ASK.

As a standalone entity, the Abacus has a more focused portfolio of Commercial assets and is well positioned to drive income growth over the short to medium term. Abacus has limited capital expenditure forecast in the near term, with major capital projects completed in recent periods, positioning the portfolio for growth. Looking forward, we expect these investments to contribute positively to FFO as leasing up is achieved.

The Group looks for investments in the Commercial sectors that can provide strong and stable cash-backed distributions, with potential for capital and income growth. Despite a more challenging economic outlook, we remain confident that the Group is positioned to leverage our key enablers, being:

- Our people and culture, repositioning capability and market insight.
- Strategic investment in assets in major markets with a clear path to sustainable income growth.
- Driving value through active management of the asset portfolio.

Abacus Group has a track record of acquiring property-based assets and actively managing those assets to enhance income and thereby drive capital growth. This track record has facilitated strategic partnering and joint ventures with a number of sophisticated third-party owners and major groups.

The Board monitors a range of financial information and operating performance indicators to measure performance over time. Funds from operations ("FFO") is the key measure that Abacus Group uses to monitor the financial success of its overall strategy.

Abacus Group is positioned to provide stable FFO growth over the medium to long term by using its active asset management capabilities, strong relationships with customers and our ability to capitalise on value-accretive investment opportunities.

The current economic environment is being driven by high inflation and high interest rates. This may provide Abacus Group opportunities to acquire core assets with medium to long term growth prospects. Despite the challenging economic conditions, we believe our Commercial Office portfolio remains robust, 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
- Focus on the responsible and sustainable evolution of core business practices.

DIRECTORS' REPORT

30 JUNE 2024

GROUP RESULTS SUMMARY

The rising cost of capital and changing macroeconomic environment increased capitalisation rates throughout the Commercial property sector. Abacus Group's diversified Commercial portfolio of high quality assets has enabled us to maintain occupancy rates over the period with our principal Commercial portfolio recording 94.2% (2023: 95.1%). In a more challenged economic environment, we remain focused and disciplined on directing capital towards assets that provide potential for enhanced income growth to generate increased total returns and create medium to long term value.

	2024	2023
Revenue ($ million)*	168.5	152.0
Total income ($ million)*	194.1	142.2
Statutory net profit/(loss) ($ million)	(241.0)	25.5
Funds from continuing operations ($ million)	81.3	78.8
Funds from continuing operations per security (cents)	9.10	8.82
Funds from operations ($ million)	82.5	175.0
Funds from operations per security (cents)	9.24	19.58
Underlying EBIT ($ million)	122.7	210.0
Underlying EBIT per security (cents)	13.73	24.82
Distributions per security (cents)	8.50	18.40
Interest cover ratio	2.5x	3.9x
Weighted average securities on issue (million)	893.7	893.5

*Excludes income from discontinued operations.

The Group earned a statutory net profit/(loss) after tax of $241.0 million for the year ended 30 June 2024 (2023: $25.5 million). This profit has been calculated in accordance with Australian Accounting Standards. The decrease in the Group's statutory net profit compared to the prior period was principally due to:

- a decrease in the contribution from discontinued operations from $263.8 million in 2023 to $1.0 million in 2024 as entities were de-stapled in August 2024;
- a decrease in the fair value of the Commercial investment property portfolio by $275.4 million (2023: loss of $247.6 million) with capitalisation rates expanding 79bps to 6.5%; as well as
- an increase in finance costs to $41.6m (2023: $9.9m) following increases in interest rates in response to a high inflationary environment

Despite the above economic headwinds, Abacus Group's portfolio remained resilient recording FFO growth from continuing operations of 3.2% and a full year distribution per security, in line with guidance, of 8.50cps (2023: 18.4cps).

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.

DIRECTORS' REPORT

30 JUNE 2024

GROUP RESULTS SUMMARY (continued)

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 the following to statutory net profit after tax:

- Tenant incentive amortisation
- Depreciation on owner occupied property, plant & equipment (PP&E)
- Change in fair value of investment properties derecognized
- Restructuring 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 and FFO is as follows:

	2024 $'000	2023 $'000
Consolidated statutory net profit after tax attributable to continuing operations	**(241,989)**	**(238,265)**
Adjust for:		
Net change in fair value of investment properties derecognised	8,244	9,097
Net change in fair value of investment properties held at balance date	275,407	247,617
Net change in fair value of investments and financial instruments held at balance date	1,798	854
Net change in fair value of investment properties included in equity accounted investments	(2,266)	15,954
Net change in fair value from deconsolidation	5,614	-
Depreciation and amortisation	236	912
Net change in fair value of derivatives	13,992	20,220
Amortisation of rent abatement incentives	14,495	13,480
Amortisation of other tenant incentives, finance costs and other	601	3,794
Cost associated with de-stapling	3,552	4,097
Straightline of rental income	(989)	(2,127)
Movement in lease liabilities	-	(511)
Net tax expense on non-FFO Items	2,648	3,718
Abacus funds from operations ("FFO") from continuing operations	**81,343**	**78,840**
Abacus funds from operations ("FFO") from discontinued operations	**1,191**	**96,142**
Total Abacus FFO	**82,534**	**174,982**

	2024	2023
Basic earnings per security (cents)	(27.08)	2.85
FFO per security (cents)	9.24	19.58
FFO from continuing operations per security (cents)	9.10	8.82
Distribution per security (cents - including proposed distribution)	8.50	18.40
Weighted average securities on issue (million)	893.7	893.5

This reconciliation has not been reviewed by the Group's auditor.

GROUP RESULTS SUMMARY (continued)

Capital management and allocation

In December 2023, ABG successfully re-negotiated and agreed terms on its syndicated banking facility to increase the limit by $125 million, increasing its overall facility limits to $1,182.8 million and extending its facility tranches tenor on average by a further six months.

During the year Abacus Group divested two properties for total consideration of $108.4 million. The divested properties are listed below:

- 63 Ann Street, Surry Hills NSW ($32.3 million)
- Ashfield Mall, Ashfield NSW ($76.1 million)

Abacus Group also acquired two properties in FY24 for total consideration of $82.5 million. The acquired properties are listed below:

- North Sydney NSW ($10.5 million), which is included in the 99 Walker Street, Sydney property for simplicity given it is immaterial from a valuation and operational perspective in the context of the portfolio
- Myer, Melbourne VIC, ($72.0 million), representing acquisition of a further one sixth share in the property

Key capital metrics of the Group are:

	FY24[1]	FY23
Total assets ($ million)	$2,626.3	$5,606.2
Gearing (%)	33.8%	33.2%
Net assets ($ million)	$1,607.1	$3,361.7
Net tangible assets ($ million)	$1,575.9	$3,302.3
NTA per security ($)	$1.76	$3.70

1. In August 2023, Abacus Group's Self Storage business has been de-stapled from the Commercial business to create two separately listed stapled groups of ASK and Abacus Group, respectively.

The de-stapling referenced in the Group Strategy section, enables the optimisation of Abacus Group's capital structure. As a result, Abacus Group's balance sheet remains strong with gearing post de-stapling within the Board's target gearing limit of 40%. The de-stapling is expected to provide balance sheet capacity to Abacus Group to fund growth initiatives including acquisitions and developments.

KEY SEGMENT RESULTS SUMMARY

The Commercial portfolio consists of 19 assets (FY23: 21 assets) and had a total value of $2.2 billion at year end (FY23: $2.5 billion).

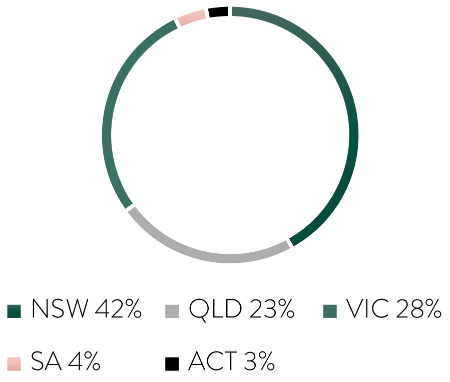
The Commercial portfolio has a stable income growth profile, supported by high occupancy of 94.2% and a diversified lease profile of 4.3 years.

Key Commercial Metrics

	FY24	FY23
Portfolio Value ($ million)	$2,207.6	$2,533.8
Number of assets	19	21
Occupancy[1] (% by area)	94.2%	95.1%
WALE[1]	4.3 years	4.3 years
WACR[2]	6.46%	5.71%

1. Excludes development affected assets
2. WACR: Weighted Average Capitalisation Rate
3. Excludes cash and other non-property assets.

Portfolio geographic diversification



Office

The Office sector continued to face challenges throughout FY24 as the future role of the office continues to take shape and bond yields remained elevated, negatively impacting valuations. These factors contributed to capitalisation rate expansion throughout the Office sector.

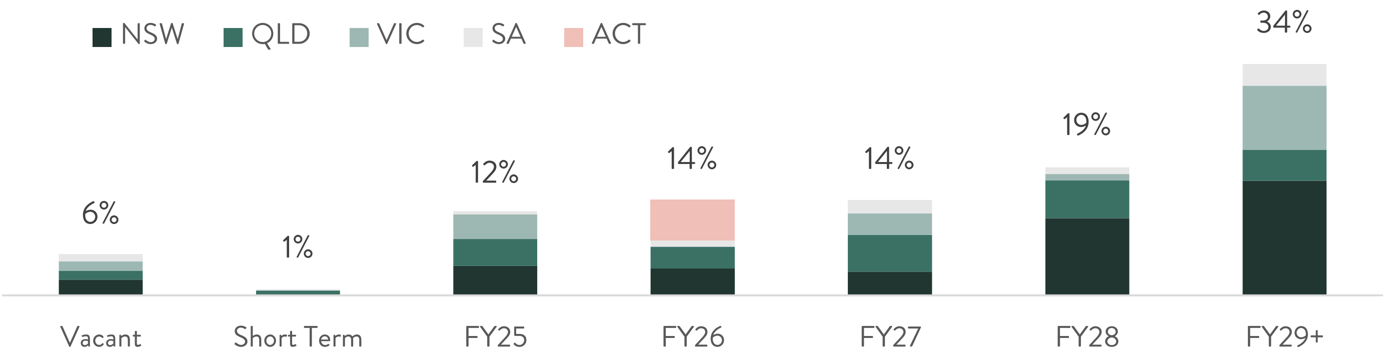
Pleasingly, our Office portfolio of 14 assets (FY23: 15 assets) was relatively resilient to the market challenges, with occupancy holding relatively steady at 93.4% (FY23: 95.0%) and strong like for like income growth of 4.7% in FY24, up from 1.7% in FY23. The resilience in our occupancy and income growth levels were supported by our diversified lease profile with WALE of 3.7 years (FY23: 3.7 years) and high-grade Office buildings, as well as high quality fit outs and amenity upgrades completed in the period that have proven attractive to potential tenants.

Pleasingly, the Group achieved strong leasing outcomes in FY24 on key spec fit outs completed during HY24.

At 201 Elizabeth Street, Sydney NSW occupancy increased from 49.6% as at HY24 to 78.2% as at 31 July 2024 (+2,860bps), with over 13,400sqm of leasing achieved since HY24. The WALE of 201 Elizabeth Street has increased to 4.9 years as at 31 July 2024 (FY23: 3.5 years) as a result of leasing activity in the period.

At 77 Castlereagh Street, Sydney NSW occupancy increased from 77.6% as at HY24 to 95.0% as at 31 July 2024 (+1,740bps), with over 3,400sqm of leasing achieved since HY24. The WALE has increased from 3.6 years in FY23 to 4.4 years as at 31 July 2024.

Office Lease Expiry



KEY SEGMENT RESULTS SUMMARY (continued)

Retail

The Retail sector saw strong momentum during FY24, with high occupancies throughout our portfolio of three assets. Abacus Group's FY24 Retail occupancy rate was high at 96.1% (FY23: 95.2%), with a weighted average lease expiry of 5.8 years (FY23: 5.8 years).

Storage

The Group earned $14.5 million in ASK fees ($11.3 million from management fees and $3.2 million from development fees). ASK reported strong RevPAM growth in established stores of +4.6% compared to FY23.

Other ASK operational highlights include the successful delivery of three new operating stores, adding 22,000 sqm of NLA (3% of portfolio). And the acquisition of eight operating stores and three development sites, adding 35,100 sqm of NLA (5% of portfolio). Abacus continues to view the Self Storage sector favourably and is positioned to benefit from ASK's various growth initiatives moving forward.

Commercial Valuations

The Commercial investment property portfolio was revalued at year end which resulted in a loss of $275.4 million. The investment property portfolio's overall weighted average capitalisation rate expanded 79 basis points from 5.71% in FY23 to 6.50% in FY24. The Commercial portfolio (excluding equity accounted properties) was valued at $1.9 billion at 2024 year-end across 16 assets (FY23: $2.1 billion across 18 assets).

As part of the portfolio valuation process for the year ended 30 June 2024, 63% of investment properties (excluding equity accounted properties) were independently valued (FY23: 100%).

As a result of current market conditions and a shift in future expectations in the Office sector, Abacus Group 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.

ESG

Throughout FY24 the Group continued to build on embedding sustainable practices across the business and undertook a detailed review of our strategic approach to sustainability. Highlights from FY24 include:

- A 36% reduction in emission intensity from our FY19 baseline[1];
- Average NABERS Energy Rating of 4.8 stars;
- Climate Active certification on two of our assets at 99 Walker Street and 51 Allara Street.

Supporting our people remains an important focus and our recent employee survey results showed 94% of our team members believe that Abacus is committed to the health and safety of its employees.

Looking forward to FY25, our focus is on the use of renewable energy as our electricity contracts are renewed and assessing other potential opportunities to drive improvements across our portfolio as well ensuring we are prepared for Australian Sustainability Reporting Standard set to apply from July 2027.

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[1] Commercial assets under Abacus Group's ownership and control.

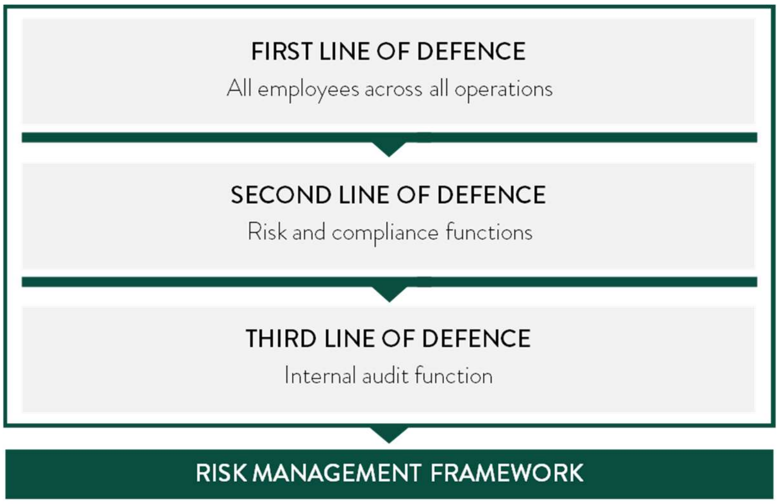
FUTURE PROSPECTS

Abacus Group will continue targeting the acquisition of well located Commercial properties with future income growth potential, that will be held for the long term as a high conviction owner and manager of assets. Increasing exposure to this asset class is expected to enhance Abacus Groups' ability to grow recurring revenue over the longer term, while continuing to divest remaining non-core assets in the portfolio.

Abacus Group's forecast level of gearing and liquidity since de-stapling will enable it to pursue its strategy and to take advantage of any short-term volatility in the market, which is anticipated in this fluctuating macro-economic environment. There is limited capital expenditure forecast in the medium term and the Group also expects to benefit by way of management and equity earnings from its strategic stake in Abacus Storage King. We also not that Abacus Group's liquidity can potentially be further leveraged, to invest in a larger number of projects through joint venture arrangements.

RISK MANAGEMENT

Abacus has a Business Risk Management Policy which provides a framework to identify, assess, monitor, and manage material risks to its operations, which was approved by the Board in June 2022. The Business Risk Management Policy is based on ISO 31000:2018 Risk Management Guidelines, an internationally recognised set of principles for managing risks in organisations.



Through application of our risk management process, we have identified the material risks being significant areas of uncertainty or exposure, at a whole-of-entity level, that could adversely affect the achievement of our objectives and future financial prospects. These risks are described below, together with key mitigations to manage them.

RISK MANAGEMENT (continued)

Key Risks and Mitigations

MACROECONOMIC ENVIRONMENT	
Description	Mitigations
Global economic volatility and adverse economic conditions such as rising interest rates and inflation outside of the RBA's target range, present a risk to our asset valuations, pressure on operating costs and our tenants and customers demand and consumption levels, which can impact the delivery of the Group's strategy and financial performance.	– Disciplined approach to capital management and managing risk exposure through treasury management practices – Diversification of property locations across Australia – Robust annual budgeting process – Abacus closely monitors tenancy demand levels and adjusts pricing and incentives in response – A Treasury Management Committee provides oversight of capital management and further engages an independent treasury advisor

HEALTH, SAFETY AND WELLBEING OF OUR EMPLOYEES, SUPPLIERS, CUSTOMERS AND TENANTS	
Description	Mitigations
Our office buildings and shopping centres, in conjunction with self-storage facilities that are managed within the Abacus Storage King portfolio, have operational hazards that need to be managed on a day-to-day basis including traffic management, contractor management and safe use of plant and equipment in conjunction with monitoring and certification of safety compliance. The associated risks include harm to people, reputational damage, civil and criminal penalties impose and cost and efforts to remediate.	– Abacus Group management foster a culture of promoting the importance of health, safety and wellbeing – During the year a programme of work to improve our processes and systems has been progressed and we continue to make improvements to support risk mitigation, building on controls in place to ensure that safety risks, hazards, and incidents are reported and addressed, and that assets have embedded systems and processes to ensure safe operation – Workplace health and safety matters are also monitored by the Audit and Risk Committee and WHS and Sustainability Committee, subcommittees of the Board

DIRECTORS' REPORT

30 JUNE 2024

RISK MANAGEMENT (continued)

Key Risks and Mitigations (continued)

CONSUMER AND WORKING BEHAVIOUR AND COMPETITION	
Description	Mitigations
Subdued consumer and business sentiment has the potential to reduce the demand for office and retail space at our properties. The demand for office space is also affected by changes in the ways of working with increased working from home. Lower demand has the potential to reduce effective rental levels through higher tenant incentives and higher costs of office fit outs.	– Abacus continues to engage with its customers to understand their needs adapt appropriately in order to respond to changes in consumer and working behaviour – Abacus continues to engage with its tenants and monitor changes in asset performance. Abacus also maintains a disciplined acquisition process.

CYBERSECURITY	
Description	Mitigations
A cybersecurity breach or disruption to our information technology applications and infrastructure can limit operational activity, and potential disclosure of confidential and personal information which could result in reputational damage, and regulatory and legal restrictions and penalties.	– During the year a programme of work to improve our processes and systems was completed and we continue to make improvements to our processes and systems and ongoing training for our staff – Existence of recovery plans over information and active monitoring of our digital footprint – The Group has insurance cover in place to help mitigate the effects of a potential cyber-attack

RISK MANAGEMENT (continued)

Key Risks and Mitigations (continued)

MANAGEMENT OF ABACUS STORAGE KING	
Description	Mitigations
Abacus is the manager of Abacus Storage King. The Group is required to adhere to the agreements in place with a failure to fulfil obligations resulting in reputational damage and a loss of fees from management arrangements. The obligations of the Group include: • Corporate strategy: Make recommendations in relation to ASK's corporate strategy and portfolio composition and prepare ASK's business plan, forecasts and budgets. • Capital transactions: Identify acquisition, development and divestment opportunities, undertake due diligence and source funding. Prepare and deliver capital expenditure plans. • Development management: Manage and deliver development projects and oversee implementation of capital expenditure at the sites. • Investor relations: Provide information necessary for reporting to ASK securityholders and liaise with ASK securityholders and sell-side research. • Financial reporting: prepare statutory and management accounts for ASK reporting and prepare reporting suite for ASX disclosures, ASK Board and Abacus management. • Regulatory functions: engage with ASX and deliver on ASK's requirements under the Listing Rules. • Back office corporate functions: Deliver tax, treasury and accounting services, capital raising preparation and valuations, risk and compliance and insurance services and strategic oversight of Storage King.	– Abacus has procedures and controls in place to ensure that the services are delivered in accordance with the contracts in exchange for the management fees that are charged to ASK – The Board of the Group has oversight of service delivery in accordance with the management arrangement and relationship with the Board of Abacus Storage King

DIRECTORS' REPORT

30 JUNE 2024

RISK MANAGEMENT (continued)

Key Risks and Mitigations (continued)

STRATEGIC EXECUTION	
Description	Mitigations
The Group's activities and transactions are aligned with the approved strategy to ensure that financial and operational results are within expected and planned outcomes. The execution of the strategy incorporates key decisions regarding acquisitions, disposals, capital management and valuations to ensure the best risk adjusted returns are achieved. The failure to execute the Group's strategy could result in a lower than expected return on capital and reduced investor sentiment.	– The Abacus Board and management review and confirm Abacus' strategy and risk profile on a periodic basis, with controls in place to ensure the strategic direction of the Group is maintained – Abacus has a number of controls and processes in place that reviews and approves significant transactions and assesses their alignment with the strategy. In addition, other aspects include controls over capital planning, forecasting, budgeting, and development activities

ASSET QUALITY AND MAINTENANCE	
Description	Mitigations
Operational assets, including those under management, are required to be maintained to legislated standards, and in accordance with asset management protocols. A failure to maintain assets to required standards can result in financial penalties and the non-operation of assets resulting in a lack of access for tenants. This could further cause reputational damage hindering the ability to attract future tenants.	– Abacus has a number of controls and processes in place to ensure assets are maintained to the required standard and in accordance with documented asset management protocols – There are dedicated assets managers to ensure asset quality is maintained and continually improved in order to meet the needs of current and future tenants – Abacus has documented processes for the assessment of capital expenditure, development activities and property acquisitions and disposals

