

ABACUS PROPERTY GROUP

FY20 Results Presentation

18 August 2020



Abacus platform FY20 overall



TOTAL ASSETS

A\$3.3bn
↑18.2% on FY19

WEIGHTED AVERAGE CAP RATE

6.00%^{1,2}
↓29bps on FY19

GEARING

26.5%
↑240bps on FY19

FFO

\$124.6m
↓3.6% on FY19

FFO EPS

19.38cps
↓13.0% on FY19

DPS

18.50cps
flat on FY19

NET TANGIBLE ASSETS

\$3.32ps³
↓0.3% on FY19

STATUTORY PROFIT

\$84.7m
↓58.2% on FY19

1. Includes equity accounted investments
2. Office portfolio 5.47%, Self Storage portfolio 6.58%
3. Includes right-of-use property assets and lease liabilities of \$2.3 million

FY20 highlights

Abacus is positioned as a strong asset backed, annuity style investment house focused on the ownership and management of Office and Self Storage assets

- During the year, successfully deployed \$820m¹ of capital into key sectors of Office and Self Storage, funded with proceeds from divestment of non-core assets, equity raising (July 2019) and debt
- Increased Self Storage exposure (39% of total assets²) with:
 - Additional locations and investment into existing assets
 - Strategic stake in Self Storage AREIT at attractive pricing
- Maintained strong Balance Sheet (low range gearing) and high liquidity (increased bank facility on attractive terms)
- Focus on active asset management
 - 12.5% growth in net property rental income to \$129.2 million
 - Storage +14.8%
 - Commercial +10.9%
 - Like-for-like Commercial portfolio rent growth of 3.2%
 - Flat like-for-like Self Storage portfolio RevPAM growth³