DIRECTORS' REPORT

30 JUNE 2024

RISK MANAGEMENT (continued)

Key Risks and Mitigations (continued)

FUNDING AND MANAGEMENT OF CAPITAL AND LIQUIDITY	
Description	Mitigations
The availability of funding and management of capital and liquidity are important requirements to fund business operations and growth. An inability to secure equity contributions or external borrowings can reduce the returns on investment and limit the capacity to execute on the Group's overall strategy.	– Abacus has a number of controls and processes in place over capital management to monitor, manage and stress test property valuations, interest rate changes, funding requirements, liquidity buffers, and credit risk with regular reporting to the Board and internal Committees – Abacus has documented policies and operational procedures with controls embedded over material risks as well as external advisory in place over treasury activities including interest rate hedging

PEOPLE RETENTION AND TALENT	
Description	Mitigations
The motivation, high-performance and capability of Abacus' people are integral to the success of its business outcomes. The inability to attract and retain skilled team members who are integral to the execution and delivery of strategic programs and business operations could result in increased workforce costs, and decreased productivity.	– Abacus has a number of controls, processes, and strategies in place to ensure people recruited are aligned to the Group's culture and are continually developed to meet the needs of the business and ensure appropriate succession planning – Abacus regularly monitors and maintains a positive workplace culture in line with its values. – All staff are required to adhere to the Code of Conduct

REGULATORY AND POLICY CHANGES	
Description	Mitigations
The inability to identify and respond to regulatory and policy change could have an adverse impact on Abacus' operations through increased compliance costs and regulatory restrictions impacting on business operations.	– Abacus has a number of controls and arrangements in place to ensure compliance with its legal and regulatory obligations. Aspects include monitoring, testing, and reviewing through dedicated compliance plans, which are also subject to external review

DIRECTORS' REPORT

30 JUNE 2024

RISK MANAGEMENT (continued)

Key Risks and Mitigations (continued)

SUSTAINABILITY	
Description	Mitigations
Sustainability encompasses all Environmental, Social and Governance ('ESG') risks across the business. Climate change is expected to affect Abacus' assets while also presenting an opportunity to prepare for and build resilience across its portfolio. The associated risks are higher operating costs or requiring remedial capital costs, leading to a potential devaluation of assets, reputational damage if tenants assets are damaged, and reduced investor sentiment. There are additional risks associated with the adherence to relevant laws, with modern slavery representing a major risk in this area.	– Abacus continues to progress its governance policies and procedures regarding ESG risks across the business and given the growing importance as it impacts all facets of the business, it remains a key focus area for the Group's Executive Committee and the Abacus Board – Net zero emissions target by 2030, with climate related risks being a consideration in all investment decisions across the business – Abacus also practices strong governance throughout the business, with robust governance policies in place that provide the framework for decision-making within the Group. The Group has developed and implemented a number of controls and strategies to ensure that environmental issues are incorporated into decision-making processes when acquiring assets and as part of the ongoing management of each asset – Active strategies are in place to ensure that insurance cover is optimised for climate risk affected properties – Abacus has specific policies to mitigate social risks, such as modern slavery

DIRECTORS' REPORT

30 JUNE 2024

DIRECTORS AND SECRETARY

The qualifications, experience and special responsibilities of the Directors and Company Secretary are as follows:

Myra Salkinder MBA, BA Chair (non-executive)
Myra is a Non Independent, Non-Executive Director and is a senior executive of the Kirsh Group. She has been integrally involved over many years with the continued expansion of Kirsh Group's property and other investments, both in South Africa, Australia and internationally. Myra is a director of various companies associated with Kirsh Group worldwide.
Myra is a member of the Sustainability and WHS Committee and Nomination Committee.
Tenure: 13 years 3 months

Steven Sewell BSc Managing Director
Steven joined Abacus Group in October 2017, bringing over 20 years' experience in real estate funds management, asset management, equity and debt capital markets and M&A transactions. Steven's prior career experience is in listed and unlisted real estate funds management businesses, across various real estate sectors, providing Commercial experience and insight in relation to institutional investors, the whole Abacus Group's business and sector specialised investment strategies, capital allocation and developing third party capital relationships. Steven was appointed Abacus Group's Managing Director in April 2018, and is a member of Property Champions of Change and a member and past Chairman of the Shopping Centre Council of Australia.
Steven is a member of the Abacus Group Nomination Committee.
Tenure: 6 years 2 months

Trent Alston B. Build. (Hons), GMQ - AGSM, AMP – Insead, GAICD
Trent is a Non-Executive Director and has over 30 years of experience in the real estate and funds management industry, with the last 13 years as Head of Real Estate for Challenger Limited. His experience includes direct and wholesale property roles at Colonial First State Property and Lendlease. Trent is also a Non-Executive Director of Landcom.
Trent is Chair of the Abacus Group People Performance Committee and a member of the Abacus Group Audit and Risk Committee and Nomination Committee.
Tenure: 4 year 9 months

DIRECTORS' REPORT

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DIRECTORS AND SECRETARY (continued)

Mark Haberlin BSc (Eng) Hons
Mark is a Non-Executive Director and is the Lead Independent Director. He has significant expertise in fields that cover accounting and audit, capital transactions, mergers and acquisitions and risk management in the real estate and financial services sectors. Mark was a partner at PwC for 24 years where he developed key accounting and audit experience. Mark was a member of the PwC Governance Board and completed his last two years as Chair. Mark is also a Non-Executive Director of Australian Clinical Labs.
Mark is Chair of the Abacus Group Audit and Risk Committee and a member of the Abacus Group People Performance Committee and Nomination Committee.
Tenure: 5 years 7 months

Sally Herman BA, GAICD
Sally is a Non-Executive Director and joined the Abacus Group Board on 16 December 2022. Sally brings a wealth of expertise across property, financial services, retail and manufacturing sectors as a Non-Executive Director. Prior to that she had a successful executive career over 25 years, including 16 years with the Westpac Group in both Australia and the United States of America, running various operating divisions. Sally sits on both listed and not-for-profit boards, including Suncorp Group Limited, Premier Investments Limited, Breville Group Limited, Art Gallery of NSW Trust and Sydney Film Festival. She is also a member of Chief Executive Women.
Sally is a member of the Abacus Group People Performance Committee, Sustainability and WHS Committee and Nomination Committee.
Tenure: 1 year and 6 months

Jingmin Qian CFA, BEc, MBA, FAICD
Jingmin is a Non-Executive Director and has significant expertise in the property, infrastructure and investment sectors as well as rich experience in Asia. Jingmin previously worked at L.E.K. Consulting, Boral Limited and Leighton Holdings, with a broad range of commercial responsibilities covering strategy, planning, investment review, mergers and acquisitions, operational improvement and Asia expansion. Jingmin has served as a member of the business liaison program of the Reserve Bank of Australia. Jingmin is a non-executive director of IPH Limited, a trustee of HMC Capital Partner Fund, a member of Macquarie University Council, a director of the CFA Society Australia, Jing Meridian and the National Vice President of the Australia China Business Council. Jingmin is a member of Chief Executive Women.
Jingmin is Chair of the Abacus Group Sustainability and WHS Committee and a member of the Abacus Group Audit and Risk Committee and Nomination Committee.
Tenure: 7 years

Mark Bloom BCom, B.Acc, CA (retired 3 August 2023)
Mark was a Non-Executive Director and was the Lead Independent Director. Mark retired from the role of Non-executive director on 3 August 2023.
Mark was a member of the Abacus Group Audit and Risk Committee and a member of the Abacus Group People Performance Committee and Nomination Committee.

DIRECTORS' REPORT

30 JUNE 2024

DIRECTORS AND SECRETARY (continued)

Belinda Cleminson Company Secretary

Belinda has over 20 years' experience as a Company Secretary of Australian listed and unlisted companies including ASX 200 clients. Belinda is the company secretary of various public and private companies, including ASX, NZX and OTC listed companies across a range of industries. Belinda is a member of the Governance Institute of Australia, and a Member of the Australian Institute of Company Directors.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) of AGHL, AFML (the Responsible Entity of AT and AIT), and AGPL, held during the year and the number of meetings attended by each director were as follows:

	Board		Audit & Risk Committee		People Performance Committee		Sustainability & WHS Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
M Salkinder	6	6	4	4	-	-	4	4
T Alston	6	6	4	4	3	3	4	4
M Bloom	-	-	-	-	1	1	1	1
M Haberlin	6	6	4	4	3	3	3	3
J Qian	6	6	4	4	3	3	4	4
S Sewell	6	6	4	4	3	3	1	1
S Herman	6	6	4	4	3	3	4	4

Indemnification and Insurance of Directors and Officers

The Group has paid an insurance premium in respect of a contract insuring all directors, full time executive officers and the secretary. The terms of this policy prohibit disclosure of the nature of the risks insured or the premium paid.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount) – except for any loss in respect of any matters which are finally determined to have resulted from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the financial year.

REMUNERATION REPORT (audited)

Letter from the Chair of the People Performance Committee

On behalf of the People Performance Committee and the Board, I am pleased to present the Remuneration Report for FY24.

The report summarises Abacus' performance and remuneration outcomes for FY24, the executive remuneration framework, and changes to FY24 executive and non-executive remuneration.

FY24 De-stapling and Performance

Abacus has an asset backed, annuity style business model where capital is directed towards property assets that provide potential for enhanced income growth to create value. Our people, market insight and positioning capability together with strategic partnering are key enablers of our strategy.

During FY24 our Storage King assets were de-stapled from Abacus Group to create a separate ASX listed entity. The separation permitted greater transparency of operations and financial performance for the two primary asset groups within our portfolio with differing valuation profiles. For continuity, the Abacus MD, as well as nominated other executives, remained accountable for managing the two ASX listed entities, for which the Abacus Group receives a management fee.

In the last 12 months Abacus has undertaken the strategic repositioning of itself as an active investor and manager of a primarily eastern seaboard focused Commercial portfolio as well as an external manager of the new ASX listed Self Storage REIT, Abacus Storage King (ASK).

Despite the challenging office leasing market, the Group achieved a high level of leasing in FY24, with 40,878 sqm leased across 95 deals (FY23: 94 deals). Office occupancy as at June 2024 was 93.4 per cent and the portfolio WALE was maintained at 3.7 years. Pleasingly, since our half year update, we have increased the occupancy at 201 Elizabeth Street and 77 Castlereagh Street, Sydney by 29% and 17%, respectively.

The above performance has meant that, despite the high inflationary environment, and the 13 cash rate rises since May 2022, Abacus has been able to deliver an increase in Funds from Operations (FFO) from continuing operations by 3.2% to $81.3m.

FY24 Remuneration

During FY24, the Committee commissioned and reviewed independent research to benchmark the Managing Director's (MD's) and the Executives' remuneration against an industry peer group.

The MD' remuneration was last reviewed in FY21.

Based on this work, the Group's relative position to its peers, and the increased complexity of the MD's role managing two ASX listed property groups, it was resolved to increase the MD's fixed remuneration by 4% in FY24.

The Chief Financial Officer's (CFO) fixed remuneration was increased by 10%.

For other Executive KMP, the Board resolved to increase the fixed remuneration for FY24 by 4% for the Chief Investment Officer and General Counsel (CIO).

The CEO's STI maximum opportunity increased from 120% of fixed remuneration to 150% and the LTI maximum opportunity increased from 100% of fixed remuneration to 120%. The maximum STI opportunity for other Executive KMP was increased to 100% of FR.

FY24 STI awards for Executive KMP correlated with annual performance outcomes against expectations, with payments averaging 75.7% of maximum STI. 25% of Executive KMP STI is deferred for a further 12 months. Further details on the STI Plan can be found in the section 4: Executive KMP Remuneration.

The first tranche of the FY22 LTI grant for the MD will vest in August 2024 based on combined Underlying Earnings before Interest and Tax (EBIT) CAGR and Relative Total Securityholder Return (Relative TSR) for Abacus Group and Abacus Storage King. EBIT CAGR requirements were met in full which will result in full vesting for the rights contingent on this measure. Relative TSR performance was below the 50th percentile of the peer group, resulting in nil vesting for the rights contingent on this measure. Total vesting of the first tranche will be 50% of maximum.

REMUNERATION REPORT (continued)

The legacy Executive Incentive Plan ("Security Acquisition Rights" or "SARs") is expected to vest in September 2024 as a result of sustained performance since grant. This is the last remaining tranche of this plan, and it has been replaced by the LTI Plan.

The Board uses LTI awards to align interests of Executive KMP with those of securityholders. The Board also recognises the important role ABG has in managing ASK. Having regard for these considerations, the FY24 LTI award will be tested against performance measures based on ABG EBIT per security CAGR, ABG Relative TSR, and ASK Relative TSR.

More details of the new arrangements are outlined in the remuneration governance and framework section.

FY24 KMP Changes

From 3 August 2023, Nikki Lawson became Fund Manager of ASK in addition to her role of Group General Manager, Strategy Self Storage.

In August 2023, as part of de-stapling implementation, Mark Bloom resigned from the Abacus Group Board after two years of service and remains as a Non-Executive Director on the ASK Board. I, along with my fellow directors, would like to sincerely thank Mark for his valuable contribution and leadership during his time on the Abacus Board.

Looking Ahead

We will be seeking approval for incentive arrangements at the AGM, as, in good faith, Abacus Group manages through the Storage King de-stapling for our common securityholders. The AGM Notice of Meeting will describe in more detail our conviction that certain incentive arrangements will deliver continued success from our de-stapling initiative.

It has been a significant year for Abacus Group and the Board acknowledges the dedication of the team in a challenging environment.

Trent Alston
Chair – People Performance Committee

DIRECTORS' REPORT

30 JUNE 2024

REMUNERATION REPORT (continued)

The Board presents the FY24 Remuneration Report for Abacus in accordance with the Corporations Act 2001 and its regulations. This report outlines the key remuneration policies and practices for the year ended 30 June 2024.

It highlights the link between remuneration and corporate performance and provides detailed information on the remuneration for Key Management Personnel (KMP).

This remuneration report is set out under the following headings:

1. WHO IS COVERED IN THIS REPORT – KMP

For the purposes of this report, the KMP are those persons who for the purposes of the accounting standards are considered to have authority and responsibility for planning, directing, and controlling the major activities of the Group.

Table 1 - Non-Executive Directors (NED)

NON EXECUTIVE DIRECTOR	ROLE	RESIGNED
Myra Salkinder	Chair of the Board	
Trent Alston	Non-Executive Director	
Mark Bloom	Non-Executive Director	3 August 2023
Mark Haberlin	Non-Executive Director	
Sally Herman	Non-Executive Director	
Jingmin Qian	Non-Executive Director	

Table 2 - Executive KMP

EXECUTIVE KMP	ROLE	COMMENCED
Steven Sewell	Managing Director	
Evan Goodridge	Chief Financial Officer (CFO)	
Nikki Lawson	Group General Manager, Self Storage and Fund Manager ASK	3 August 2023
Gavin Lechem	Chief Investment Officer and General Counsel (CIO)	

2. REMUNERATION SNAPSHOT FY24

The Abacus Performance and Reward framework aims to reward, engage, and develop our people focusing on, value creation for our customers and community.

FIXED REMUNERATION

Effective 1 July 2023:

- The MD and the CIO received a 4% fixed remuneration increase.
- The CFO received a 10% fixed remuneration increase.

SHORT TERM INCENTIVE

- The maximum STI opportunity for the MD was increased to 150% of FR. The STI outcome in FY24 was 71.6% of maximum for the MD.
- The maximum STI opportunity for other Executive KMP was increased to 100% of FR. The average STI outcome in FY24 was 77% of maximum.
- 25% of awarded STI has been deferred for 12 months for all Executive KMP.
- Vesting outcomes for the FY23 deferred STI grant vested at 100% for the MD, CIO, and CFO.

LONG TERM INCENTIVES

- The maximum LTI opportunity for the MD was increased to 120% of FR.
- The maximum LTI opportunity for the CIO and the CFO was increased to 100% and for the GGM, Self Storage and Fund Manager, ASK increased to 75% of FR.
- All Executive KMP have a portion of their FY24 LTI opportunity contingent on Abacus Storage King performance (20% of FR).
- Vesting outcomes for the FY22 LTI grant was half of the maximum for the MD, CIO, and CFO.[1, 2]

[1] *This reflects 50% (Tranche 1) of the FY22 Grant for the Managing Director.*

[2] *This reflects a 33.33% (Tranche 2) of the FY22 Grant for the CIO and CFO as this was granted prior to them becoming KMP.*

2.1 Our Remuneration Principles

Our people are key to our success, providing a wealth of market insight, industry experience and strategic partnering that enables our growth and evolution. The more we nurture and invest in our people, the more we achieve.

DIRECTORS' REPORT

30 JUNE 2024

REMUNERATION REPORT (continued)

The Abacus Performance and Reward strategy is guided by the following principles:

Reward

Reward and promote the results and behaviours consistent with the Abacus purpose, objectives, and values.

Balance

Balanced between financial performance, strategic priorities, and continued focus on increasing engagement of our people.

Alignment

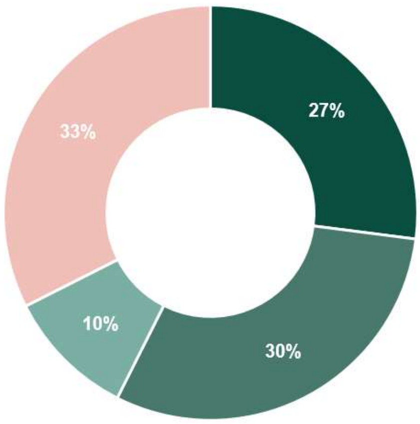
Alignment of interests to stakeholders to focus on long term sustainable value creation.

2.2 Maximum Remuneration Mix

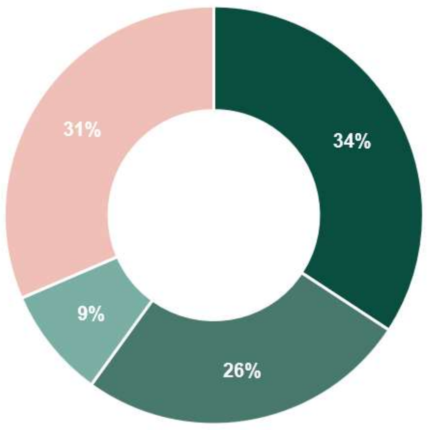
Abacus aims to ensure the split of fixed and variable (at risk) remuneration is appropriate for the type of business it operates, namely an annuity style business model where capital is directed towards assets that provide potential for enhanced income growth and ultimately value creation. This remuneration strategy aligns with the Board's desired positioning of Abacus within the A-REIT industry.

The graph below sets out the remuneration structure and mix at maximum, for the MD and other Executive KMP at Abacus for FY24. The remuneration mix is weighted towards variable remuneration.

Managing Director maximum pay mix.



Other Executive KMP maximum pay mix.



REMUNERATION REPORT (continued)

2.3 FY24 Remuneration Framework

PURPOSE	LINK TO PERFORMANCE
Fixed Remuneration (FR)	
To attract, engage and retain individuals with capability, diversity of thought and experience to continue delivering on our strategy.	Appropriately compensating our employees so that we remain competitive. Changes to FR are linked to a combination of incumbent skills and experience, and market rates informed by benchmarking. To align the interests of the Board with securityholders, the MD is required to maintain a minimum holding of securities equivalent to 100% of his fixed remuneration. Executive KMP are required to maintain a minimum holding of securities that is equivalent to 50% of their fixed remuneration.
Short Term Incentive (STI)	
To focus performance on key annual financial and non-financial KPIs, including FFO profit. STI for Executive KMP is delivered through 75% in cash and 25% deferred in the form of rights to securities. The rights will have a deferral period of 12 months. A deferred STI was introduced to aid retention, align with securityholders' interests, and provide for a "consequence management" governance mechanism for misconduct, fraud, malfeasance, or financial misstatement.	The following factors are among those considered by the People & Performance Committee (PPC) in making its assessment on the achievement of the STI opportunity: - Financial performance. - Strategic objectives. - Environment, Social and Governance objectives. The STI is measured over a one-year performance period. The value of STI awards offered in FY24 was up to a maximum of 150% of FR for the MD, and 100% for the remaining Executive KMP.
Long Term Incentive (LTI)	
The LTI Plan is aimed at attracting, rewarding, and retaining high performing Executives and other nominated participants for delivering sustained long term growth and aligning them with securityholder interests.	LTI granted are in the form of performance rights. Performance rights are subject to three independent performance conditions: - EBIT per security CAGR Abacus Group (ABG) - Relative TSR Abacus Group (ABG) - Relative TSR Abacus Storage King (ASK) For the Executive KMP, 50% of the performance rights are tested on the third anniversary of the grant date and 50% on the fourth anniversary of the grant date The maximum LTI opportunity in FY24 was 120% of FR for the MD, 100% of FR for the CFO and the CIO, and 75% of FR for the Fund Manager, ASK.

DIRECTORS' REPORT

30 JUNE 2024

REMUNERATION REPORT (continued)

3. FY24: HOW DID WE PERFORM?

One of the key principles of the Group's remuneration framework is the alignment of interests to securityholders to focus on long term sustainable value creation. This section provides a summary of both FY24 performance and the Company's five year financial performance outcomes.

Abacus' FY24 FFO result exceeded target. During the period, the Group continued to make significant progress delivering on its business priorities as well as completing its strategic repositioning of becoming the external manager of ASK. Of note, the Group:

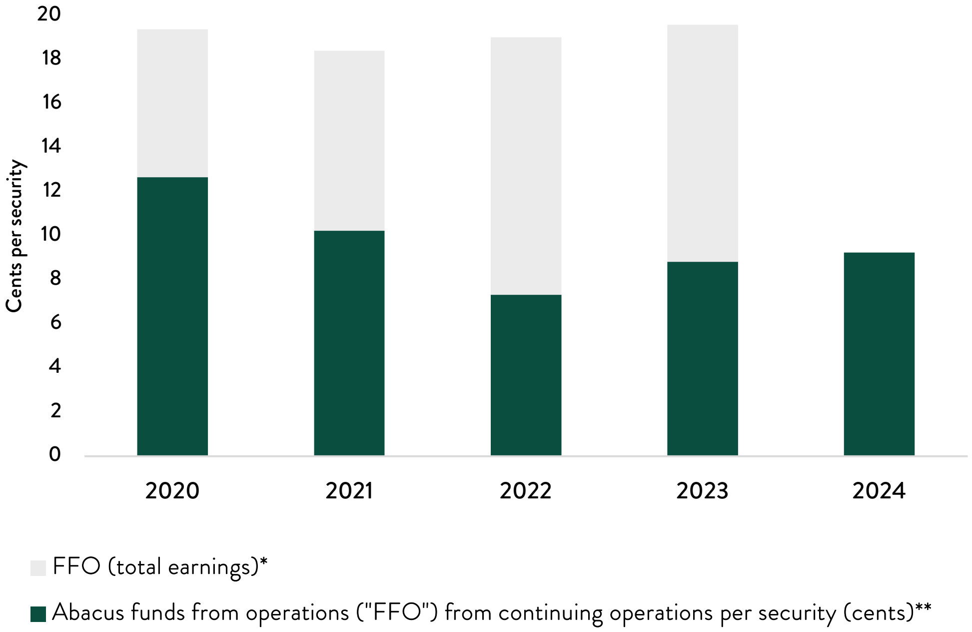
- successfully de-stapled and created the new ASX listed Self Storage REIT known as Abacus Storage King (ASK);
- successfully completed a pro rata equity raising in ASK raising proceeds of approximately $225 million – with over half of the proceeds raised used to repay Abacus Group's outstanding loan;
- received 260.8 million securities (valued at $418.7 million as at FY24) as part of the de-stapling process;
- undertook the role of external manager for Abacus Storage King receiving management and development fees of $14m;
- divested $111m of non-core assets at 7% below carrying value with a further $60m exchanged post year end in line with book value, to ensure Abacus Group's balance sheet remains strong with gearing well below the Board's [revised] target gearing limit of 40%;
- increased its ownership in the Myer Centre, Melbourne to 50% with a call option to acquire an additional 16.7%;
- maintained high levels across its Commercial portfolio occupancy at 93.4% despite the office leasing environment remaining challenging;
- continued to progress its net zero emissions target for Scope 1 and 2 by 2030;
- successfully re-negotiated and agreed terms on its syndicated banking facility to extend its debt tenor and increase its limit by $125 million;
- revised its distribution policy, with the intention to distribute excess franking credits to securityholders over the medium term; and
- achieved high level of employee engagement.

DIRECTORS' REPORT

30 JUNE 2024

REMUNERATION REPORT (continued)

3.1 Five year FFO performance



**FFO earnings are unaudited.*
***Excludes the FFO performance of the ASK entities which formed part of Abacus Group until August 2023.*

3.2 Relationship between remuneration and Abacus performance

Abacus performance over the last five years is illustrated below in table 3.

Table 3 – Key financial performance indicators

Key financial performance Indicators	2020	2021	2022	2023	2024
Abacus funds from operations ("FFO") from continuing operations per security (cents)*	12.66	10.24	7.32	8.82	**9.10**
FFO (total earnings) per security (cents)**	19.38	18.40	19.01	19.58	**9.24**
FFO Profit $m	125.2	136.4	160.9	175.0	**82.5**
Distributions paid and proposed (cents)	18.50	17.50	18.00	18.40	**8.50**
Closing security price (30 June)	$2.68	$3.15	$2.57	$2.69	**$1.16**
Net Tangible Assets per security***	$3.32	$3.43	$3.85	$3.70	**$1.76**
Weighted average securities on issue	643.0m	741.1m	846.3m	893.5m	**893.7m**

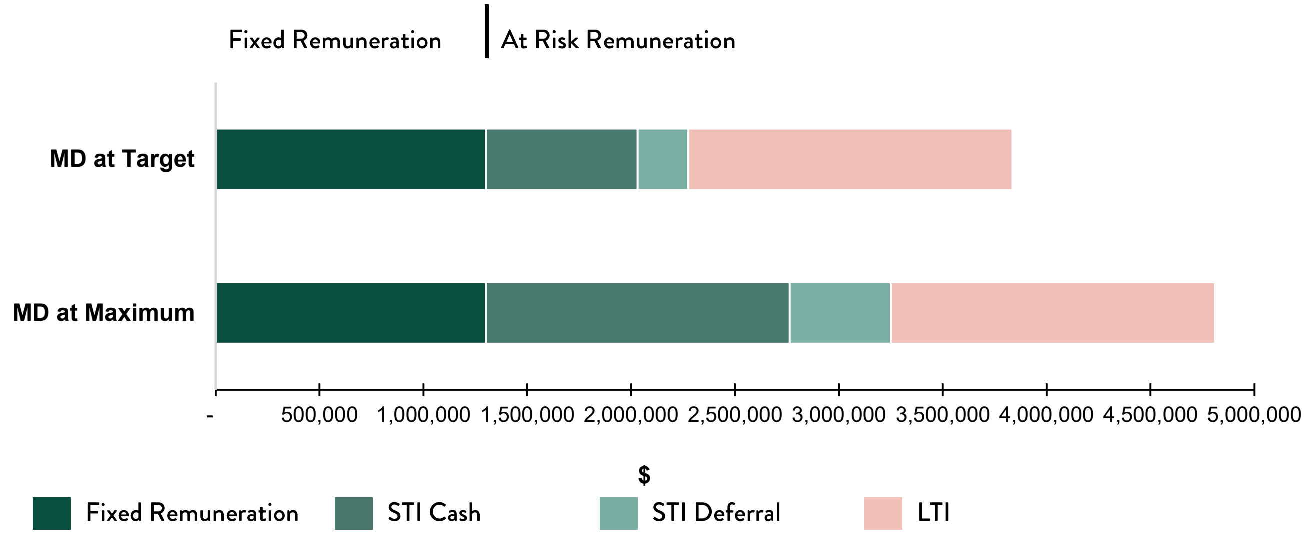
**Excludes the FFO performance of the ASK entities which formed part of Abacus Group until August 2023*
***FFO earnings are unaudited.*
****Net tangible assets per security include the impact of the fair value movements.*

4. EXECUTIVE KMP REMUNERATION

4.1 MD FY24 Remuneration details – Target and maximum remuneration in FY24

This at-risk portion aligns both the Group's performance and the MD's personal influence and contribution to the Group's performance. The total maximum and target for the MD for the full year is summarised in the graph below.

Maximum remuneration represents total potential remuneration of FR, maximum STI and face value of LTI (assuming 100% vesting subject to performance and employment conditions to be met). For STI, the amount is based on 150% achievement of performance targets. Target remuneration represents total potential remuneration of FR, target STI (amount based on 100% achievement of performance targets) and face value of LTI.



The following sets out the awards made to the Managing Director for the year ended 30 June 2024.

FIXED REMUNERATION	FR OF $1,300,000 PER ANNUM
SHORT TERM INCENTIVE (STI)	Maximum STI of $1,950,000 (150% of FR) The balanced scorecard was based on the following: - Financials 60% - Strategy 30% - Environment, Social, Governance 10% The Managing Director received 71.6% of his maximum STI for FY24. 75% or $1,047,682 of this was received in cash and 25% or $349,227 has been received in rights and deferred for one year.
LONG TERM INCENTIVE (LTI)	Maximum LTI of $1,560,000 (120% of FR) 100% of the LTI is granted as performance rights. - 50% of the rights will be tested against performance requirements in FY26. - 50% of the rights will be tested against performance requirements in FY27.

4.2 FY24 Managing Director STI Outcome

The following table sets out the performance of the MD against his KPI's for the year ended 30 June 2024 (scorecard) which were reviewed by the People Performance Committee and the Board. These KPIs are intended to provide a link between remuneration outcomes and the key drivers of long term securityholder value.

The People Performance Committee and the Board reviewed these outcomes and the targets set against A-REIT competitor performance and the property market overall.

Table 4 – Managing Director's performance against KPI's.

COMPONENT	FY24 KPI'S	WEIGHT	% OF MAX	PERFORMANCE DETAIL
Financial Performance	**Funds from Operations (FFO) ABG**	**50%**	78.6%	Above FFO Target, achieving $82.5m or 9.24 cps which was above FY23. A DPS of 8.5 cps which was in line with the target rate.
	Funds from Operations (FFO) ASK per security	**10%**	55.0%	Delivered a cps of 6.3 in the first year as a listed REIT.
Strategic	**Abacus Storage King business model and strategy**	**10%**	90.9%	The ASK business model and strategy has been further developed and endorsed, ensuring we remain competitive and innovative in the market.
	ABG Commercial Strategy	**20%**	59.1%	Substantive progress made in the recycling of non-core office and commercial assets. Strong balance sheet management with resultant sound leverage.
ESG	**Environment, Social and Governance**	**10%**	59.1%	Development of a sustainability strategy which is aligned to future business direction, incorporating cross functional teams.

The balanced scorecards for other Executive KMPs during FY24 are similar to that of the MD, in that both the financial and ESG components and weightings are the same, but with strategic KPIs applicable to their individual roles.

During the financial year the Board resolved to convert the ASK FFO measure to ASK FFO per security to better align with reporting to investors. No change to performance requirements were made other than converting targets to an FFO per security basis.

4.3 Executive KMP FY24 STI Outcomes

Table 5 below provides details of each Executive KMP’s performance targets and the achievements and financial outcomes during the financial year ended 30 June 2024.

Table 5 – Executive KMP performance targets and achievements

Executive KMP	Key Performance Indicator	Weighting	Max STI Potential $	Actual STI awarded on a % of Max STI potential	Actual Full STI awarded $	Actual STI deferred $	STI forfeited as a % of Max STI potential
Steven Sewell	Financial	60%	1,170,000	74.7%	873,955	218,488	25.3%
	Strategic	30%	585,000	69.7%	407,727	101,932	30.3%
	ESG	10%	195,000	59.1%	115,227	28,807	40.9%
	Total	**100%**	**1,950,000**	**71.6%**	**1,396,909**	**349,227**	**28.4%**
Evan Goodridge	Financial	60%	330,000	79.8%	263.200	65,800	20.2%
	Strategic	30%	165,000	75.8%	125,000	31,250	24.2%
	ESG	10%	55,000	67.3%	37,000	9,250	32.7%
	Total	**100%**	**550,000**	**77.3%**	**425,200**	**106,300**	**22.7%**
Nikki Lawson	Financial	60%	345,000	79.8%	275,164	68,791	20.2%
	Strategic	30%	172,500	72.7%	125,455	31,364	27.3%
	ESG	10%	57,500	67.3%	38,682	9,670	32.7%
	Total	**100%**	**575,000**	**76.4%**	**439,300**	**109,825**	**23.6%**
Gavin Lechem	Financial	60%	393,120	79.8%	315,543	78,386	20.2%
	Strategic	30%	196,560	75.8%	148,909	37,227	24.2%
	ESG	10%	65,520	67.3%	44,077	11,019	32.7%
	Total	**100%**	**655,200**	**77.3%**	**506,529**	**126,632**	**22.7%**

REMUNERATION REPORT (continued)

4.4 Executive KMP remuneration details – statutory table

Table 6 – Executive KMP remuneration

NAME	YEAR	SHORT TERM BENEFITS				POST-EMPLOYMENT	LONG TERM BENEFIT	SECURITY BASED PAYMENT		TOTAL
		Base Pay	Short Term Incentive (STI)	Non-monetary benefits	Total cash payments and short-term benefits	Super	Long Service Leave	Deferred STI Rights[2]	Rights[2]	$
Steven Sewell	FY24	1,272,601	1,047,682	11,857	2,332,141	27,399	25,718	351,848	1,029,385	3,766,490
	FY23	1,224,708	929,940	9,455	2,164,103	25,292	20,261	348,097	937,292	3,495,045
Evan Goodridge	FY24	522,500	318,900	-	841,400	27,500	18,484	98,521	212,864	1,198,769
	FY23	472,500	238,329	-	710,829	27,500	26,377	39,722	116,822	921,250
Nikki Lawson[1]	FY24	497,405	329,475	-	826,880	24,887	9,084	54,912	78,075	993,839
	FY23	-	-	-	-	-	-	-	-	-
Gavin Lechem	FY24	627,500	379,897	-	1,007,397	27,500	15,411	122,498	299,643	1,472,449
	FY23	602,500	302,980	-	905,480	27,500	29,551	99,219	227,230	1,288,980

[1] Remuneration reflects period of service as Executive KMP.
[2] Accrued not presently entitled. Includes both LTI and Executive Incentive plan (SAR's).

4.5 Executive KMP remuneration details – realised remuneration table

This section provides details of the cash and value of other benefits received by the Executive KMP. This is a voluntary disclosure to provide securityholders with increased clarity and transparency in relation to Executive KMP remuneration.

Actual pay in Table 7 below represents the pre-tax take home amounts by each Executive KMP for the financial years ended 30 June 2024. This consists of cash remuneration that was received in relation to FY24 which includes Fixed pay and the non-deferred portion of any FY24 STI which will be received. The table also includes the value of the deferred STI awards from FY22 which vested during FY24 and prior year SAR's and LTI awards which vested during FY24 based on share price at vesting/exercise date.

Table 7 – Executive KMP remuneration

Name	Year	Fixed Pay $	Short Term Incentive (STI) received as cash $	Previous years DSTI which were realised $	Previous years LTI and SARs which were realised $	Total remuneration received and or realised $	Awards which lapsed or were forfeited $
Steven Sewell	FY24	1,300,000	1,047,682	330,984	717,588	3,396,254	(218,965)
Evan Goodridge	FY24	550,000	318,900	84,775	64,155	1,017,830	(14,014)
Nikki Lawson[1]	FY24	522,292	329,475	-	50,401	902,168	(30,964)
Gavin Lechem	FY24	655,000	379,897	109,275	161,636	1,305,808	(41,663)

[1] Remuneration reflects period of service as Executive KMP effective 3 August 2023.

REMUNERATION REPORT (continued)

5. REWARD, GOVERNANCE AND FRAMEWORK

The Abacus Performance and Reward framework aims to reward, engage, and develop our people focusing on, value creation for our customers and stakeholders.

VISION

TO CREATE EXCEPTIONAL VALUE FOR OUR CUSTOMERS AND STAKEHOLDERS THROUGH THE IDENTIFICATION, OWNERSHIP AND MANAGEMENT OF A PORTFOLIO OF REAL ESTATE INVESTMENTS

VALUES

ENTREPRENEURIAL
We are entrepreneurial and deliver innovative and informed market insights and solutions

RESPONSIBLE
We are responsible and aim to do the right thing and make a difference

ACCOUNTABLE
We are accountable and answerable for our actions and decisions

REMUNERATION PRINCIPLES

REWARD
Reward and promote the results and behaviours consistent with the Abacus vision, objectives, and values

BALANCE
Balanced between financial performance, strategic priorities and continued focus on increasing engagement of our people

ALIGNMENT
Alignment of interests to stakeholders to focus on long term sustainable value creation

DIRECTORS' REPORT

30 JUNE 2024

REMUNERATION REPORT (continued)

5.1. The Group's remuneration governance

The People Performance Committee is responsible for making recommendations to the Board on the remuneration arrangements for non-Executive directors and executives.

BOARD	PEOPLE, PERFORMANCE COMMITTEE (PPC)	MANAGEMENT
Ensuring that the Abacus group remuneration framework is aligned with the group's purpose, values, strategic objectives, and risk appetite. Determining Non-Executive Directors and Executive remuneration. Monitoring performance of the Managing Director and executive team in their implementation of the strategy and overseeing succession plans for the key management team.	Review and approve the Group's remuneration policy to ensure remuneration is competitive in the market and effectively designed to attract, motivate, and retain team members. Reviewing and recommending to the Board arrangements for the Executive KMP and the Executive committee in relation to their terms of employment, remuneration and participation in the Groups incentive programs (including performance targets). Review and approve the structure of short- term incentive plans annually to ensure they are effectively designed to reward the achievement of business and individual objectives equitably. Review the design of long term incentives annually to ensure its design meets the Groups objectives, is aligned with industry standards and is within the groups cost parameters.	Recommend and implement the Abacus Group's remuneration policies and practices ensuring ease of understanding. Providing information relevant to remuneration decisions and making recommendations. Recommend and implement a remuneration framework that is fit for purpose.

5.2. Remuneration framework

Fixed Remuneration (FR)	
What is fixed remuneration?	Paid mainly as cash salary – comprises base salary, superannuation contributions and other non-monetary benefits.
How is FR determined?	Base salary is set in reference to each Executive's position, performance, experience, and market rates.

DIRECTORS' REPORT

30 JUNE 2024

REMUNERATION REPORT (continued)

5.2. Remuneration framework

Short Term Incentive (STI)

What is the purpose of the short-term incentive (STI) plan?	The STI provides an incentive to deliver annual business plans that will lead to sustainable returns for securityholders. We strive to set a series of financial and non-financial targets that are appropriately ambitious in the context of our strategy, and which drive the right long term behaviours. 25% of any STI awarded to Executive KMP is deferred in the form of Rights with a 12-month vesting period to provide increased alignment with securityholders.
What is the performance period?	1 July 2023 to 30 June 2024.
What is the award opportunity?	For FY24 the target and maximum STI opportunity for Executive KMP as a percentage of FR were:

% of FR	MD	Other Executive KMP
Target	75%	60%
Maximum	150%	100%

What key performance indicators are measured for STI to be paid?	The following factors are among those considered by the People & Performance Committee (PPC) in making its assessment on the achievement of the STI opportunity: • Unifying Financial performance • Strategic Objectives • Unifying ESG performance
Why were these measures chosen?	An FFO profit target range was chosen by the Board because FFO demonstrates the closest correlation to securityholder value creation (measured by total securityholder return). FFO profit reflects the statutory profit as adjusted 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. This measure, although underlying, is consistent with the Property Council of Australia guidelines, is derived from financial disclosures and is hence transparent. It reflects the Directors' assessment of the result for the ongoing business activities of Abacus, in accordance with the Property Council guidelines for reporting FFO profit. The other financial and non-financial KPIs were chosen as they represent the key drivers for the short-term success of the business and provide a framework for long term securityholder value.

5.2. Remuneration framework (continued)

<table>
<tr><th colspan="3">Short Term Incentive (STI)</th></tr>
<tr><td>How is performance assessed?</td><td colspan="2">The People Performance Committee considers the performance of the Executive KMP against their KPIs and other applicable measures and has regard to independent benchmarking information. The Committee then recommends current variable remuneration payments, if any, to the Board for its approval.</td></tr>
<tr><td rowspan="4">What is the relationship between performance scales and outcomes?</td><td>Performance Scales</td><td>STI Outcome</td></tr>
<tr><td>Below threshold</td><td>0% paid</td></tr>
<tr><td>Between threshold and maximum</td><td>25% - 100% of maximum incentive paid</td></tr>
<tr><td>Maximum</td><td>100% of maximum incentive paid</td></tr>
<tr><td>Are any STI awards deferred?</td><td colspan="2">25% of STI awarded to Executive KMP is delivered in the form of rights with a one year deferral period.</td></tr>
<tr><td>How is the number of rights determined?</td><td colspan="2">The number of rights to be granted will be calculated by dividing the deferred STI amount by the 10-day volume-weighted average price of the ABG securities on the ASX for the period commencing on the second trading day after the full year's financial results announcement for the year in which the STI award is made were released to the market, rounded to the nearest whole number.</td></tr>
<tr><td>Are distributions paid on deferred STI awards?</td><td colspan="2">No distributions are paid to participants during the vesting period. Participants receive an entitlement equal to accrued and reinvested distributions only on performance rights that vest.</td></tr>
<tr><td>Are there any disqualification provisions?</td><td colspan="2">All STI incentive payouts are subject to annual 'good behaviour' and conduct checks, as determined by the Board (or its delegate) in its absolute discretion. Failure to demonstrate good behaviour and conduct may result in a reduction to or forfeiture of the STI payment for the Performance Period. Examples include:
• the participant resigns;
• the participant has breached the Company Code of Conduct or core company policies; and
• the participant's action/s led to a material WHS incident, material compliance issue, material Corporate Social Responsibility (CSR) issue or material reputation issue.
The Board has discretion to delay the payment dates set out above, for example to allow time for it to determine the appropriate outcome if there is an investigation underway by the Group or an external third party.
The Group reserves the right to suspend or alter STI payments to any participant due to any action which has caused the Group loss or reputational damage. This includes any deferred STI (in the form of rights) in the event of fraud, malfeasance, dismissal for cause, or other misconduct.</td></tr>
<tr><td>How is STI treated on cessation of employment?</td><td colspan="2">Unless the Board determines otherwise, an Executive will forfeit their STI award and unvested deferred awards if they resign or if their employment is terminated with cause.</td></tr>
</table>

DIRECTORS' REPORT

30 JUNE 2024

REMUNERATION REPORT (continued)

5.2. Remuneration framework (continued)

Long Term Incentive (LTI)

The LTI Plan is aimed at attracting, rewarding, and retaining high performing Executives and other nominated participants for delivering sustained long term growth and aligning them with securityholder interests.