1. Includes investments exchanged but not settled during FY20

2. Excludes investments in cash and other assets

3. Across established portfolio – 57 facilities traded since FY18



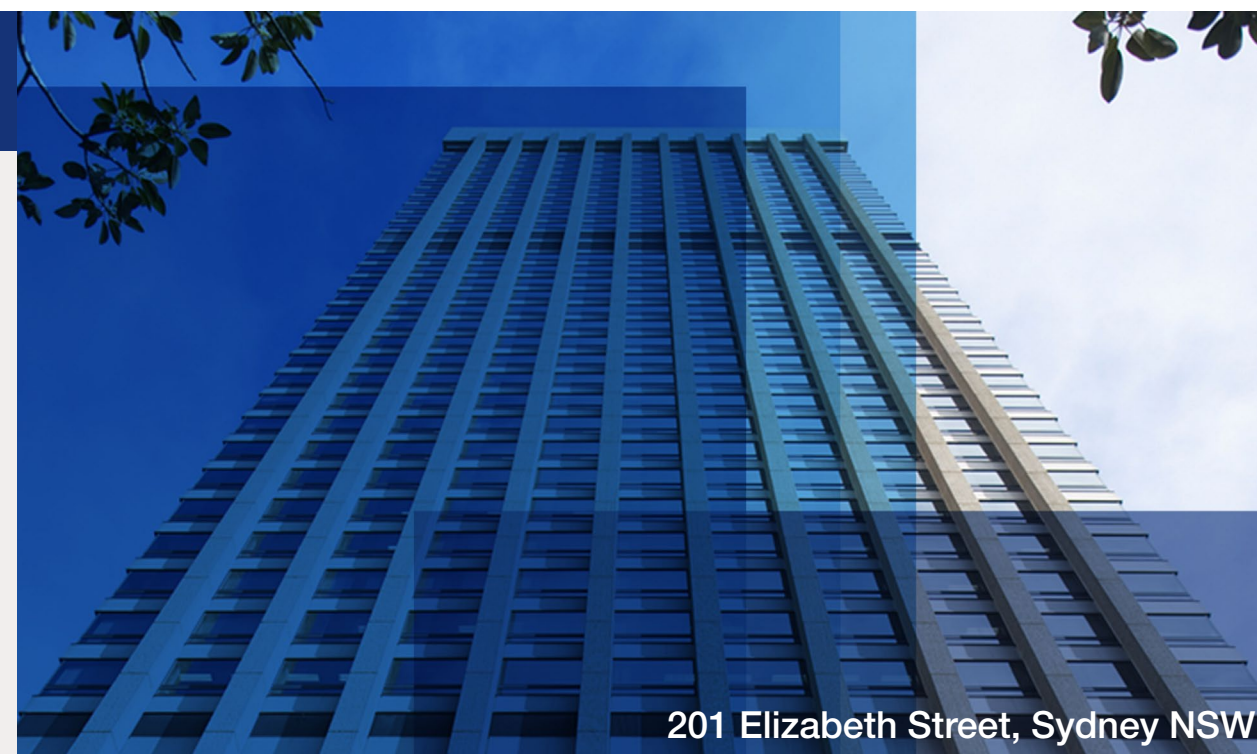


SUPPORTING OUR TEAM AND CUSTOMERS

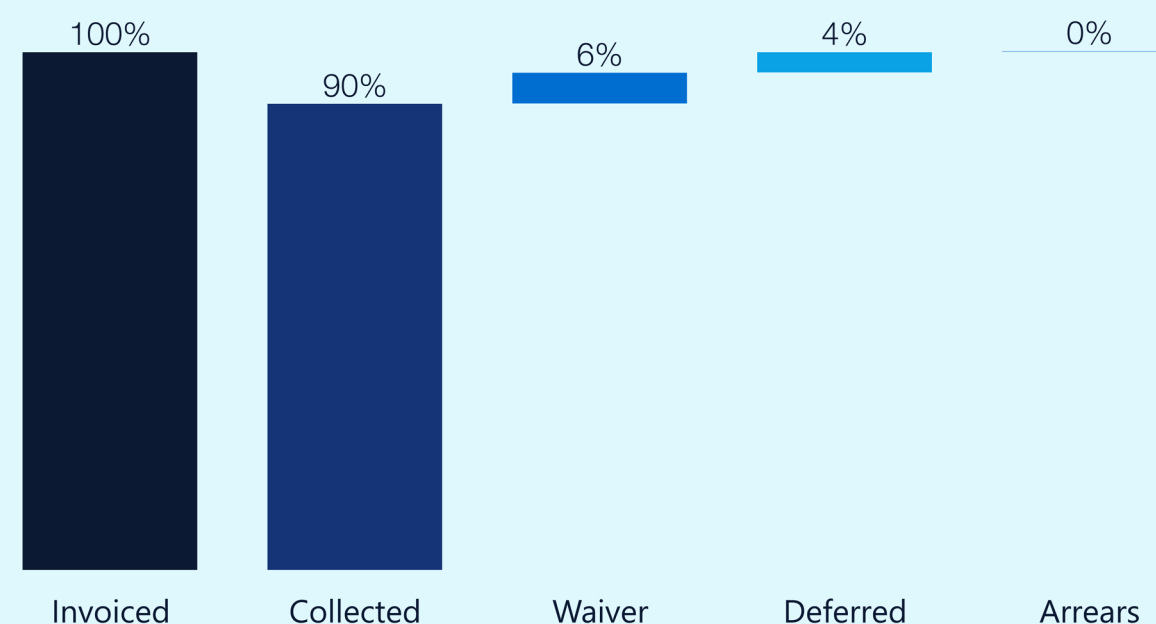
- Focus on providing safe, secure and healthy; workspaces for our team and tenants, public areas and storage facilities
- Communication directly to all tenants
 - Ongoing as COVID-19 situation evolves
- Centralised collection, review and decision making possible

	OFFICE	SELF STORAGE	RETAIL
Proportion of total assets ¹	48%	39%	6%
Proportion of Q4 rents collected	90%	98%	49%
Waivers provided	\$1.7m	\$0.3m	\$0.7m
SME ² exposure (by number)	59%	N/A	77%
SME ² exposure (by income)	28%	N/A	49%

1. Excludes investments in cash and other assets
2. Small and medium sized enterprises



Q4 Office rent collection (April – June 2020)