Who participates in the LTI plan?	Participation is limited to Executive KMP and selected senior management positions by invitation and as approved by the Board.
What is the payment vehicle?	LTI awards are granted in the form of performance rights. Performance rights that vest subject to ABG performance conditions entitle executives to receive Abacus Group securities or, at the discretion of the Board, cash of equivalent value at exercise. Performance rights that vest subject to ASK performance conditions will be settled in cash of equivalent value to be invested in ASK securities within 12 months of vesting.
What is the maximum opportunity?	The maximum opportunity for the MD is 120% of FR and for other Executive KMP it ranges from 75% to 100% of FR.
How are the grants calculated?	The number of performance rights that are granted to each participant is calculated by dividing the maximum LTI opportunity (face value) by the face value of an Abacus security. The face value is based on the 10-day VWAP for Abacus securities measured from the second trading day after the full year results announcement for the year ended 30 June 2023 were released to the market.
What are the performance periods, vesting periods and exercise periods?	The performance rights will be tested against the relevant Performance Conditions following release of audited financial results for the final year of the relevant Performance Period. For the Executive KMP, 50% of the performance rights are tested on the third anniversary of the grant date and 50% on the fourth anniversary of the grant date. Rights that vest subject to ABG performance conditions can be exercised up to 15 years from the grant date. Rights that vest subject to ASK performance conditions can be exercised up to 12 months from the vesting date.

5.2. Remuneration framework (continued)

Long Term Incentive (LTI)

What are the performance conditions for FY24?

The performance rights are subject to the following three independent performance conditions (with a percentage of total performance rights granted to be separately tested against each performance condition) that will be tested separately at the end of each of the applicable performance periods:

Performance Condition	Weight (MD grant)
ABG EBIT per security CAGR	41.67%
ABG Relative TSR	41.67%
ASK Relative TSR	16.66%

ABG EBIT per security CAGR is measured based on the compound annual growth rate in earnings before interest and tax (EBIT) configured on a per security basis. The FY23 base year EBIT per security for performance measurement is 13.0 cps.

ABG and ASK Relative Total Securityholder Return (TSR) is measured by taking into account the change in the ABG/ASK security price over the relevant performance period as well as the distributions received (and assumed to be reinvested into ABG/ASK securities on the ex-dividend date). Tax and any franking credits (or equivalent) will be ignored. This outcome will then be tested against a comparator group.

The performance requirements for each measure are as follows:

ABG EBIT per Security CAGR	Percentage % of Rights that vest
Less than 2%	0%
2%	50%
2 - 6%	Pro rata vesting from 50% to 100%
6%	100%

ABG / ASK Relative TSR percentile rank	Percentage % of Rights that vest
< 50th	0%
50th	50%
> 50th to 75th	Pro rata vesting from 50% to 100%
75th and above	100%

Why were these measures chosen?

Growth in EBIT per security reflects management operational performance.

Relative TSR provides alignment with outcomes for securityholders that invest in the A-REIT sector.

The comparator group for both the Abacus Group and Abacus Storage King Relative TSR conditions is outlined below and has been derived from the ASX200 A-REIT's.

5.2. Remuneration framework (continued)

Long Term Incentive (LTI)	
Who is the comparator group for FY24?	The Board has determined the comparator group for the FY24 LTI for the Relative TSR test for each of Abacus Group and Abacus Storage King to be: - BWP Trust (BWP) - Charter Hall Retail REIT (CQR) - Cromwell Property Group (CMW) - Dexus Property Group (DXS) - GPT Group (GPT) - Growthpoint Properties (GOZ) - Mirvac Group (MGR) - National Storage REIT (NSR) - Scentre Group Limited (SGC) - Region Group (RGN) - Stockland (SGP) - Vicinity Centres (VCX)
Do we allow for re-testing?	No.
Are there distributions or voting rights?	Rights do not carry any voting rights. No distributions are paid to Participants during the vesting period. Participants receive an entitlement to securities equal to accrued and reinvested distributions only on performance rights that vest.
What happens on cessation of employment?	Unless the Board determines otherwise: — if the participant's employment is terminated for cause or they resign (or give notice of their resignation) prior to their Rights vesting, all unvested Rights will lapse; or if the participant ceases employment for any other reason prior to their Rights vesting, all of their unvested Rights will remain on foot and be tested in the ordinary course.
What happens if a change in control occurs?	The Board may in its absolute discretion, accelerate vesting on some or all of any unvested securities taking into consideration service and performance prior to a change in control.
Forfeiture for Fraud, Dishonesty or Misstatement	The Board has discretion to determine that a participants Rights lapse in certain circumstances, including where they act fraudulently or dishonestly, or they are in breach of their obligations of the Group.
When is Board discretion used?	Discretion can be applied to the proportion that may vest, taking into account behaviour inconsistent with our Code of Conduct, reputational damage, and having regard to any matters that it considers relevant (including any adjustments for unusual or non-recurring items that the Board considers appropriate). The extent and reasons for any discretion will be disclosed.
Abacus Security Trading Policy	In accordance with Abacus' Trading Policy, no director, employee, or associate may trade in ABG securities at any time if they are in possession of unpublished information which, if generally available, might materially affect the price or value of ABG securities. They may only trade within specified trading windows.

DIRECTORS' REPORT

30 JUNE 2024

REMUNERATION REPORT (continued)

The table below provides the grant date fair value and the maximum potential value of all outstanding LTI grants at grant date for the Executive KMP.

If the performance conditions are not met, the minimum value of the LTI will be nil.

5.3. Security based payments

Tables 8, 9 and 10 outline the FY24 LTI grant reflecting the three new performance hurdles, the movements in LTI holdings of Executive KMP and the vesting outcomes for the year. Following this, Legacy Plans are shown from tables 11 to 16.

Table 8 – Performance Long term Incentive Plan Grants

Participant	LTI max as a % of FR	Performance measure	Number of performance rights granted	Fair value per performance right	Total estimated fair value
Steven Sewell – Managing Director	50	EBIT per security	560,345	1.03	576,819
	50	ABG Relative TSR	560,345	1.03	576,819
	20	ASK Relative TSR	224,138	1.16	258,879
Total	120		1,344,828		**1,412,518**
Evan Goodridge – Chief Financial Officer	40	EBIT per security	189,655	1.03	195,231
	40	ABG Relative TSR	189,655	1.03	195,231
	20	ASK Relative TSR	94,828	1.16	109,526
Total	100		474,138		**499,988**
Nikki Lawson – Group General Manager, Self Storage and Fund Manager ASK	27.5	EBIT per security	136,314	1.03	140,322
	27.5	ABG Relative TSR	136,315	1.03	140,323
	20	ASK Relative TSR	99,138	1.16	114,504
Total	75		371,767		**395,149**
Gavin Lechem – Chief Investment Officer and General Counsel	40	EBIT per security	225,931	1.03	232,573
	40	ABG Relative TSR	225,931	1.03	232,573
	20	ASK Relative TSR	112,916	1.16	130,418
Total	100		564,778		**595,565**

[1]EBIT CAGR is Underlying Earnings before Interest and Tax Compound Annual Growth Rate.
[2]Relative TSR is Relative Total Securityholder Return.
[3]ASK Relative TSR will be cash settled.

Table 9 – Movements in LTI holdings of key management personnel during the year

The table below provides the movement of all security-based payments granted to the Executive KMP.

KMP	BALANCE 1 JULY 2023[1]	GRANTED AS REMUNERATION	NO. LAPSED DURING THE YEAR[1]	LTIS EXERCISED	BALANCE 30 JUNE 2024[1]
Steven Sewell (Managing Director)	823,852	1,331,895	(95,344)	-	2,060,403
Evan Goodridge	122,462	427,347	(6,102)	-	543,707
Nikki Lawson	377,556	33,100	(18,141)	-	392,515
Gavin Lechem	183,948	516,143	(13,483)	-	686,608
Total	1,130,262	**2,308,485**	**(133,070)**	-	**3,683,233**

[1] Number of Abacus securities include participants receiving an entitlement equal to accrued and reinvested distributions only on performance rights that vest.

Table 10 – Movements in LTI holdings (ASK cash securities) of key management personnel during the year.

The table below provides the movement of all security-based payments granted to the Executive KMP.

KMP	BALANCE 1 JULY 2023[1]	GRANTED AS REMUNERATION	NO. LAPSED DURING THE YEAR[1]	LTIS EXERCISED	BALANCE 30 JUNE 2024[1]
Steven Sewell (Managing Director)	-	241,112	-	-	241,112
Evan Goodridge	-	102,010	-	-	102,010
Nikki Lawson	-	106,645	-	-	106,645
Gavin Lechem	-	121,521	-	-	121,521
Total	-	571,288	-	-	571,288

[1] Number of securities include participants receiving an entitlement equal to accrued and reinvested distributions only on performance rights that vest.

5.4. Legacy Plans

a) Impact of De-stapling on Abacus Group Incentive Awards

This Section outlines the approved treatment by securityholders of the Abacus Group Incentive Awards on foot for employees that, on de-stapling implementation, either continued to be employed by Abacus Group or be employed by Abacus Storage King but continue to hold relevant Abacus Group Incentive Awards.

5.4. Legacy Plans (continued)

The Abacus Group Board determined the treatments set out in the following table in order to preserve the overall value of the Abacus Property Group Incentive Awards following the de-stapling, and to ensure that participants do not receive a benefit that they would not have received before the de-stapling and are not disadvantaged by the de-stapling.

Legacy Plans FY22 and FY23

What are the performance conditions for grants in FY22 & FY23?

The performance rights are subject to two independent performance conditions (with a percentage of total performance rights granted to be separately tested against each performance condition) that will be tested separately at the end of each of the applicable performance periods:

The vesting hurdles for these LTI Rights will be adjusted so vesting is tested against the compound annual growth rate in Earnings Before Interest and Tax (EBIT Growth) and Relative Total Securityholder Return (TSR).

The performance period for testing the relevant LTI Rights against the EBIT Growth hurdle will remain the same as the performance period which applied to those LTI Rights prior to De-stapling Implementation. The performance period for testing the relevant LTI Rights against the TSR hurdle has been adjusted and reset to commence on the 1st August 2023.

50% of the LTI Rights scheduled to vest in each year will be subject to the EBIT Growth hurdle. The EBIT Growth outcome will be based on the combined performance of Abacus Group and Abacus Storage King **(Combined EBIT Growth Outcome)** . In order for the LTI Rights subject to the EBIT Growth hurdle to vest, the Combined EBIT Growth Outcome must exceed 3% for the relevant performance period.

Combined EBIT Growth outcome	Percentage % of Rights that vest
<3%	0%
3%	50%
>3% to 8%	Pro rata vesting from 50% to 100%
8%	100%

50% of the LTI Rights scheduled to vest in each year will be subject to the TSR hurdle. TSR measures the growth in the price of securities plus cash distributions notionally reinvested in securities. The TSR outcome will be based on the combined performance of Abacus Group Securities and Abacus Storage King Securities **(Combined TSR Growth Outcome).**

ASK/ABG Relative TSR percentile rank	Percentage % of Rights that vest
< 50th	0%
50th	50%
> 50th to 75th	Pro rata vesting from 50% to 100%
75th and above	100%

Who is the comparator group?

The Board has determined the comparator group for the Relative TSR test for each of Abacus Group and Abacus Storage King to be:

- BWP Trust (BWP)
- Charter Hall Retail REIT (CQR)
- Cromwell Property Group (CMW)
- Dexus Property Group (DXS)
- GPT Group (GPT)
- Growthpoint Properties (GOZ)
- Mirvac Group (MGR)
- National Storage REIT (NSR)
- Scentre Group Limited (SGC)
- Region Group (RGN)
- Stockland (SGP)
- Vicinity Centres (VCX)

5.4. Legacy Plans (continued)

Table 11 – Grant date fair value and maximum value for LTI grants*

EXECUTIVE KMP	YEAR[2]	GRANT DATE SECURITY PRICE $	NUMBER OF LTI RIGHTS GRANTED		PERFORMANCE PERIOD	MAXIMUM GRANT DATE FACE VALUE $
			ABG	ASK		
Steven Sewell	FY23	2.74	228,102	228,102	1 July 2022 to 30 June 2025	1,250,000
			228,102	228,102	1 July 2022 to 30 June 2026	
	FY22	3.40	183,824	183,824	1 July 2021 to 30 June 2024	1,250,000
			183,824	183,824	1 July 2021 to 30 June 2025	
Evan Goodridge[1]	FY23	2.74	45,621	45,621	1 July 2022 to 30 June 2025	250,000
			45,620	45,620	1 July 2022 to 30 June 2026	
Gavin Lechem	FY23	2.74	57,482	57,482	1 July 2022 to 30 June 2025	315,000
			57,482	57,482	1 July 2022 to 30 June 2026	
	FY22	3.40	25,995	25,995	1 July 2022 to 30 June 2024	265,148
			25,995	25,995	1 July 2022 to 30 June 2025	
			25,995	25,995	1 July 2022 to 30 June 2026	

[1] *Remuneration reflects period of service as Executive KMP.*
[2] *The FY23 grant was issued on 23 December 2022 (FY22: November 2021).*

On 1 July 2024 the Managing Director became entitled to the first tranche for the FY22 LTI Plan. Executive KMP became entitled to both the second tranche of the FY22 LTI Plan and the first tranche of the FY23 LTI plan (Grants were made prior to them becoming KMP).

DIRECTORS' REPORT

30 JUNE 2024

REMUNERATION REPORT (continued)

5.4. Legacy Plans (continued)

Table 12 - FY22 & FY23 Vesting Outcome

PERFORMANCE MEASURE	WEIGHTING	MINIMUM (50% vests)	MAXIMUM (100% vests)	GROUP RESULT FY22[1]	FY23[2]	VESTING OUTCOME
EBIT CAGR	50%	3%	8%	12.5%	8.2%	50%
Relative TSR	50%	50th percentile	75th percentile	<50th	<50th	0%
					Overall Result	**50%**

[1] For the FY22 grant this is the first tranche for the Managing Director as KMP.
[2] For Executive KMP the FY23 grant is only applicable to Nikki Lawson for her time as non KMP.

b) Executive Incentive Plan (Legacy SAR's Plan)

The Executive Incentive plan ceased in the year ending 30 June 2021 and has been replaced by a more contemporary and market aligned Long Term Incentive Plan. The Executive Incentive plan was delivered in the form of an annual grant of security acquisition rights (SARs) under the deferred security acquisition rights plan (SARs Plan). The SARs will continue to vest under this plan until September 2024.

- Under the executive incentive plan, Abacus Property Group issued to participants rights (in the form of Security Acquisition Rights (SARs)) which are subject to time based vesting with the Abacus Property Group Board having the right (but not the obligation) to clawback unvested SARs if Abacus Property Group distributions fall below a certain threshold amount per Abacus Property Group Security in respect of any financial year (Distribution Condition Clawback).
- On vesting of the SARs, the Abacus Group Board may in its absolute discretion provide securities to the relevant participant.

SARs allocated to an Executive as their deferred variable remuneration for a financial year will vest in three equal annual tranches on the second, third and fourth anniversaries of the allocation date.

Executives were entitled before any tranche of SARs vests, to extend the vesting date for that tranche by 12 months.

The table below discloses the number of SARs that vested or lapsed during the year. No further grants will be made under this Plan.

REMUNERATION REPORT (continued)

5.4. Legacy Plans (continued)

Table 13 – Grants under the Executive Incentive Plan (Legacy SARs)

EXECUTIVE KMP	YEAR	VESTING DATE	NO. EXERCISED DURING THE YEAR[1]		NO. LAPSED DURING THE YEAR
			ABG	ASK	
Steven Sewell	2021	09/2023	96,825	96,825	-
	2020	09/2023	59,222	59,222	-
Evan Goodridge	2021	09/2023	9,840	9,840	-
	2020	09/2023	6,768	6,768	-
Gavin Lechem	2021	09/2023	27,061	27,061	-
	2020	09/2023	16,920	16,920	-

Table 14 – The value of SARs granted, exercised, and lapsed during the year.

EXECUTIVE KMP	VALUE OF SARS GRANTED DURING THE YEAR $	VALUE OF SARS EXERCISED DURING THE YEAR $	VALUE OF SARS LAPSED DURING THE YEAR $
Steven Sewell	-	428,154	-
Evan Goodridge	-	45,629	-
Gavin Lechem	-	120,706	-
Total	**-**	**594,489**	**-**

There were no alterations to the terms and conditions of the SARs since their grant date.

Refer to Note 18 for details on the valuation of the Long Term and Deferred Variable Incentive Plan, including models and assumptions used.

REMUNERATION REPORT (continued)

5.4. Legacy Plans (continued)

Table 15 – Securities acquired on exercise of SARs.

EXECUTIVE KMP	SECURITIES ACQUIRED (NUMBER)	SECURITIES ACQUIRED (NUMBER)	PAID PER SECURITY $	PAID PER SECURITY $
	ABG	ASK	ABG	ASK
Steven Sewell	185,107	185,107	1.08	1.23
Evan Goodridge	19,727	19,727	1.08	1.23
Gavin Lechem	52,185	52,185	1.08	1.23

The number of securities acquired is based on the SARs that vested in the year and the distributions that would have been paid on that number of securities from the grant date to the allocation date. No amount was paid by participants for securities acquired above.

Table 16 – Movements in SARs holdings of key management personnel during the year

The table below provides the movement of all security-based payments granted to the Executive KMP.

KMP	BALANCE 1 JULY 2023	GRANTED AS REMUNERATION	SARS EXERCISED	BALANCE 30 JUNE 2024
Steven Sewell	296,116	7,799	(185,107)	118,808
Evan Goodridge	31,100	701	(19,727)	12,074
Gavin Lechem	83,320	2,070	(52,185)	33,205
Total	**410,536**	**10,570**	**(257,019)**	**164,087**

Other than disclosed in the ASX market, there have been no movements in holdings since 30 June 2024.

5.5. Minimum security holding requirement for Executive KMP

To align the interests of the Board with securityholders, the Board introduced a minimum security holding requirement for Executive KMP.

- The MD is required to maintain a minimum holding of securities equivalent to 100% of his fixed remuneration. Executive KMP are required to maintain a minimum holding of securities that is equivalent to 50% of their fixed remuneration.
- Executive KMP had until the fourth anniversary of the later of 27 June 2022 or the date they become an Executive KMP, to meet the minimum holding requirement.
- For FY24 this anniversary will be updated in respect of any KMP (including the Managing Director) to the later of the de-stapling of Abacus Group and Abacus Storage King or the date they become a member of the KMP.

5.5. Minimum security holding requirement for Executive KMP (continued)

Table 17 – Executive KMP ownership – security holdings detail as at 30 June 2024

EXECUTIVE KMP	BALANCE 1 JULY 2023	VESTED/EXERCISED RIGHTS	PURCHASE / SALES	BALANCE 30 JUNE 2024
Steven Sewell (MD)	866,125	597,692	51,598	1,515,415
Evan Goodridge	90,927	111,069	-	201,996
Nikki Lawson	-	21,924	-	21,924
Gavin Lechem	338,224	188,750	-	526,974

Table 18 Executive KMP ownership – Minimum security holding detail as at 30 June 2024

EXECUTIVE KMP	BALANCE 30 JUNE 2024	MSH REQUIREMENT	MSHR ASSESSMENT DATE
Steven Sewell (MD)	$2,405,121	$1,300,000	Aug-27
Evan Goodridge	$338,002	$275,000	Aug-27
Nikki Lawson	$25,322	$287,500	Aug-27
Gavin Lechem	$989,994	$327,500	Aug-27

Unvested rights are not included in the calculation of the minimum holding of securities.

6. NON-EXECUTIVE DIRECTOR REMUNERATION

6.1. Objective

The Committee assesses the appropriateness of the nature and amount of remuneration of Non-Executive Directors (NEDs) on a periodic basis by reference to market rates with the overall objective of attracting and retaining Board members with an appropriate combination of industry and specialist functional knowledge and experience.

6.2. Fee Structure and Policy

The following table outlines the Non-Executive Directors (NEDs) fee policy and any changes introduced for FY24.

Maximum aggregate fees approved by securityholders	Abacus' constituent documents and the ASX Listing Rules specify that the maximum aggregate remuneration of Non-Executive directors must be approved by securityholders. The last determination was at the annual general meeting held on 14 November 2022 when securityholders approved an aggregate remuneration limit of $1,250,000 per year.
Contracts	Upon appointment to the Board, all NEDs receive a letter of appointment which summarises the Board policies and terms, including compensation, relevant to the office of Director.
Non-Executive Director fees reviews	The Board reviews NED fees on an annual basis in line with general industry practice. This ensures fees are appropriately positioned in the market to attract and retain high calibre individuals. The fees were last increased in July 2021. NEDs are entitled to be reimbursed for all reasonable costs and expenses incurred by them in performing their duties. NED fee changes There were no changes to the Board base fees and committee fees in FY24. There are no planned changes to the Board base fees and committee in FY25. Refer to Table 19 for details of FY24/FY25 fees. The aggregation of all Board and committee fees for FY24 and FY25, respectively, remains below the current pool limit.
Superannuation	The fees set out above include superannuation contributions in accordance with relevant statutory requirements.
Post-employment benefits	The Non-Executive directors do not receive retirement benefits. Nor do they participate in any incentive programs.

REMUNERATION REPORT (continued)

6.2. Fee Structure and Policy (continued)

Table 19 –Non-Executive Director fee levels (inclusive of superannuation) – Abacus Group

BOARD/COMMITTEE	ROLE	FY24/FY25	
		PER ROLE $	TOTAL
Board	Chair	$252,000	$252,000
	Non-Executive Director	$113,000	$565,000
Audit and Risk Committee	Chair	$27,300	$27,300
	Non-Executive Director	$12,285	$36,855
Work, Health Safety and Sustainability Committee	Chair	$21,000	$21,000
	Non-Executive Director	$10,500	$10,500
People Performance Committee	Chair	$23,000	$23,000
	Non-Executive Director	$11,250	$33,750
Total			$969,405

Table 20 –Non-Executive Directors' remuneration details – Abacus Group

NON-EXECUTIVE DIRECTOR	FY	BASE FEES	NON-MONETARY BENEFITS	TOTAL CASH PAYMENTS AND SHORT-TERM BENEFITS	SUPERANNUATION	$
Myra Salkinder (Chair)[1]	FY24	245,757	-	245,757	6,243	252,000
	FY23	252,000	-	252,000	-	252,000
Trent Alston	FY24	133,590	-	133,590	14,695	148,285
	FY23	134,195	-	134,195	14,090	148,285
Mark Bloom[2]	FY24	11,587	-	11,587	1,275	12,862
	FY23	123,561	-	123,561	12,974	136,535
Mark Haberlin	FY24	136,531	-	136,531	15,018	151,550
	FY23	137,149	-	137,149	14,401	151,550
Sally Herman[3]	FY24	131,460	-	131,460	3,340	134,800
	FY23	66,078	-	66,078	6,938	73,016
Jingmin Qian	FY24	131,789	-	131,789	14,497	146,285
	FY23	132,384	-	132,384	13,901	146,285

[1] *Myra Salkinder as Chair does not receive any fees for other sub-committees.*

[2] *Mark Bloom ceased as director of AGHL, AT, AGPL & AIT on 3 August 2023.*

[3] *Sally Herman was appointed 16 December 2022.*

REMUNERATION REPORT (continued)

6.3. Minimum security holding requirement for Non-Executive Directors FY24

The Board recognises the importance of aligning the interests of its senior executives and directors with the long term interests of Abacus' securityholders. To further align this interest, the Board has introduced a minimum security holding requirement for NEDs.

Each Non-Executive Director must accumulate and retain a minimum security holding in Abacus securities equivalent to their annual director's fee inclusive of base fee, superannuation contributions and before any tax deductions. The minimum security holding was to be achieved progressively by the 4th anniversary of the later of 27 June 2022 or the date of their appointment, to meet the minimum holding requirement.

From FY24 the minimum security holding is to be achieved progressively by the 4th anniversary of the later of the de-stapling of Abacus Group and Abacus Storage King or the date of their appointment as a Director.

NON-EXECUTIVE DIRECTOR	BALANCE 1 JULY 2023	PURCHASE / SALE	BALANCE 30 JUNE 2024	MSHR ASSESSMENT	MSHR POLICY	MSHR ASSESSMENT DATE
Myra Salkinder (Chair)	14,802,171	-	14,802,171	$23,572,839	$252,000	Aug-27
Trent Alston	45,250	-	45,250	$116,203	$148,285	Aug-27
Mark Haberlin	42,292	-	42,292	$107,928	$151,550	Aug-27
Sally Herman	18,150	71,950	90,100	$114,903	$134,800	Aug-27
Jingmin Qian	45,167	-	45,167	$102,517	$146,285	Aug-27

Non-Executive Directors are bound by Abacus's Securities Trading Policy. No additional remuneration is provided to Non-Executive Directors to purchase these stapled securities.

All equity transactions with Non-Executive Directors have been entered into under terms and conditions no more favourable than those that Abacus would have adopted if dealing at arm's length. There have been no movements in holdings since 30 June 2024.

DIRECTORS' REPORT

30 JUNE 2024

REMUNERATION REPORT (continued)

7. ADDITIONAL REQUIRED DISCLOSURES

7.1. Executive KMP employment terms

The total remuneration package is reviewed annually, and the key terms are summarised below:

KMP	TERM OF AGREEMENT	NOTICE PERIOD (BY COMPANY OR BY EMPLOYEE)	POST-EMPLOYMENT RESTRAINTS	TERMINATION BENEFITS
Steven Sewell	No expiry date	9 months	12 months	No redundancy payment entitlements. If there are any termination entitlements to be paid, they will be limited by the current Corporations Act 2001 (Cth) or the ASX Listing Rules or both.
Evan Goodridge	No expiry date	6 months	6 months	Covered by National Employment Standards (NES).
Nikki Lawson	No Expiry date	6 months	6 months	Covered by National Employment Standards (NES).
Gavin Lechem	No expiry date	6 months	6 months	Covered by National Employment Standards (NES).

Abacus may terminate an Executive KMP's service at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Executive is only entitled to remuneration up to the date of termination.

7.2. Use of Remuneration advisors

The People and Performance Committee engages external remuneration consultants from time to time to provide independent benchmarking data and information on best practice. This ensures the Company continually reviews assesses and adapts the remuneration governance functions to assist the Board and Committee in making informed remuneration decisions. No remuneration recommendations as defined under the Corporations Act 2001 (Cth) were provided to the Committee by remuneration consultants in FY24.

7.3. Loans to Key Management Personnel

There were no loans to key management personnel or their related parties at any time in 2024 or in the prior year.

7.4. Other transactions with Key Management Personnel

During the year, transactions occurred between Abacus and key management personnel which were within normal employee and investor relationships.

7.5. Directors and Officers Insurance

During the year, Abacus Group paid for a Directors and Officers Insurance policy. In accordance with usual commercial practice, the insurance policy prohibits disclosure of details relating to the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

DIRECTORS' REPORT

30 JUNE 2024

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 16 August 2024, the Group exchanged contracts for the divestment of its interest in Market Central, Lutwyche QLD at a sale price of $60.4 million.

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 financial 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.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to environmental regulation in respect of its property activities and there are systems in place for the management of the Group's environmental responsibilities, and compliance with relevant licence requirements and regulations. No material breaches of requirements or any environmental issues have been identified during the year.

ROUNDING

The amounts contained in this report and in the annual 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 51.

During the year, Ernst & Young provided non-audit services to the Group, as outlined in Note 22 of the financial statements. The directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by this Act.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 22, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

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, 23 August 2024

Building a better
working world

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Auditor's independence declaration to the directors of Abacus Group Holdings Limited

As lead auditor for the audit of the financial report of Abacus Group Holdings Limited for the financial year ended 30 June 2024, 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; 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 year.

Ernst & Young

Ernst & Young

AEwan

Anthony Ewan
Partner
23 August 2024

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
REVENUE			
Rental income		144,373	147,075
Finance income	1(a)	6,957	3,483
Fee income	1(b)	17,180	1,455
Total Revenue		**168,510**	**152,013**
OTHER INCOME			
Net change in fair value of investments and derivatives derecognised		658	(1,023)
Share of (loss)/profit from equity accounted investments	7(a)	24,977	(8,846)
Other income		-	60
Total Revenue and Other Income		**194,145**	**142,204**
Net change in fair value of investment properties derecognised		(8,244)	(9,097)
Net change in fair value of investment properties held at balance date		(275,407)	(247,617)
Net change in fair value of derivatives		(13,992)	(20,220)
Net change in fair value of investments held at balance date	3(a)	(1,798)	(854)
Net change in fair value from deconsolidation	20	(5,614)	-
Property expenses and outgoings		(43,588)	(41,880)
Depreciation and amortisation expense	3(b)	(4,091)	(5,800)
Finance costs	3(c)	(41,557)	(9,893)
Administrative and other expenses	3(d)	(38,241)	(39,458)
PROFIT/(LOSS) BEFORE TAX FROM CONTUNUING OPERATIONS		**(238,387)**	**(232,615)**
Income tax expense	4(a)	(3,602)	(5,650)
NET PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**(241,989)**	**(238,265)**
Discontinued Operations			
Net profit after tax from discontinued operations	20	951	263,760
NET (LOSS)/PROFIT AFTER TAX		**(241,038)**	**25,495**
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent entity (AGHL)		(33,286)	(64,516)
Equity holders of other stapled entities			
AT members		(178,499)	(138,796)
AGPL members		3,028	(2,377)
AIT members		(33,232)	(22,967)
ASPT members		(7,913)	143,641
ASOL members		8,864	110,510
NET (LOSS)/PROFIT AFTER TAX		**(241,038)**	**25,495**
Basic and diluted earnings per stapled security (cents)	2	(26.97)	2.85
Basic and diluted earnings per stapled security from continuing operations (cents)	2	(27.08)	(26.67)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2024

	2024 $'000	2023 $'000
NET PROFIT AFTER TAX	(241,038)	25,495
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to the income statement		
Share of other comprehensive income of an associate	(491)	-
Foreign exchange translation adjustments, net of tax associated with discontinued operations	1,145	1,925
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(240,384)	27,420
Total comprehensive income attributable to:		
Members of the Group	(240,384)	27,420
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(240,384)	27,420
Total comprehensive income / (loss) attributable to members of the Group analysed by amounts attributable to:		
AGHL members	(33,286)	(64,516)
AT members	(178,917)	(138,796)
AGPL members	2,955	(2,377)
AIT members	(33,232)	(22,967)
ASPT members	(6,852)	145,510
ASOL members	8,948	110,566
TOTAL COMPREHENSIVE INCOME/(LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP	(240,384)	27,420

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
CURRENT ASSETS			
Investment properties held for sale	5	123,000	-
Assets associated with discontinued operations	20	-	3,072,416
Cash and cash equivalents	8	23,556	71,900
Trade and other receivables		28,502	46,637
Derivatives at fair value		3,971	30,283
Other		6,595	4,056
TOTAL CURRENT ASSETS		185,624	3,225,292
NON-CURRENT ASSETS			
Investment properties	5	1,762,000	2,099,876
Property loans	6(a)	55,870	53,142
Equity accounted investments	7	565,324	158,674
Deferred tax assets	4(c)	8,180	11,641
Property, plant and equipment		288	458
Other financial assets	6(b)	4,938	3,987
Intangible assets and goodwill	19	32,426	32,463
Derivatives at fair value		7,186	14,541
Other		4,500	6,100
TOTAL NON-CURRENT ASSETS		2,440,712	2,380,882
TOTAL ASSETS		2,626,336	5,606,174
CURRENT LIABILITIES			
Liabilities associated with discontinued operations	20	-	1,142,401
Trade and other payables		61,919	57,584
Derivatives at fair value		-	20,603
Other		6,226	5,476
TOTAL CURRENT LIABILITIES		68,145	1,226,064
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	10	939,327	1,006,508
Derivatives at fair value		858	859
Deferred tax liabilities	4(c)	9,399	9,735
Other		1,475	1,319
TOTAL NON-CURRENT LIABILITIES		951,059	1,018,421
TOTAL LIABILITIES		1,019,204	2,244,485
NET ASSETS		1,607,132	3,361,689
TOTAL EQUITY		1,607,132	3,361,689

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Equity attributable to members of AGHL:			
Contributed equity		568,862	568,862
Treasury shares		(4,358)	-
Reserves		6,045	4,144
Retained earnings		93,324	63,684
Total equity attributable to members of AGHL:		**663,873**	**636,690**
Equity attributable to unitholders of AT:			
Contributed equity		1,373,217	1,373,217
Reserves		(418)	-
Accumulated losses		(555,467)	(321,050)
Total equity attributable to unitholders of AT:		**817,332**	**1,052,167**
Equity attributable to members of AGPL:			
Contributed equity		47,064	47,064
Reserves		(73)	-
Retained earnings		65,281	62,253
Total equity attributable to members of AGPL:		**112,272**	**109,317**
Equity attributable to unitholders of AIT:			
Contributed equity		188,471	188,472
Accumulated losses		(174,816)	(140,532)
Total equity attributable to unitholders of AIT:		**13,655**	**47,940**
Equity attributable to members of ASPT:			
Contributed equity		-	334,610
Reserves		-	259
Retained earnings		-	464,005
Total equity attributable to members of ASPT:		**-**	**798,874**
Equity attributable to members of ASOL:			
Contributed equity		-	84,424
Reserves		-	(31)
Retained earnings		-	632,308
Total equity attributable to members of ASOL:		**-**	**716,701**
TOTAL EQUITY		**1,607,132**	**3,361,689**
Contributed equity	12	2,177,614	2,596,649
Treasury shares		(4,358)	-
Reserves		5,554	4,144
Retained earnings		(571,678)	760,668
Reserves of discontinued operations		-	228
TOTAL EQUITY		**1,607,132**	**3,361,689**

CONSOLIDATED STATEMENT OF CASH FLOW

YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Income receipts		203,025	358,605
Interest received		1,513	853
Distributions received		-	12,579
Income tax paid		(2,827)	(12,047)
Finance costs paid		(36,474)	(46,952)
Operating payments		(89,263)	(159,988)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8	**75,974**	**153,050**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments and funds advanced		(1,267)	(1,158)
Proceeds from sale and settlement of investments and funds repaid		140,849	75,325
Purchase of property, plant and equipment		(28)	(8,304)
Proceeds from disposal of property, plant and equipment		-	49
Payments for investment properties and capital expenditure		(188,028)	(396,786)
Proceeds from disposal of investment properties		110,523	83,438
Payment for other investments and financial assets		(16,051)	(48,078)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**45,998**	**(295,514)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of issue costs		-	(42)
Payment of borrowing costs		(1,315)	(671)
Payment of treasury shares		(4,358)	-
Repayment of borrowings and financial instruments		(249,098)	(1,783)
Repayment of principal portion of lease liabilities		(33)	(896)
Proceeds from borrowings		122,752	271,364
Distributions paid		(70,149)	(166,547)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(202,201)**	**101,425**
Net (decrease)/increase in cash and cash equivalents from continuing operations		(48,390)	11,373
Net (decrease) in cash and cash equivalents from discontinued operations		(31,839)	(52,412)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(80,229)	(41,039)
Net foreign exchange differences		42	22
Cash and cash equivalents at beginning of period from continuing operations		71,900	176,505
Cash and cash equivalents at beginning of period from discontinuing operations		63,588	-
Less cash balance attributable to discontinued operations at deconsolidation	20	(31,745)	(63,588)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	**23,556**	**71,900**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2024

	Attributable to the stapled securityholders					
CONSOLIDATED	Issued capital $'000	Share of reserves* $'000	Employee equity benefits $'000	Treasury shares $'000	Retained earnings $'000	Total equity $'000
At 1 July 2023	2,596,649	228	4,144	-	760,668	3,361,689
Other comprehensive income	-	654	-	-		654
Net income for the period	-	-	-	-	(241,038)	(241,038)
Total comprehensive income for the period	-	654	-	-	(241,038)	(240,384)
Performance rights	-	-	1,901		-	1,901
Treasury shares	-	-	-	(4,358)	-	(4,358)
Distribution to security holders	-	-	-	-	(76,024)	(76,024)
De-stapling of discontinued operations	(419,035)	(1,373)	-	-	(1,015,284)	(1,435,692)
At 30 June 2024	**2,177,614**	**(491)**	**6,045**	**(4,358)**	**(571,678)**	**1,607,132**

*The share of reserves are from equity accounted investments.

	Attributable to the stapled securityholders					
CONSOLIDATED	Issued capital $'000	Foreign currency translation reserve $'000	Employee equity benefits $'000	Treasury shares $'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	-	1,925	-	-	-	1,925
Net income for the period	-	-	-	-	25,495	25,495
Total comprehensive income for the period	-	1,925	-	-	25,495	27,420
Issue costs	(42)	-	-	-	-	(42)
Distribution reinvestment plan	3,345	-	-	-	-	3,345
Performance rights	-	-	1,203	-	-	1,203
Distribution to security holders	-	-	-	-	(171,346)	(171,346)
At 30 June 2023	2,596,649	228	4,144	-	760,668	3,361,689

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30 JUNE 2024

NOTES TO THE FINANCIAL STATEMENTS – About this Report

30 JUNE 2024

Abacus Group ("Abacus" or the "Group") is comprised of Abacus Group Holdings Limited ("AGHL") (the nominated parent entity), Abacus Trust ("AT"), Abacus Income Trust ("AIT") and Abacus Group Projects Limited ("AGPL"). Shares in AGHL and AGPL, units in AT and AIT 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 ABG.

The financial report of the Group for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors on 23 August 2024.

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

MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Actual results may differ from these judgements, estimates and assumptions. Material judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(a) Material accounting judgements

Control and significant influence

In determining whether the Group has control over an entity, the Group assesses its exposure or rights to variable returns from its involvement with the entity and whether it has the ability to affect those returns through its power over the investee. The Group may have significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the entity but is not in control or joint control of those policies.

(b) Material accounting estimates and assumptions

Valuation of investment properties

The Group makes judgements in respect of the fair value of investment properties (Note 21(n)). The fair values of these properties are reviewed regularly by management with reference to external independent property valuations and market conditions existing at reporting date, using generally accepted market practices. The assumptions underlying estimated fair values are those relating to the receipt of contractual rents, expected future market rentals, maintenance requirements, capitalisation rates and discount rates that reflect current market conditions and current or recent property investment prices. These judgements, assumptions and estimates have also been applied to investment properties held through investments accounted for using the equity method.

Expected credit loss (ECL) provision and impairment of property loans and trade receivables

The Group has applied the simplified approach and recorded lifetime expected losses on trade receivables with the exception of property loans. In estimating the ECL provision, historical recoverability and underlying risks within the financial asset are considered.

In considering the ECL provision for property loan financial assets at amortised cost, the Group has established a provision matrix which includes assessing the credit rating of each borrower to determine the probability of default, loss given default and exposure at default, taking into account sensitivity factors to work out the ECL provision for each property loan.

In considering the impairment of property loans and financial assets, the Group undertakes a market analysis of the secured property development and other securities being utilised to support the underlying loan and financial assets and identifies if a deficiency of security exists and the extent of that deficiency, if any. If there is an indicator of impairment, fair value calculations of expected future cashflows are determined and if there are any differences to the carrying value of the loan, an impairment is recognised.

MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value of derivatives

The fair value of derivatives is determined based on discounted cash flow analysis using assumptions supported by observable market rates adjusted for counterparty creditworthiness.

Fair value of financial assets

The Group holds investments in unlisted securities which are held at fair value based on valuation of underlying asset values.

Impairment of goodwill, intangible assets and other non-financial assets

The Group determines whether goodwill, intangible assets and other non-financial assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangible assets are allocated. For goodwill and intangible assets this involves fair value less costs to sell calculations (FVLCS) which incorporate a number of key estimates and assumptions around cash flows and fair value of investment properties upon which these determine the revenue / cash flows. The assumptions used in the estimations of the recoverable amount and the carrying amount of goodwill and intangible assets are discussed in Note 19.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. This requires management judgement to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details on taxes are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS – Segment Information

30 JUNE 2024

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 operates wholly within one business segment being the operation and management of Commercial assets in Australia. The operating results presented in the consolidated statement of profit or loss represent the same segment information as reported in internal management information.

The Group has no individual customer which represents greater than 10% of total revenue.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

1. REVENUE

	2024 $'000	2023 $'000
(a) Finance income		
Interest and fee income on secured loans - amortised cost	5,780	2,963
Bank interest	1,177	520
Total finance income	6,957	3,483
(b) Fee Income		
Asset management fees	11,298	88
Property management fees	1,161	1,123
Development management fees	4,721	244
Total funds management income	**17,180**	**1,455**

2. EARNINGS PER STAPLED SECURITY

	2024	2023
Basic and diluted earnings per stapled security (cents)	(26.97)	2.85
Basic and diluted earnings per stapled security for continuing operations (cents)	(27.08)	(26.67)
Reconciliation of earnings used in calculating earnings per stapled security		
Basic and diluted earnings per stapled security		
Continuing operations	(241,989)	(238,265)
Discontinued operations	951	263,760
Net profit ($'000)	**(241,038)**	**25,495**
Weighted average number of securities:		
Weighted average number of stapled securities for basic earning per security ('000)	893,658	893,452

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

3. EXPENSES

	2024 $'000	2023 $'000
(a) Net change in fair value of investments held at balance date		
Net change in fair value of unlisted property securities held at balance date	1,594	1,068
Net change in fair value of other investments held at balance date	204	(214)
Total change in fair value of investments held at balance date	**1,798**	**854**
(b) Depreciation and amortisation expenses		
Depreciation and amortisation of property, plant and equipment and intangible assets	236	912
Amortisation - leasing costs	3,855	4,888
Total depreciation and amortisation expenses	**4,091**	**5,800**
(c) Finance costs		
Interest on loans	40,099	9,491
Amortisation of finance costs	1,458	402
Total finance costs	**41,557**	**9,893**
(d) Administrative and other expenses		
Wages and salaries	25,058	25,406
Contributions to defined contribution plans	1,517	1,544
Other expenses	8,090	8,165
Restructuring cost	3,576	4,343
Total administrative and other expenses	**38,241**	**39,458**

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

4. INCOME TAX

	2024 $'000	2023 $'000
(a) Income tax expense		
The major components of income tax expense are:		
Income Statement		
Current income tax		
Current income tax charge	3,922	7,119
Adjustments in respect of current income tax of previous years	(393)	264
Deferred income tax		
Relating to origination and reversal of temporary differences	73	(1,733)
Total income tax expense	3,602	5,650

(b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of the accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	2024 $'000	2023 $'000
Profit/(loss) before tax from continuing operations	(238,387)	(232,615)
Profit before tax from discontinued operations	951	273,780
Profit before income tax expense	(237,436)	41,165
Prima facie income tax expense calculated at 30% (AU)	(71,231)	11,604
Prima facie income tax expense calculated at 28% (NZ)	-	696
Less prima facie income tax expense on profit from Trusts	73,755	(1,184)
Prima Facie income tax of entities subject to income tax	2,524	11,116
Adjustment of prior year tax applied	(393)	270
Unrecognised tax benefit on tax losses	2,818	4,590
Share of results of joint ventures and associates	(225)	(387)
Security acquisition rights	(811)	(152)
Other items (net)	(311)	233
Total income tax expense	3,602	15,670
Less income tax expense attributable to discontinued operations	-	(10,020)
Income tax expense attributable to continuing operations	3,602	5,650

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

4. INCOME TAX (continued)

	2024 $'000	2023 $'000
(c) Recognised deferred tax assets and liabilities		
Deferred income tax relates to the following:		
Deferred tax liabilities		
Revaluation of investment properties at fair value	-	40,125
Revaluation of investments and financial instruments at fair value	124	397
Capital allowances	-	2,299
Brand	-	9,489
Other	9,481	9,782
Gross deferred income tax liabilities	**9,605**	**62,092**
Set off against deferred tax assets	(206)	(4,872)
Net deferred income tax liabilities	**9,399**	**57,220**
Less deferred tax liabilities attibutable to discontinued operations	-	(47,485)
Deferred tax liabilities	**9,399**	**9,735**
Deferred tax assets		
Provisions - employee entitlements	3,609	4,804
Losses available for offset against future taxable income	3,865	10,204
Other	912	1,505
Gross deferred income tax assets	**8,386**	**16,513**
Set off of deferred tax liabilities	(206)	(4,872)
Net deferred income tax assets	**8,180**	**11,641**

Tax consolidation

AGHL and its 100% owned Australian resident subsidiaries have formed a tax consolidated group. AGHL is the head entity of the tax consolidated group. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These amounts are measured in a manner that is consistent with the broad principles in AASB 112 Income Taxes. The nature of the tax funding agreements are discussed further below.