Balance sheet allocation



\$820 million of capital deployment into Office and Self Storage sectors enhance portfolio quality and stability of income

JUNE 2020

\$3.3 billion of
Total Assets¹

Core
\$2.9 billion

94%

Non-core
\$183 million

6%

 Office \$1,493m

 Residential \$183m

 Self Storage \$1,208m

 Retail \$198m

 Industrial \$37m

JUNE 2019

\$2.8 billion of
Total Assets¹

Core
\$2.3 billion

87%

Non-core
\$334 million

13%

 Office \$1,078m

 Residential \$334m

 Self Storage \$908m

 Retail \$238m

 Industrial \$99m

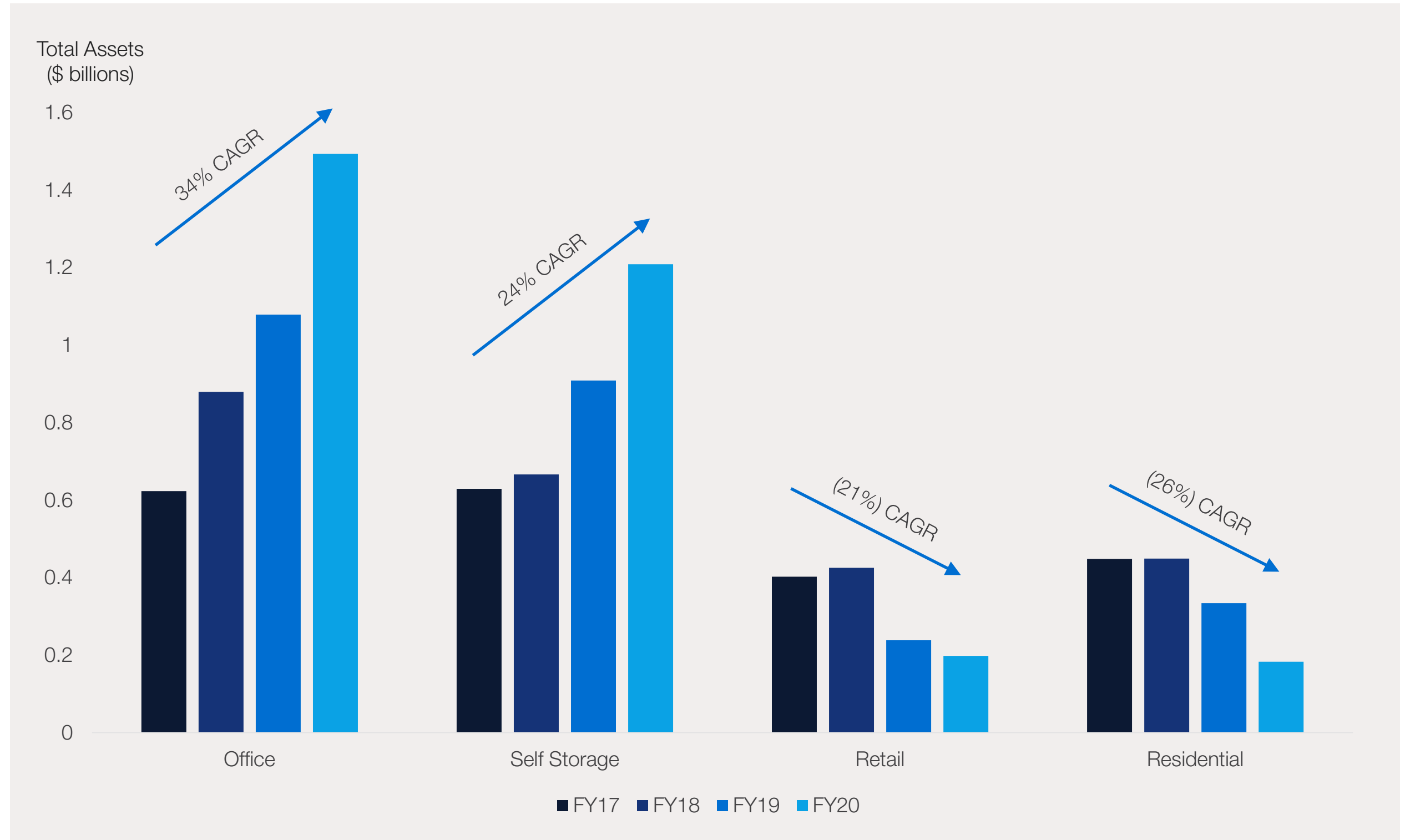
1. Includes investments in cash and other assets not pictured above