Nature of the tax funding agreement

Members of the respective tax consolidated groups have entered into tax funding agreements. The tax funding agreements require payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount allocated under the tax funding agreement and the allocation under Interpretation 1052, the head entity accounts for these as equity transactions.

The amounts receivable or payable under the tax funding agreements are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES

	2024 $'000	2023 $'000
Freehold investment properties	1,885,000	2,099,876
Total investment properties	1,885,000	2,099,876

	2024 $'000	2023 $'000
Investment properties held for sale		
Commercial [1]	123,000	-
Total investment properties held for sale	123,000	-
Investment properties		
Commercial	1,762,000	2,099,876
Total investment properties	1,762,000	2,099,876
Total investment properties including held for sale	1,885,000	2,099,876

1. Properties held for sale include 81 James Ruse Drive, Camellia and Market Central, Lutwyche.

Reconciliation

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 11:

	Held for sale		Non-current	
Freehold investment properties	30 Jun 2024 $'000	30 Jun 2023 $'000	30 Jun 2024 $'000	30 Jun 2023 $'000
Carrying amount at beginning of the financial period	-	-	2,099,876	2,260,633
Additions	-	-	88,097	99,506
Capital expenditure	-	-	90,099	77,385
Net change in fair value as at balance date	-	-	(275,407)	(247,617)
Net change in fair value derecognised	-	-	(8,244)	(9,097)
Disposals	-	-	(110,410)	(83,061)
Properties transferred to / (from) held for sale	123,000	-	(123,000)	-
Rental straightlining adjustment	-	-	989	2,127
Carrying amount at end of the period	123,000	-	1,762,000	2,099,876

5. INVESTMENT PROPERTIES (continued)

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
Net Operating Income	Increase	Decrease
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 future cashflows and terminal value are 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.

5. INVESTMENT PROPERTIES (continued)

The majority of the investment properties are used as security for secured bank debt outlined in Note 10.

The weighted average capitalisation rate for Abacus is 6.50% (30 June 2023: 5.71%).

The current occupancy rate for the principal commercial portfolio excluding development assets is 94.2% (30 June 2023: 95.1%).

The key assumptions and estimates used in the valuations 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;
- lease assumptions based on current and expected future market conditions after expiry of any current lease; and
- the capitalisation rate and discount rate derived from recent comparable market transactions.

The property valuations have been prepared based on the information that is available at 30 June 2024.

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 $72.1 million (2023: $96.1 million) or decrease the fair value by $66.8 million (2023: $88.1 million) respectively.

During the year ended 30 June 2024, 63% (2023: 100%) of the number of investment properties in the portfolio were subject to external valuations; the remaining 37% (2023: 0%) were subject to internal valuation.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

5. INVESTMENT PROPERTIES (continued)

	Ownership Interest %	Fair Value 2024 $'000	Capitalisation Rate 2024 %	Fair Value 2023 $'000	Capitalisation Rate 2023 %
Commercial					
Walker Street, North Sydney NSW[1]	100	236,900	6.65	288,000	5.50
314-336 Bourke Street, Melbourne VIC[2]	50	216,000	6.00	150,000	5.63
77 Castlereagh St, Sydney NSW	100	203,000	6.00	225,500	5.13
201 Elizabeth Street, Sydney NSW	32	198,400	6.13	215,360	5.13
The Oasis, Broadbeach QLD	100	170,000	7.25	178,000	6.75
324 Queen Street, Brisbane QLD	100	142,700	7.25	169,000	6.13
452 Johnston Street, Abbotsford VIC	100	122,500	6.50	133,000	5.50
14 Martin Place, Sydney NSW	50	105,000	5.88	112,500	5.13
Industry Lanes, Richmond, VIC	50	96,000	5.88	104,000	5.13
Westpac House, Adelaide SA	50	82,000	7.25	86,000	6.88
Kingsgate, Fortitude Valley QLD	50	75,500	6.75	78,000	6.25
181 James Ruse Drive, Camellia NSW [5]	100	65,200	N/A	66,000	N/A
Market Central, Lutwyche QLD[5]	50	57,800	6.75	60,350	6.25
51 Allara Street, Canberra ACT	100	57,000	7.25	61,000	6.75
11 Bowden Street, Alexandria NSW	100	44,500	6.63	45,000	5.88
Other (1 asset; 2023: 2 assets)[4]	100	12,500	N/A	50,400	5.13
Ashfield Shopping Centre, Ashfield NSW[3]	-	-	-	77,766	5.75
Total Commercial		1,885,000	6.50	2,099,876	5.71

1. Includes both 83 and 99 Walker Street, North Sydney NSW. The former was acquired in December 2023.
2. In June 2024, Abacus acquired a further 16.67% interest in Myer Centre.
3. In April 2024, Abacus divested Ashfield Mall, Ashfield NSW.
4. In February 2024, Abacus divested a non-core asset being 63 Ann St, Surry Hills NSW.
5. Held for sale and classified as current.

6. PROPERTY LOANS AND OTHER FINANCIAL ASSETS

	2024 $'000	2023 $'000
(a) Non-current property loans		
Secured loans - amortised cost	55,894	53,148
Provision for secured loans - amortised cost	(24)	(6)
	55,870	53,142
(b) Non-current other financial assets		
Investment in unlisted securities - fair value	4,938	3,987
	4,938	3,987

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	Abacus Storage King*		Fordtrans Pty Ltd ^		Other Joint Ventures		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	290,471	-	10,102	10,286	17,813	18,145	318,386	28,431
Expenses	(154,990)	-	(7,871)	(6,899)	(22,195)	(38,567)	(185,056)	(45,466)
Net profit / (loss)	**135,481**	-	**2,231**	**3,387**	**(4,382)**	**(20,422)**	**133,330**	**(17,035)**
Share of net profit / (loss)	**26,187**	-	**1,086**	**1,631**	**(2,296)**	**(10,477)**	**24,977**	**(8,846)**

* Abacus Group's share of profit from ASK includes the elimination of related party transactions. Interest income of $1.3 million and interest expense of $32.3 million were included in the net profit of ASK for the year ended 30 June 2024.

^Included in the net profit of Fordtrans Pty Ltd for the year ended 30 June 2024: interest income of $1.8 million (2023: $1.6 million) and interest expense of $4.1 million (2023: $3.2 million).

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

	Abacus Storage King*		Fordtrans Pty Ltd^		Other Joint Ventures		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	220,296	-	2,417	2,732	5,144	85,075	227,857	87,807
Non-current assets	3,008,566	-	247,535	246,627	168,086	116,845	3,424,187	363,472
	3,228,862	-	249,952	249,359	173,230	201,920	3,652,044	451,279
Current liabilities	84,920	-	67,119	82,093	5,369	38,906	157,408	120,999
Non-current liabilities	1,029,590	-	15,107	-	42,499	13,223	1,087,196	13,223
Net assets	**2,114,352**	-	**167,726**	**167,266**	**125,362**	**149,791**	**2,407,440**	**317,057**
Share of net assets	**418,723**	-	**83,863**	**83,633**	**62,738**	**75,041**	**565,324**	**158,674**

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

* Upon de-stapling, ASK issued 260.8 million securities to Abacus Group for $415.1 million by settling a portion of an outstanding loan with Abacus Group and acquiring units in Abacus Repository Trust. The Group has received or is going to receive $14.5 million of management fee from Abacus Storage King for the management services provided during the period. Details on transactions with ASK are disclosed in Note 16(d).

Included in the net assets of ASK as at 30 June 2024: cash and cash equivalents $89.0 million, non-current interest bearing loans and borrowings $990.2 million, and deferred tax liability $32.5m.

^Included in the net assets of Fordtrans Pty Ltd as at 30 June 2024: cash and cash equivalents $0.8 million (2023: $0.6 million), current interest bearing loans and borrowings $58.7 million (2023: $75.0 million) and non-current interest bearing loans and borrowings $Nil (2023: Nil).

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

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

1. Abacus Storage King

Post de-stapling, Abacus owns 19.8% of securities in ASK. Abacus' share of distributions (including capital distributions) for the year ended 30 June 2024 was $15.6 million.

2. Fordtrans Pty Ltd (Virginia Park) ("VP")

Abacus has a 50% interest in the ownership and voting rights of Fordtrans Pty Ltd. VP's principal place of business is in Bentleigh East, Victoria.

VP owns a sizeable Business Park providing a mixture of industrial and office buildings as well as supporting facilities including gymnasium, swim centre, childcare centre, children's play centre and cafe. Abacus jointly controls the venture with the other partner under the terms of Unitholders Agreement and requires unanimous consent for all major decisions over the relevant activities.

Abacus' share of distributions (including capital distributions) for the year ended 30 June 2024 was $0.9 million (2023: $1.2 million).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

8. CASH AND CASH EQUIVALENTS

	2024 $'000	2023 $'000
Reconciliation to Statement of Cash Flow		
For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise the following:		
Cash at bank and in hand[1]	23,556	71,900
Cash at bank and in hand attributable to discontinued operations[1]	-	63,588
Cash and cash equivelants	**23,556**	**135,488**

1. Cash at bank earns interest at floating rates. The carrying amounts of cash and cash equivalents represent fair value.

	2024	2023
Net profit from continuing operations	(241,989)	(238,265)
Net profit from discontinued operations	951	263,760
Net profit	(241,038)	25,495
Adjustments for:		
Depreciation and amortisation of non-current assets	4,406	9,234
Net change in fair value of derivatives	16,791	6,661
Net change in fair value of investment properties held at balance date	275,407	97,313
Net change in fair value of investments held at balance date	4,659	(15,631)
Net change in fair value of investment properties derecognised	8,244	9,157
Net change in fair value of investment and financial instruments derecognised	(658)	(11,266)
Net (gain) / loss on disposal of property, plant and equipment	-	35
Net change in fair value from deconsolidation	5,614	-
Share of profit from equity accounted investments	(25,022)	9,160
Increase / (decrease) in payables	4,771	21,940
(Increase) / decrease in receivables and other assets	22,800	952
Net cash from operating activities	**75,974**	**153,050**
Less: Net cash from operating activities from discontinued operations	(9,788)	(65,273)
Net cash from operating activities from continuing operations	**66,186**	**87,777**

(a) Disclosure of financing facilities

Refer to Note 10.

(b) Disclosure of non-cash financing facilities

Non-cash financing activities include capital raised pursuant to the Abacus' distribution reinvestment plan. During the year no (2023: 1.2 million) stapled securities were issued (2023: cash equivalent of $3.3 million).

9. CAPITAL MANAGEMENT

Group entities comply with capital and distribution requirements of their constitutions and/or trust deeds, the capital requirements of relevant regulatory authorities and continue to operate as a going concern. Abacus also protects its equity in assets by taking out insurance.

Abacus assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. In addition to tracking actual against budgeted performance, Abacus reviews its capital structure to ensure sufficient funds and financing facilities (on a cost effective basis) are available to implement its strategy, that adequate financing facilities are maintained and distributions to members are made within the stated distribution guidance (i.e. paid out of funds from operations).

The following strategies are available to the Group to manage its capital: issuing new stapled securities, its distribution reinvestment plan, electing to have the distribution reinvestment plan underwritten, adjusting the amount of distributions paid to members, activating a security buyback program, divesting assets, active management of its fixed rate swaps and collars, directly purchasing assets from joint ventures, or (where practical) recalibrating the timing of transactions and capital expenditure so as to avoid a concentration of net cash outflows.

During the year, Abacus successfully negotiated and agreed terms on its syndicated banking facility to increase the limit by $125 million to $1.125 billion and extend the facility tranches tenor on average by a further 6 months. Abacus also extended its $11 million Bilateral facility by two years to July 2027. Abacus has no bank debt expiring in the financial year ending 30 June 2025, with the majority of debt expiring from the financial year ending 30 June 2026 onwards.

Abacus has a total gearing covenant as a condition of the current $1.125 billion Headstock syndicated facility and the $11 million Bilateral facility. The total gearing covenant requires Abacus to have total liabilities (net of cash) to be less than or equal to 50% of total tangible assets (net of cash). As at date of reporting period, Abacus was compliant in meeting all its debt covenants.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

10. INTEREST BEARING LOANS AND BORROWINGS

	2024 $'000	2023 $'000
Non-current		
Bank loans - A$	904,272	972,757
Loan from related party - A$ [1]	35,293	34,222
Less: Unamortised borrowing costs	(238)	(471)
(a) Total non-current	**939,327**	**1,006,508**

[1] - Details of loan maturity and applicable intrest rate are disclosed in Note 16(d)

	2024 $'000	2023 $'000
(b) Maturity profile of non-current interest bearing loans		
Due between one and five years	939,327	789,008
Due after five years	-	217,500
	939,327	**1,006,508**

	2024 $'000	2023 $'000
Available financing facility		
Total facilities - bank loans	1,182,750	1,057,750
Facilities used at reporting date - bank loans	(904,250)	(972,750)
	278,500	**85,000**

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$ 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 August 2025 to June 2029. The bank loans are secured by charges over the investment properties and certain property, plant and equipment.

Approximately 76.0% (30 June 2023: 100.0% for continuing operations) of bank debt drawn was subject to fixed rate hedges and the drawn bank debt had a weighted average term to maturity of 3.4 years (30 June 2023: 3.8 years). Hedge cover as a percentage of available facilities at 30 June 2024 is 58.1% (30 June 2023: 100.0% for continuing operations).

Abacus' weighted average interest rate including discontinued operations for the year ended 30 June 2024 was 4.41% (30 June 2023: 1.12% for continuing operations). The weighted average interest rate included line fees on undrawn facilities.

(c) Assets pledged as security

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

	2024 $'000	2023 $'000
Non-current		
First mortgage		
Investment properties	1,522,400	1,791,976
Total non-current assets pledged as security	1,522,400	1,791,976
Total assets pledged as security	**1,522,400**	**1,791,976**

(d) Defaults and breaches

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

11. FINANCIAL INSTRUMENTS

Financial Risk Management

The risks arising from the use of the Group's financial instruments are credit risk, liquidity risk and market risk (interest rate risk, and price risk).

The Group's financial risk management focuses on mitigating the unpredictability of the financial markets and its impact on the financial performance of the Group. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Primary responsibility for identification and control of financial risks rests with the Treasury Management Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of interest rate risks and cash flow forecast projections.

The main purpose of the financial instruments used by the Group is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group also enters into derivative transactions principally interest rate derivatives. The purpose is to manage the interest rate exposure arising from the Group's operations and its sources of finance.

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in the section about this report and Note 21 to the financial statements.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations including any adverse economic events such as the current inflationary environment, and arises principally from the Group's receivables from customers, investment in securities and options, secured property loans and interest bearing loans and derivatives with banks.

The Group manages its exposure to risk by:

- derivative counterparties and cash transactions are limited to high credit quality financial institutions;
- policy which limits the amount of credit exposure to any one financial institution;
- providing loans as an investment into joint ventures, associates, related parties and third parties where it is satisfied with the underlying property exposure within that entity;
- regularly monitoring loans and receivables balances on an ongoing basis;
- regularly monitoring the performance of its associates, joint ventures, related parties and third parties on an ongoing basis; and
- obtaining collateral as security (where required or appropriate).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

11. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Credit risk exposures

The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount 2024 $'000	 2023 $'000
Trade and other receivables	28,502	46,637
Other financial assets	4,938	3,987
Cash and cash equivalents	23,556	71,900
Derivatives at fair value	11,157	44,824
Cash and other financial assets	**68,153**	**167,348**
Secured property loans - amortised cost *	55,870	53,142
Secured property loans	**55,870**	**53,142**
Total credit risk exposure	**124,023**	**220,490**

* The secured property loan is with one borrower.

(b) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate and diverse amount of committed credit facilities, the ability to close out market positions and the flexibility to raise funds through the issue of new stapled securities or the distribution reinvestment plan.

The Group's policy is to maintain an available loan facility with banks sufficient to meet expected operational expenses and to finance investment acquisitions for a period of 90 days, including the servicing of financial obligations. Current loan facilities are assessed and extended for a maximum period based on the Group's expectations of future interest and market conditions.

The table below shows an analysis of the contractual maturities of key liabilities which forms part of the Group's assessment of liquidity risk.

30 June 2024	Carrying Amount $'000	Contractual cash flows $'000	1 Year or less $'000	Over 1 year to 5 years $'000	Over 5 years $'000
Liabilities					
Trade and other payables	61,919	61,919	61,919	-	-
Interest bearing loans and borrowings incl derivatives#	940,185	1,121,608	49,926	1,071,682	-
Total liabilities	**1,002,104**	**1,183,527**	**111,845**	**1,071,682**	**-**

11. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

30 June 2023	Carrying Amount $'000	Contractual cash flows $'000	1 Year or less $'000	Over 1 year to 5 years $'000	Over 5 years $'000
Liabilities					
Trade and other payables	57,584	57,584	57,584	-	-
Interest bearing loans and borrowings incl derivatives#	1,027,970	1,214,877	48,414	948,852	217,611
Total liabilities	**1,085,554**	**1,272,461**	**105,998**	**948,852**	**217,611**

Carrying amount includes fair value of derivative liabilities. Contractual cash flow includes contracted debt and net swap payments using prevailing forward rates.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk / Fair value interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term bank debt obligations which are based on floating interest rates. The Group has a policy to maintain a mix of floating exposure and fixed interest rate hedging with fixed rate cover highest in years 1 to 5.

The Group hedges to minimise interest rate risk by entering into variable to fixed interest rate swaps which also helps deliver interest covenant compliance and positive carry (net rental income in excess of interest expense) on the property portfolio. Interest rate swaps have the economic effect of converting borrowings from variable rates to fixed rates. Under the interest rate swaps, the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to the agreed notional principal amounts. At 30 June 2024, after taking into account the effect of interest rate swaps, approximately 76.0% (2023: 100%) of the Group's drawn debt is subject to fixed rate hedges. Hedge cover as a percentage of available facilities at 30 June 2024 is 58.1% (2023: 100.0%).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

11. FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

The Group's exposure to interest rate risk and the effective weighted average interest rates for each class of financial asset and financial liability are:

30 June 2024	Floating interest rate $'000	Fixed interest less than 1 year $'000	Fixed interest 1 to 5 years $'000	Fixed interest over 5 years $'000	Non interest bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	23,556	-	-	-	-	23,556
Receivables	-	-	-	-	28,502	28,502
Secured loans	-	-	55,870	-	-	55,870
Derivatives	-	3,971	7,186	-	-	11,157
Other financial assets	-	-	-	-	4,938	4,938
Total financial assets	**23,556**	**3,971**	**63,056**	**-**	**33,440**	**124,023**
Weighted average interest rate*^	4.35%		4.70%			
Financial liabilities						
Interest bearing liabilities - bank	857,284	-	46,750	-	-	904,034
Interest bearing liabilities - other	-	-	35,293	-	-	35,293
Derivatives	-	-	858	-	-	858
Payables	-	-	-	-	61,919	61,919
Total financial liabilities	**857,284**	**-**	**82,901**	**-**	**61,919**	**1,002,104**
Notional principal swap balance maturities*	-	610,000	825,000	-	-	1,435,000
Weighted average interest rate on drawn bank debt*	4.41%					

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

11. FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

30 June 2023	Floating interest rate $'000	Fixed interest less than 1 year $'000	Fixed interest 1 to 5 years $'000	Fixed interest over 5 years $'000	Non interest bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	71,900	-	-	-	-	71,900
Receivables	-	-	-	-	46,637	46,637
Secured loans	-	-	53,142	-	-	53,142
Derivatives	-	30,283	14,541	-	-	44,824
Other financial assets	-	-	-	-	3,987	3,987
Total financial assets	**71,900**	**30,283**	**67,683**	**-**	**50,624**	**220,490**
Weighted average interest rate*^	4.07%		5.50%			
Financial liabilities						
Interest bearing liabilities - bank	925,536	-	46,750	-	-	972,286
Interest bearing liabilities - other	-	-	34,222	-	-	34,222
Derivatives	-	20,603	859	-	-	21,462
Payables	-	-	-	-	57,584	57,584
Total financial liabilities	**925,536**	**20,603**	**81,831**	**-**	**57,584**	**1,085,554**
Notional principal swap balance maturities*	-	950,000	1,110,000	-	-	2,060,000
Weighted average interest rate on	1.12%					

* calculated for the year ended 30 June
^ weighted average interest rate excludes the impact of derivatives

The following table is a summary of the interest rate sensitivity analysis:

		AUD			
	Carrying amount	-1%		+1%	
30 June 2024	Floating $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets	23,556	(236)	-	236	-
Financial liabilities	857,522	(2,841)	-	5,502	-

		AUD			
	Carrying amount	-1%		+1%	
30 June 2023	Floating $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets	71,900	(719)	-	719	-
Financial liabilities	926,007	(4,138)	-	5,761	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

11. FINANCIAL INSTRUMENTS (continued)

(d) 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 – 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

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

11. FINANCIAL INSTRUMENTS (continued)

(d) 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 30 June.

	Unlisted securities $'000
Opening balance as at 30 June 2023	3,987
Fair value movement through the income statement	(198)
Additions	1,149
Closing balance as at 30 June 2024	**4,938**

	Unlisted securities $'000
Opening balance as at 30 June 2022	3,865
Fair value movement through the income statement	(846)
Additions	968
Closing balance as at 30 June 2023	**3,987**

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 2023: $0.1 million) or increase the fair value by $0.1 million (30 June 2023: $0.1 million) respectively.

12. CONTRIBUTED EQUITY

(a) Issued stapled securities	2024 $'000	2023 $'000
Stapled securities	2,220,407	2,649,833
Issue costs	(42,792)	(53,184)
Total contributed equity[1]	2,177,615	2,596,649

1 - Reduction in contributed equity is a result of destapling in August 2023

	Stapled securities	
(b) Movement in stapled securities on issue	Number 2024 '000	Number 2023 '000
At beginning of financial period	893,658	892,429
- distribution reinvestment plan	-	1,229
Securities on issue at end of financial period	893,658	893,658

13. DISTRIBUTIONS PAID AND PROPOSED

	2024 $'000	2023 $'000
(a) Distributions paid during the period		
June 2023 half: 9.40 cents per stapled security (2022: 9.25 cents)	84,004	82,550
December 2023 half: 4.25 cents per stapled security (2022: 9.00 cents)	37,980	80,429
(b) Distributions declared and recognised as a liability^		
June 2024 half: 4.25 cents per stapled security (2023: 9.40 cents)	37,980	84,004

^ The final distribution of 4.25 cents per stapled security was declared on 20 June 2024. The distribution will be on or around 30 August 2024 and will be approximately $38 million.

50% of distributions were paid from Abacus Trust and Abacus Income Trust (which do not pay tax provided they distribute all their taxable income) hence, there were no franking credits attached. Another 50% of distributions were paid from Abacus Group Holdings Limited as fully franked dividends with $8.1 million franking credits attached.

The total amount of franking credits available for the subsequent financial years including franking credits that will arise from the payment of income tax payable at the end of the financial year, based on a tax rate of 30 per cent, is $75.9 million (2023: $87.5 million).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

14. PARENT ENTITY FINANCIAL INFORMATION

	2024 $'000	2023 $'000
Results of the parent entity		
Profit for the year	30,545	95,608
Total comprehensive expense for the year	30,545	95,608
Financial position of the parent entity at year end		
Current assets	654,256	4,528
Total assets	**843,136**	**837,485**
Current liabilities	18,676	809
Total liabilities	**220,678**	**243,114**
Net assets	**622,458**	**594,371**
Total equity of the parent entity comprising of:		
Issued capital	568,862	568,862
Accumulated profit/(losses)	(74,243)	(74,243)
Profit available for dividend distribution	126,153	95,608
Employee options reserve	6,044	4,144
Treasury shares	(4,358)	-
Total equity	622,458	594,371

(a) Parent entity contingencies

There are no contingencies of the parent entity as at 30 June 2024 (2023: Nil).

(b) Parent entity capital commitments

There are no capital commitments of the parent entity as at 30 June 2024 (2023: Nil).

In July 2024, AGHL has provided a letter of support to its subsidiaries who have entered into interest free inter-entity loans within the Group as the support for the subsidiaries to continue as a going concern.

15. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments – Group as lessor

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2024 are as follows:

	2024 $'000	2023 $'000
Within one year	110,063	107,453
Within two years	100,986	96,257
Within three years	86,974	85,591
Within four years	71,229	69,975
Within five years	52,388	52,064
More than five years	117,109	118,158
	538,749	**529,498**

These amounts do not include contingent rentals which may become receivable under certain leases on the basis of retail sales in excess of stipulated minimums and, in addition, do not include recovery of outgoings.

(b) Capital and other commitments

At 30 June 2024 the Group had numerous commitments which principally related to property and investment acquisition settlements, loan facility guarantees for the Group's interest in the jointly controlled property developments and funds management vehicles, and commitments relating to property refurbishing costs.

Commitments planned and/or contracted at reporting date but not recognised as liabilities are as follows:

	2024 $'000	2023 $'000
Within one year		
- gross settlement of property and investment acquisitions	2,655	3,806
- property refurbishment costs	18,759	36,444
- property development costs	1,523	11,858
	22,937	**52,108**

(c) Contingencies

At 30 June 2024 the Group had a $12.5 million bank guarantee facility which expires in July 2026 (2023: $12.5 million) and $10.0 million of bank guarantees had been issued from the facility (2023: $7.5 million).

Bank guarantees issued at reporting date but not recognised as liabilities are as follows:

	2024 $'000	2023 $'000
Bank guarantees		
- Australian Financial Service Licences	10,000	7,500
- redevelopment of investment properties	1,005	1,163
	11,005	8,663

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

16. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of the following entities:

Entity	Equity interest 2024 %	 2023 %
Abacus Group Holdings Limited and its subsidiaries		
Abacus Castle Hill Trust	-	100
Abacus Finance Pty Limited	100	100
Abacus Funds Management Limited	100	100
Abacus Investment Pty Ltd	100	100
Abacus Nominee Services Pty Limited	-	100
Abacus Nominees (No 5) Pty Limited	-	100
Abacus Nominees (No 7) Pty Limited	-	100
Abacus Nominees (No 9) Pty Limited	-	100
Abacus Nominees (No 11) Pty Limited	-	100
Abacus Note Facilities Pty Ltd	100	100
Abacus Property Services Pty Ltd	100	100
Abacus SP Note Facility Pty Ltd	-	100
Abacus Storage Funds Management Limited	100	100
Abacus Camellia Investments Pty Limited	100	100
Abacus Riverlands Investments Pty Limited	100	100
Abacus Group Projects Limited and its subsidiaries		
Abacus Property Pty Ltd	100	100
Abacus Allara Street Trust*	74	74
Abacus Repository Trust^	-	74
Abacus Ventures Trust*	51	51

* These entities are wholly owned by Abacus

^ This entity was wholly owned by Abacus in 2023 and was acquired by ASK in August 2023 during de-stapling.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

16. RELATED PARTY DISCLOSURES (continued)

(a) Subsidiaries (continued)

	Equity interest	
	2024	2023
Entity	%	%
Abacus Trust and its subsidiaries:		
Abacus Abbotsford Trust	100	100
Abacus Ann Street Trust	100	100
Abacus Ashfield Mall Property Trust	100	100
Abacus Bowden Street Trust	100	100
Abacus K1 Property Trust	100	100
Abacus Lutwyche Trust	100	100
Abacus Oasis Trust	100	100
Abacus Richmond Trust	100	100
Abacus Shopping Centre Trust	100	100
Abacus Virginia Trust	100	100
Abacus Westpac House Trust	100	100
Abacus Westpac House No. 2 Trust	100	100
Abacus 14 Martin Place Trust	100	100
Abacus 33 Queen Street Trust	100	100
Abacus 324 Queen Street Trust	100	100
Lutwyche City Shopping Centre Unit Trust	100	100
Oasis JV Unit Trust	100	100
Abacus Income Trust and its subsidiaries:		
Abacus Todd Road Trust	-	100
Castlereagh Sub 1 Trust	100	100
Castlereagh FH Sub 1 Trust	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

16. RELATED PARTY DISCLOSURES (continued)

(a) Subsidiaries (continued)

	Equity interest	
	2024	2023
Entity	%	%
Abacus Storage Operations Limited and its subsidiaries:		
Abacus Storage NZ Operations Pty Limited	-	100
Abacus Storage Solutions Pty Limited	-	100
Abacus Storage Solutions NZ Pty Limited	-	100
Abacus USI C Trust	-	100
Abacus U Stow It A1 Trust	-	100
Abacus U Stow It B1 Trust	-	100
Abacus U Stow It A2 Trust	-	100
Abacus U Stow It B2 Trust	-	100
U Stow It Holdings Limited	-	100
U Stow It Pty Limited	-	100
Abacus SK Pty Limited	-	100
Storage King Corporate Holdings Pty Limited	-	100
Storage King Services Pty Limited	-	100
SK Licensing Pty Limited	-	100
SK (Licensees) Pty Limited	-	100
Storage King Management Pty Limited	-	100
Storage King Store Management Pty Limited	-	100
Storage King Management NZ Limited	-	100
Storage King (Singapore) Pte Limited	-	100
Storage King International Limited	-	100
Storage King Pty Limited	-	100
Storage King NZ Limited	-	100
A.A1 Storage King Pty Limited	-	100
Abacus Storage Property Trust and its subsidiary:		
Abacus Storage NZ Property Trust	-	100

(b) Ultimate parent

AGHL has been designated as the parent entity of the Group.

(c) Key management personnel

Details of payments are disclosed in Note 17.

16. RELATED PARTY DISCLOSURES (continued)

(d) Transaction with related parties

	2024 $'000	2023 $'000
Transactions with related parties other than associates and joint ventures		
Revenues		
Property management fees received / receivable	355	337
Transactions with associates and joint ventures		
Revenues		
Management fees received / receivable from joint ventures and associates	15,257	861
Share of (loss)/profit from joint ventures and associates	24,977	(8,926)
Other transactions		
Loan advanced from joint ventures	1,628	1,568
Loan repayments to joint ventures	(297)	-
Loans advanced to associate*	76,324	-
Distribution received / receivable	15,615	-

* The loans provided to and by an associate, Abacus Storage King were fully repaid as part of the de-stapling process

Terms and conditions of transactions

Fees to and purchases and fees charged from related parties are made in accordance with commercial terms in the management agreements.

Outstanding balances at year-end are unsecured and settlement occurs in cash.

There are no ECL provisions incurred with respect to amounts payable or receivable from related parties during the year.

The term to maturity of the loan facility from a related party is April 2027 with an interest rate of 4.71%.

Ultimate controlling entity

Calculator Australia Pty Ltd ("Calculator") is the ultimate controlling securityholder in the Group with a holding of approximately 50.0% of the ordinary securities of the Group (2023: 51.8%).

During the year, Abacus Property Services Pty Ltd was engaged to manage the following properties:

Property	Relationship with Calculator	Charge per annum	2024 $	2023 $
14 Martin Place	Tenants-in-common	3% of gross rental	271,264	278,984
4 Martin Place	100% owned by Calculator	3% of gross rental	355,108	336,932

Mrs Myra Salkinder is the Chair of the Group and is a senior executive of Calculator. Mark Bloom was Non-Executive Director of the Group (retired on 3 August 2023) and is a consultant to Calculator.

NOTES TO THE FINANCIAL STATEMENTS

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17. KEY MANAGEMENT PERSONNEL

(a) Compensation for key management personnel

	2024 $	2023 $
Short-term employee benefits	5,798,531	4,702,314
Post-employment benefits	162,354	145,004
Other long-term benefits	68,698	76,189
Security-based payments	2,247,746	1,768,382
	8,277,329	**6,691,889**

(b) Loans to key management personnel

There were no loans to key management personnel or their related parties at any time in 2024 or in the prior year.

(c) Other transactions and balances with key management personnel and their related parties

During the financial year, transactions occurred between the Group and key management personnel which are within normal employee and investor relationships.

18. SECURITY BASED PAYMENTS

(a) Recognised security payment expenses

	2024 $'000	2023 $'000
Expense arising from equity-settled payment transactions	3,522	2,615

Type of security – based payment plan

Long Term Incentives (LTI)

The LTI plan has been designed to align the interests of executives with those of securityholders by providing for a significant portion of the remuneration of participating executives to be linked to the delivery of Earnings Before Interest and Tax ("EBIT") and Relative Total Securityholder Return ("RTSR").

Key executives have been allocated LTIs in the current financial year. Allocations were based on the performance assessment completed in determining current variable incentive awards for the prior financial year, adjusted to take into account other factors that the Board considers specifically relevant for the purpose of providing LTIs.

The LTIs granted during the year vest as follows:

Executive KMP

Grant	Tranche	Vesting date	Potential number to vest
FY24 Grant	Tranche One – 50% of Grant	August 2026	1,112,245
	Tranche Two – 50% of Grant	August 2027	1,112,246

18. SECURITY BASED PAYMENTS (continued)

(a) Recognised security payment expenses (continued)

Other Executives

Grant	Tranche	Vesting date	Potential number to vest
FY24 Grant	Tranche One – 33% of Grant	August 2025	166,408
	Tranche Two – 33% of Grant	August 2026	166,408
	Tranche Three – 33% of Grant	August 2027	166,409

Deferred Short Term Incentives (Deferred STI)

25% of an Executive KMP's short term incentive is deferred by 12 months and settled in the form of rights. The deferred STI was introduced to aid retention, better align Executive KMP with securityholders' interests, and provide for a "consequence management" governance mechanism for misconduct, fraud, malfeasance, or financial misstatement.

During the year, ABG has purchased 3.9 million securities ($4.3 million) on the market in advance to cover future LTI and deferred STI payments. The unallocated securities are held in a Trust account and accounted as reduction in equity reserve.

Security Acquisition Rights (SARs)

The deferred variable incentive plan ceased in the year ending 30 June 2021 and has been replaced by the LTI plan. The deferred variable incentive plan was delivered in the form of an annual grant of security acquisition rights (SARs) under the deferred security acquisition rights plan (SARs Plan). The SARs will continue to vest under this plan until September 2024.

When SARs vest, they will convert into ABG and ASK securities on a one for one basis or at the Board's discretion a cash equivalent amount will be paid.

(b) Summary of Performance Rights granted

Long Term Incentives (LTI)

The following table illustrates movements in LTI during this year:

	2024 No.	2023 No.
Opening balance	2,265,376	920,539
Granted during the year	4,194,875	1,422,698
Forfeited during the year	(333,519)	(77,861)
Exercised during the year	(59,623)	-
Outstanding at the end of the year	6,067,109	2,265,376
Exercisable at the end of the year	418,767	-

The weighted average fair value of LTI granted during the year was $1.03 (2023: $2.61). The fair value of LTI was calculated as the volume-weighted average price ("VWAP") from the grant date with a 3.75% discount.

NOTES TO THE FINANCIAL STATEMENTS

18. SECURITY BASED PAYMENTS (continued)

(b) Summary of Performance Rights granted (continued)

Deferred Short Term Incentives (Deferred STI)

The following table illustrates movements in Deferred STI during this year:

	2024 No.	2023 No.
Opening balance	217,046	-
Granted during the year	459,437	217,046
Forfeited during the year	-	-
Issued during the year	(128,519)	-
Outstanding at the end of the year	547,964	217,046
Exercisable at the end of the year	453,103	-

The weighted average fair value of Deferred STI granted during the year was $1.07 (2023: $2.61). The fair value of STI was calculated as the volume-weighted average price ("VWAP") from the grant date with a 3.75% discount.

Security Acquisition Rights (SARs)

The following table illustrates movements in SARs during this year:

	2024 No.	2023 No.
Opening balance	936,061	1,508,159
Granted during the year*	21,427	256,444
Forfeited during the year	-	(16,185)
Vested during the year	(587,402)	(812,357)
Outstanding at the end of the year	370,086	936,061
Exercisable at the end of the year	-	-

* To achieve a closer alignment of interests of securityholders and senior executives, when a tranche of SARs vests, the holder will be paid in respect of each SAR vesting an amount (a notional distribution) equivalent to the aggregate of the distributions per Abacus security paid during the period.

The weighted average remaining life of the performance rights (both LTIs and SARs) at 30 June 2024 was 1.8 years (2023: 1.7 years).

NOTES TO THE FINANCIAL STATEMENTS

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19. INTANGIBLE ASSETS AND GOODWILL

Description of the Group's intangible assets

	Notes	2024 $'000	2023 $'000
Goodwill			
Balance at 1 July		32,394	32,394
At the end of the year		32,394	32,394
Software			
At 1 July, net of accumulated amortisation		69	280
Amortisation charge for the year		(37)	(211)
At the end of the year, net of accumulated amortisation		32	69
Total goodwill and intangibles		32,426	32,463

Impairment tests for goodwill and intangible assets

(i) Description of the cash generating units and other relevant information

Goodwill and intangible assets acquired through business combinations for the purposes of impairment testing are allocated to the respective Group's property / asset management businesses or cash generating units relating to one of the Group's segment. The recoverable amount of the unit has been determined based on a fair value less costs of disposal calculation using cash flow projections as at 30 June 2024 covering a five year period.

(ii) Key assumptions used in valuation calculations

Goodwill and intangible assets – the calculation is most sensitive to the following assumptions:

a. Management and other fee income: based on market rates and revenue / funds under management within the financial year and the underlying growth rate of 2%.

b. Discount rates: reflects management's estimate of the time value of money and the risks specific to each unit that are not reflected in the cash flows

c. Property values of the funds / properties under management for Abacus Funds Management Limited: based on the fair value of properties

d. Selling costs: management's estimate of costs to sell the funds / properties under management

e. For Abacus Funds Management Limited, a pre-tax discount rate of 10.0% (2023: 9.7%) and a terminal growth rate of 2.5% (2023: 2.6%) have been applied to the cash flow projections for goodwill to reflect the current risk-free rate.

(iii) Sensitivity to changes in assumptions

Significant and prolonged property value falls and market influences which could increase discount rates could cause goodwill to be impaired in the future. The goodwill valuation as at 30 June 2024 shows head room is declining, however no other changes in the assumptions would cause or give rise to an impairment.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

20. DISCONTINUED OPERATIONS

On 16 February 2023, the Group announced its intention to create a new ASX listed Self Storage REIT to be known as Abacus Storage King REIT (ASK). ASK was established by de-stapling Abacus' existing Self Storage assets and became an externally managed REIT with a majority independent Board of Directors. The de-stapling of ASK completed on 4 August 2023. Upon deconsolidation, ASK settled a portion of an outstanding loan to Abacus Group for $415.1 million, in exchange for 19.9% of the equity in ASK by Abacus Group. The investment in ASK is classified as an equity accounted investment by Abacus Group (Note 7). The difference between the fair value of the equity accounted investment in ASK upon deconsolidation and consideration provided is recognised as a loss of $5.6m.

At the date when control of the Self Storage assets and business was lost, the balance sheet attributable to ASPT and ASOL was as follows, ultimately leading to the loss recognised on loss of control by Abacus Group as summarised below:

	3 August 2023 $'000	30 June 2023 $'000
Assets		
Cash and cash equivalents	31,745	63,588
Investment Property	2,550,626	2,612,159
Property, Plant and equipment	25,803	25,982
Trade and receivables	24,808	21,047
Equity accounted Investments	16,046	16,047
Derivative financial instruments	28,863	31,612
Other financial assets	221,284	224,146
Other	6,183	5,334
Intangibles	72,451	72,501
Total assets	2,977,809	3,072,416
Liabilities		
Trade and other payables	95,310	106,908
Provisions	5,909	4,239
Derivative financial instruments	1,775	770
Deferred tax liabilities	47,480	47,485
Other liabilities	2,269	3,947
Interest-bearing liabilities	1,389,375	979,052
Total liabilities	1,542,118	1,142,401
Total net assets and reserves attributable to members of ASPT and ASOL derecognised	1,435,691	1,930,015
Valuation of loans attributable to Abacus Group	415,136	
Investment equity accounted at fair value by Abacus Group	409,522	
Loss recognised on loss of control	(5,614)	

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

20. DISCONTINUED OPERATIONS (continued)

The financial performance of the discontinued operations segment for the year ended 30 June 2024 was as follows:

	2024 $'000	2023 $'000
Storage Income	16,427	190,454
Fee Income	1,289	16,824
Finance income	50	450
Total Revenue	**17,766**	**207,728**
OTHER INCOME		
Net change in fair value of investment properties held at balance date	-	150,304
Net change in fair value of investment held at balance date	(2,861)	16,485
Net change in fair value of PPE, investments and financial instruments derecognised	-	12,254
Net change in fair value of derivatives	(2,799)	13,559
Other income	-	11,426
Total Revenue and Other Income	**12,106**	**411,756**
Net change in fair value of investment properties derecognised	(1)	(60)
Storage expenses	(4,016)	(42,758)
Share of (loss)/profit from equity accounted investments	45	(314)
Depreciation and amortisation expenses	(314)	(3,434)
Finance costs	(2,950)	(43,802)
Administrative and other expenses	(3,919)	(47,608)
PROFIT BEFORE TAX FROM DISCONTINUED OPERATIONS	951	273,780
Income tax expense	-	(10,020)
NET PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS	951	263,760

The net cash flow for the discontinued operations for the year ended 30 June 2024 were as follows:

	2024 $'000	2023 $'000
Operating	9,788	65,273
Investing	(29,494)	(212,204)
Financing	(12,133)	94,519
Net cash (outflow) / inflow	**(31,839)**	**(52,412)**

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties and derivative financial instruments which have been measured at fair value, interests in joint ventures and associates which are accounted for using the equity method, and certain investments and financial assets measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Group under ASIC Corporations Instrument 2016/191. The Group is an entity to which the instrument applies.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS), as issued by the AASB and IASB respectively.

(c) 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 2023.

There are several amendments and interpretations apply for the first time on 1 July 2023 as follows, but they do not have an impact on the consolidated financial statements of ABG.

- 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.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) New accounting standards and interpretations (continued)

(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 ABG for the annual reporting period ended 30 June 2024. 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. ABG is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require amendments.

- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual reporting periods beginning on or after 1 January 2025)

  The amendments to AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

- AASB 18 Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027)

  AASB 18 has been issued to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss. The key presentation and disclosure requirements established by AASB 18 are:

  - The presentation of newly defined subtotals in the statement of profit or loss
  - The disclosure of management-defined performance measures (MPM)
  - Enhanced requirements for grouping information (i.e. aggregation and disaggregation)

  AASB 18 is accompanied with limited consequential amendments to the requirements in other accounting standards, including AASB 107 Statement of Cash Flows.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) New accounting standards and interpretations (continued)

AASB 18 introduces three new categories for classification of all income and expenses in the statement of profit or loss: operating, investing and financing. Additionally, entities will be required to present subtotals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. For the purposes of classifying income and expenses into one of the three new categories, entities will need to assess their main business activity, which will require judgement. There may be more than one main business activity.

AASB 18 also requires several disclosures in relation to MPMs, such as how the measure is calculated, how it provides useful information and a reconciliation to the most comparable subtotal specified by AASB 18 or another standard.

AASB 18 will replace AASB 101 Presentation of Financial Statements.

The amendments are not expected to have a material impact on the Group with the exception of AASB 18 for which management is currently assessing the impact.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of AGHL and its subsidiaries, AT and its subsidiaries, AIT and its subsidiaries, and AGPL and its subsidiaries collectively referred to as the Group, and also includes ASPT and its controlled entities ASOL until 3 August 2023, as ASPT and ASOL were de-stapled from the Group on this date.

Subsidiaries are all those entities over which the Group has power over the investee such that the Group is able to direct the relevant activities, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investor's returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies with adjustments made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits from intra-group transactions, have been eliminated in full and subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Group has control.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Non-controlling interests are allocated their share of net profit after tax in the consolidated income statement and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(e) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of the Group are in Australian dollars. Each entity in the Group determines its own functional currency and items are included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings on translation of foreign operations that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

At reporting date the assets and liabilities of foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at balance date and the financial performance is translated at the average exchange rate prevailing during the reporting period. The exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) Revenue recognition

Revenue is recognised when performance obligations have been met and is measured at the amount that reflects consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

Finance income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost or principal of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Management and other fee income

Revenue from rendering of services is recognised in accordance with the performance obligations under the terms and conditions of the service agreements and the accounting standards.

Dividends and distributions

Revenue is recognised when the Group's right to receive the payment is established.

Net change in fair value of investments and financial instruments derecognised during the year

Revenue from sale of investments is recognised on settlement when all performance obligations under the contract have been met. Performance obligations are generally considered to have been met at the time of settlement of the sale. Financial instruments are derecognised when the right to receive or pay cash flows from the financial derivative has expired or when the entity transfers substantially all the risks and rewards and the performance obligations of the financial derivative through termination. Gains or losses due to derecognition are recognised in the income statement.

Net change in fair value of investments held at balance date

Changes in market value of investments are recognised as revenue or expense in determining the net profit for the period.

(g) Expenses

Expenses including rates, taxes and other outgoings, are brought to account on an accrual basis and any related payables are carried at cost.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(h) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Trade and other receivables

Trade and other receivables, which generally have 30 day terms, are held to collect contractual cash flows and these contractual cash flows are solely payments of principal and interest. At initial recognition, these are measured at amortised cost at the transaction price.

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, reduced by impairment losses. Interest income and impairment losses are recognised in the income statement. The receivable is written off when there is no reasonable expectation of recovering the contractual cash flows. Any gain or loss on derecognition is also recognised in the income statement.

In assessing for impairment under AASB 9, the Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. For trade receivables, the Group applies the simplified approach permitted by the standard, which requires lifetime expected losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade debtors and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on outstanding balances, days past their due date and the corresponding historical credit losses experienced. Historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors (including GDP) affecting the ability of customers to settle their debts.

(j) Derivative financial instruments and hedging

The Group utilises derivative financial instruments, interest rate derivatives to manage the risk associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value through profit or loss ("FVTPL").

The Group has set defined policies and implemented hedging policies to manage interest and exchange rate risks. Derivative instruments are transacted in line with these policies to achieve the economic outcomes in line with the Group's treasury and hedging policy. They are not transacted for speculative purposes.

The Group does not employ hedge accounting and as such derivatives are recorded at fair value with gains or losses arising from the movement in fair values recorded in the income statement.

(k) Investments and other financial assets

All investments are initially recognised at cost, being the fair value of the consideration given.

Financial assets in the scope of AASB 9 *Financial Instruments* are classified as either financial assets at fair value through profit or loss or financial assets at amortised cost. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. At 30 June the Group's investments in listed and unlisted securities have been classified as financial assets at fair value through profit or loss and property loans are classified as loans and receivables at amortised cost.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(k) Investments and other financial assets (continued)

Financial assets at fair value through profit or loss

The Group classifies its financial assets that do not meet the SPPI criterion and derivatives at FVTPL.

At initial recognition, the financial asset is measured at its fair value and transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are subsequently measured at fair value. Any gains and losses from changes in fair value are recognised through profit or loss unless they have been designated and qualify as cash flow or net investment hedging instruments, where the effective portion of changes in fair value is recognised in either a cash flow or foreign currency reserve within equity. Any gain or loss on derecognition is recognised in the income statement.

The Group holds investments in listed securities and unlisted securities.

Loans and receivables

Loans and receivables are non-derivative financial assets that are not quoted in an active market with SPPI. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

Subsidiaries

Investment in subsidiaries are held at lower of cost or recoverable amount as disclosed within the parent entity note.

(l) Interest in joint arrangements and associates

The Group's interest in joint venture entities and associate is accounted for under the equity method of accounting in the consolidated financial statements. The investment in the joint venture entities and associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures and associate, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the joint ventures and associate.

Investments in joint ventures and associate are held at the lower of cost or recoverable amount in the investing entities.

The Group's interest in joint operations that give the parties a right to the underlying assets and obligations themselves is accounted for by recognising the Group's share of those assets and obligations.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 5 to 15 years Right-of-use property – up to 5 years

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(m) Property, plant and equipment (continued)

The recoverable amount of property (including land and buildings), plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

Impairment losses are recognised in the income statement.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

(n) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time that the cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market and property specific conditions at the balance sheet date. This includes investment properties under redevelopment because fair value can be calculated based on estimated fair value on completion of redevelopment after allowing for the remaining expected costs of completion plus an appropriate risk adjusted development margin. Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Investment properties under construction are carried at cost until when the construction is near completion (70%-80% complete) because the fair value of an investment property under construction cannot be reliably measured.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of development with a view to sale.

For a transfer from investment property to inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Land and buildings that meet the definition of investment property are considered to have the function of an investment and are therefore regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than diminution in value of the building content due to the passing of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Investment properties are independently valued on a staggered basis every two years unless the underlying financing requires a more frequent independent valuation cycle. In determining fair value, the capitalisation of net income method and the discounting of future cashflows to their present value have been used.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(n) Investment properties (continued)

Lease incentives provided by the Group to lessees, and rental guarantees which may be received by the Group from third parties (arising from the acquisition of investment properties) are included in the measurement of fair value of investment property. Leasing costs and incentives are included in the carrying value of investment property and are amortised over the respective lease period, either using a straight-line basis, or a basis which is more representative of the pattern of benefits.

Under AASB 140, investment properties, including any plant and equipment, are not subject to depreciation. However, depreciation allowances in respect of certain buildings, plant and equipment are currently available to investors for taxation purposes.

(o) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as lessee

At the lease commencement date, a right-of-use asset and a corresponding lease liability is recognised.

The liabilities arising from the lease are initially measured on a present value basis. Lease liabilities include the net present value of future lease payments, less any lease incentives receivable. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost.

Right-of-use assets are measured at cost comprising:
- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- any restoration costs.

Right-of-use property assets are measured and classified as either investment property or property plant and equipment in accordance with the policies above.

Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the lease assets are classified as operating leases.

The Group accounts for a modification to an operating lease either due to a change in scope or consideration of the lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(p) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(p) Goodwill (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less that the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(q) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(s) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(t) Distributions and dividends

Trusts generally distribute their distributable assessable income to their unitholders. Such distributions are determined by reference to the taxable income of the respective trusts. Distributable income may include capital gains arising from the disposal of investments and tax-deferred income. Unrealised gains and losses on investments that are recognised as income are usually retained and are generally not assessable or distributable until realised. Capital losses are not distributed to securityholders but are retained to be offset against any future realised capital gains.

A liability for dividend or distribution is recognised in the Balance Sheet if the dividend or distribution has been declared, determined or publicly recommended prior to balance date.

(u) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid in the establishment of loan facilities are included as part of the carrying amount of loans and borrowings.

Borrowings are classified as non-current liabilities where the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(u) Interest-bearing loans and borrowings (continued)

Borrowing Costs

Borrowing costs are recognised as an expense when incurred unless they relate to a qualifying asset or to upfront borrowing establishment and arrangement costs, which are deferred and amortised as an expense over the life of the facility. A qualifying asset is an asset that generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised into the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the amount of the borrowing costs capitalised are those incurred in relation to the borrowing.

(v) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Stapled securities are classified as equity. Incremental costs directly attributable to the issue of new securities are shown in equity as a deduction, net of tax, from the proceeds.

(w) Taxation

The Group comprises taxable and non-taxable entities. A liability for current and deferred tax and tax expense is only recognised in respect of taxable entities that are subject to income tax and potential capital gains tax as detailed below.

Trust income tax

Under current Australian income tax legislation AT and AIT are not liable to Australian income tax provided securityholders are presently entitled to the taxable income of the trusts and the trusts generally distribute their taxable income.

Company income tax

AGHL and its Australian resident wholly-owned subsidiaries have entered into tax funding agreements with their Australian resident wholly-owned subsidiaries, so that each subsidiary agrees to pay or receive its share of the allocated tax at the current tax rate.

The head tax entity and the controlled entities in each tax consolidated group continue to account for their own current and deferred tax amounts.

In addition to its own current and deferred tax amounts, the head tax entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(w) Taxation (continued)

- when the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(x) Earnings per stapled security (EPSS)

Basic EPSS is calculated as net profit attributable to stapled securityholders, adjusted to exclude costs of servicing equity (other than distributions) divided by the weighted average number of stapled securities on issue during the period under review.

Diluted EPSS is calculated as net profit attributable to stapled securityholders, adjusted for:

- costs of servicing equity (other than distributions);
- the after tax effect of dividends and interest associated with dilutive potential stapled securities that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential stapled securities;

divided by the weighted average number of stapled securities and dilutive potential stapled securities, adjusted for any bonus element.

(y) Security based payment plans

Executives of the Group receive remuneration in the form of security based payments, whereby Executives render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made, using an appropriate valuation model and is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense (Note 18).

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting conditions are satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the security based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met.

When the award securities are acquired from the market in advance, the unallocated securities are treated as reduction of equity reserve.

A portion of security based payments are classified as cash-settled, as Executives are awarded a cash equivalent of shares to purchase securities. For these securities the fair value is measured upon issue and recorded as an expense. Until the liability is settled, the fair value will be remeasured at each reporting period.

21. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(z) Non-current assets held for sale or distribution and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction or deemed disposal rather than through continuing use. Upon classification as held for sale, assets of a disposal group are recognised at the lower of carrying amount and fair value less costs to sell with the exception of investment properties, other financial assets and derivatives which are valued in accordance with Note 21(n) and Note 21(j) respectively.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A segment, entity or operation disposed of or wound up qualifies as discontinued operations if it is a component of the Group that represents a separate major line of business or geographical area of operations. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 20. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

22. AUDITOR'S REMUNERATION

	2024 $	2023 $
Amounts received or due and receivable by Ernst & Young Australia:		
- Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	680,000	1,125,000
- Services required by legislation to be provided by the auditor		
- compliance services	41,239	38,915
- Other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	8,812	29,430
- Other services		
- due diligence services	-	730,000
- Internal audit quality assurance services	-	37,800
Total	730,051	1,961,145

23. EVENTS AFTER BALANCE SHEET DATE

On 16 August 2024, the Group exchanged contracts for the divestment of its interest in Market Central, Lutwyche QLD at a sale price of $60.4 million.

Other than as disclosed in this report, there has been no other matter or circumstance that has arisen since the end of the financial year 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.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AS AT 30 JUNE 2024

Entity name	Entity type	Body corporate Country of incorporation	Body corporate % of share capital held	Country of tax residence
Abacus Group Holdings Limited & its subsidiaries				
Abacus Group Holdings Limited	Body corporate	Australia	100	Australia
Abacus Finance Pty Limited	Body corporate	Australia	100	Australia
Abacus Funds Management Limited	Body corporate	Australia	100	Australia
Abacus Investments Pty Ltd	Body corporate	Australia	100	Australia
Abacus Note Facilities Pty Ltd	Body corporate	Australia	100	Australia
Abacus Property Services Pty Ltd	Body corporate	Australia	100	Australia
Abacus Storage Funds Management Limited	Body corporate	Australia	100	Australia
Abacus Camellia Investments Pty Limited	Body corporate	Australia	100	Australia
Abacus Riverlands Investments Pty Limited	Body corporate	Australia	100	Australia
444 Queen Street Pty Limited	Body corporate	Australia	100	Australia
Abacus 77 Castlereagh Street Pty Limited	Body corporate	Australia	100	Australia
Abacus Repository Pty Limited	Body corporate	Australia	100	Australia
Abacus U Stow It A1 Pty Limited	Body corporate	Australia	100	Australia
Abacus U Stow It B1 Pty Limited	Body corporate	Australia	100	Australia
Abacus USI C Pty Limited	Body corporate	Australia	100	Australia
Lutwyche City Shopping Centre Pty Limited	Body corporate	Australia	100	Australia
Oasis JV Pty Limited	Body corporate	Australia	100	Australia
Abacus Group Projects Limited & its subsidiaries				
Abacus Group Projects Limited	Body corporate	Australia	100	Australia
Abacus Property Pty Ltd	Body corporate	Australia	100	Australia
Abacus U Stow It A2 Pty Limited	Body corporate	Australia	100	Australia
Sucaba UST Pty Limited	Body corporate	Australia	100	Australia
Abacus Allara Street Trust	Trust	N/A	N/A	Australian Trust
Abacus Ventures Trust	Trust	N/A	N/A	Australian Trust
Abacus Trust & its subsidiaries				
Abacus Trust	Trust	N/A	N/A	Australian Trust
Abacus Abbotsford Trust	Trust	N/A	N/A	Australian Trust
Abacus Ann Street Trust	Trust	N/A	N/A	Australian Trust
Abacus Ashfield Mall Property Trust	Trust	N/A	N/A	Australian Trust
Abacus Bowden Street Trust	Trust	N/A	N/A	Australian Trust
Abacus K1 Property Trust	Trust	N/A	N/A	Australian Trust
Abacus Lutwyche Trust	Trust	N/A	N/A	Australian Trust
Abacus Oasis Trust	Trust	N/A	N/A	Australian Trust
Abacus Richmond Trust	Trust	N/A	N/A	Australian Trust
Abacus Shopping Centre Trust	Trust	N/A	N/A	Australian Trust
Abacus Virginia Trust	Trust	N/A	N/A	Australian Trust
Abacus Westpac House Trust	Trust	N/A	N/A	Australian Trust
Abacus Westpac House No. 2 Trust	Trust	N/A	N/A	Australian Trust
Abacus 14 Martin Place Trust	Trust	N/A	N/A	Australian Trust
Abacus 33 Queen Street Trust	Trust	N/A	N/A	Australian Trust
Abacus 324 Queen Street Trust	Trust	N/A	N/A	Australian Trust
Lutwyche City Shopping Centre Unit Trust	Trust	N/A	N/A	Australian Trust
Oasis JV Unit Trust	Trust	N/A	N/A	Australian Trust
Abacus Income Trust & its subsidiaries				
Abacus Income Trust	Trust	N/A	N/A	Australian Trust
Castlereagh Sub 1 Trust	Trust	N/A	N/A	Australian Trust
Castlereagh FH Sub 1 Trust	Trust	N/A	N/A	Australian Trust

As trusts are unable to meet the definition of "Australian resident" or "foreign resident" within the meaning of the Income Tax Assessment Act 1997, the Group has elected to disclose whether the trusts satisfy the definition of "Australian Trust", and/or if the trusts are considered residents of a jurisdiction other than Australia.

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 consolidated financial statements, notes and the additional disclosures included in the Directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 21(b); and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(d) The consolidated entity disclosure statement required by section 295(3A) of the Corporations Act 2001 is true and correct.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

On behalf of the Board.

Myra Salkinder
Chair
Sydney, 23 August 2024

Steven Sewell
Managing Director

Building a better
working world

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

Report on the audit of the financial report

Opinion

We have audited the 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 30 June 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Investment Properties

Why significant	How our audit addressed the key audit matter

The Group's total assets include investment properties either held directly or through an interest in Joint Ventures and associates. These assets are carried at fair value, which was assessed by the directors with reference to either external independent property valuations or internal valuations and are based on market conditions existing at the reporting date.
As disclosed in Note 5 to the financial statements, the valuation of investment properties is inherently subjective given there are alternative assumptions and valuation methods that may result in a range of values. A small difference in any one of the key market input assumptions, when aggregated across all the properties, could result in a significant change to the valuation of investment properties.
Two approaches are generally used: the Income Capitalisation approach and the Discounted Cash Flow approach to arrive at a range of valuation outcomes, from which the valuers derive their best estimate of the value at a point in time.
We have considered this a key audit matter due to the number of judgments required in determining fair value. For the same reasons we consider it important that attention is drawn to the information in Note 5 to the financial statements in assessing the property valuations at 30 June 2024.
	Our audit procedures included the following:
	• We discussed the following matters with management:
	  • movements in the Group's investment property portfolio;
	  • changes in the condition of the properties including tenancy matters and development status on a sample basis.
	• On a sample basis, we performed the following procedures for selected properties:
	  • Evaluated the key valuation assumptions and inputs. These assumptions and inputs included the adopted capitalisation rate and a number of leasing assumptions including market and contractual rent, occupancy rates including forecast occupancy levels, forecast rent, lease terms, re-leasing costs, operating expenditure and future capital expenditure. We agreed the passing rental income in the valuations to the audited passing rental income.
	  • Tested the mathematical accuracy of valuations.
	  • Involved our real estate valuation specialists to assist with the assessment of the valuation assumptions and methodologies.
	  • Where relevant we compared the valuation against comparable transactions utilised in the valuation process.
	  • Evaluated the suitability of the valuation methodology based on the type of asset.
	  • Assessed the qualifications, competence and objectivity of the valuers.

Equity Accounted Investment in Abacus Storage King

Why significant	How our audit addressed the key audit matter
The de-stapling of Abacus Storage Property Trust (ASPT) and Abacus Storage Operations Limited (ASOL) and the listing of a new Self Storage REIT, Abacus Storage King ('ASK'), with ASOL as the nominated parent entity, was implemented in early August 2023. ASK is externally managed by Abacus Group and following the de-stapling Abacus Group retained a 19.9% stake in ASK. Upon de-stapling the Group's investment in ASK was classified as an equity accounted investment, in accordance with AASB 128 *Investment in Associates and Joint Ventures*, in the Group's financial statements. Management have prepared an analysis outlining the accounting treatment. We considered this a key audit matter due to the significance of the transaction to the Group during the financial year ended 30 June 2024, the complexity of the deconsolidation procedures, the carrying value of the investment in ASK and the required disclosures in the financial statements. For the same reasons we consider it important that attention is drawn to the disclosure in Note 7 to the financial statements, which describes the equity accounted investment in ASK as at 30 June 2024.	Our audit procedures included the following: • We assessed the appropriateness of the accounting treatment of the investment in ASK as an equity accounted investment with reference to AASB 128 *Investment in Associates and Joint Ventures*. • We agreed the loss on the deconsolidation to the supporting calculation prepared by management and performed procedures to assess the accuracy of the calculation. • We assessed the adequacy of disclosures of the de-stapling transaction and the Group's investment in ASK in the financial report. • We performed procedures to assess the fair value of investment properties held within ASK. The procedures we performed were consistent with the procedures outlined in the Investment Properties key audit matter section. • We have reviewed the recognition of the equity accounted result for the period and management's assessment of the year-end carrying value of the investment in ASK.

Information other than the financial report and auditor's report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2024 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001;*

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001; and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and are free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 50 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Abacus Group Holdings Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
Sydney
23 August 2024

ADDITIONAL INFORMATION

Number of holders of ordinary full paid securities	9,117
Number of holders holding less than a marketable parcel or ordinary fully paid stapled securities	1,166
Voting rights attached to ordinary fully paid stapled securities.	One vote per security

Top 20 largest security holdings as at 31 July 2024

HOLDER NAME	NUMBER OF SECURITIES	% ISSUED SECURITIES
CALCULATOR AUSTRALIA PTY LIMITED	395,545,894	44.26%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	120,953,746	13.53%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	102,481,708	11.47%
CITICORP NOMINEES PTY LIMITED	61,732,816	6.91%
CALCULATOR AUSTRALIA PTY LIMITED	51,192,965	5.73%
ARYM INVESTMENT HOLDINGS PTY LTD	14,600,000	1.63%
BNP PARIBAS NOMS PTY LTD	11,200,337	1.25%
NATIONAL NOMINEES LIMITED	6,870,813	0.77%
CHARTER HALL WHOLESALE MANAGEMENT LIMITED	5,750,000	0.64%
BNP PARIBAS NOMINEES PTY LTD	5,257,999	0.59%
BNP PARIBAS NOMINEES PTY LTD	4,064,295	0.45%
SOLIUM NOMINEES (AUS) PTY LTD	3,876,701	0.43%
CHARTER HALL WHOLESALE MANAGEMENT LIMITED	3,597,461	0.40%
CITICORP NOMINEES PTY LIMITED	1,838,065	0.21%
IOOF INVESTMENT SERVICES LIMITED	1,417,835	0.16%
NETWEALTH INVESTMENTS LIMITED	1,051,734	0.12%
QUIXLEY FINANCE PTY LIMITED	938,439	0.11%
CHARTER HALL WHOLESALE MANAGEMENT LTD	775,000	0.09%
MR STEVEN CRAIG SEWELL	763,108	0.09%
AKAT INVESTMENTS PTY LIMITED <TAG FAMILY - CORE	750,000	0.08%
Total Securities of Top 20 Holdings	**794,658,916**	**88.92%**
Total of Securities	**893,657,633**	

Spread of securities as at 31 July 2024

RANGE	HOLDERS	NUMBER OF SECURITIES	% ISSUED SECURITIES
1-1,000	2,068	898,329	0.10
1,001-5,000	3,006	8,442,344	0.94
5,001-10,000	1,719	12,731,973	1.42
10,001-100,000	2,211	56,014,913	6.27
100,001-9,999,999,999	113	815,570,074	91.26
Totals	9,117	893,657,633	100.00

Substantial security holder notices

SECURITY HOLDER	NUMBER OF SECURITITES
Calculator Australia Pty Limited	446,738,859