Note: Post balance date final tranche settlement of 201 Elizabeth Street, Sydney NSW will add \$50.4 million (expected on 20 August 2020)

Portfolio composition transitions



Capital recycling into key focus sectors of Office and Self Storage



Financial results

FY20 key financial metrics



KEY FINANCIAL METRICS	FY20	FY19
AIFRS statutory profit	\$84.7m	\$202.7m
Funds from operations (FFO)	\$124.6m	\$129.2m
FFO per security (WAV securities on issue)	19.38c (643m)	22.28c (580m)
Distributions per security	18.50c	18.50c
Cashflow from operating activities	\$205.4m	\$109.1m

Result highlights in FY20:

- FFO down 3.6% to \$124.6 million (due to reduced contribution from non-core sectors)
 - Commercial portfolio FFO contribution increased 18.2% to \$70.2 million
 - Self Storage portfolio FFO contribution increased 21.1% to \$60.2 million
- Established¹ Self Storage portfolio of \$742 million yielding 6.2% on an annualised basis
- FY20 distribution per security held at FY19 level

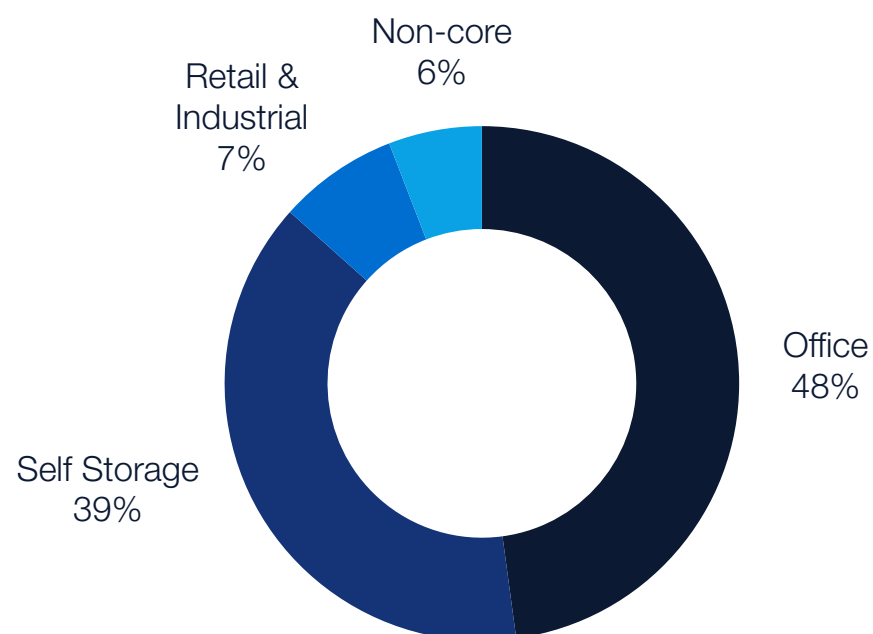
1. Established portfolio – 57 facilities traded since FY18

Balance sheet – FY20



- NTA per security¹ down 0.3% to \$3.32
- Balance sheet gearing at 30 June 2020 was 26.5%
- Completion of a \$250 million institutional placement in July 2019 and deployment of capital into key sectors
- Post balance date bank facility limit increase of \$247m on terms below the current weighted average cost of debt
- Anticipate FY21 cost of debt to be no greater than 3.5%

TOTAL ASSETS⁴



KEY FINANCIAL METRICS	FY20	FY19
NTA per security ¹	\$3.32	\$3.33
Abacus total assets	\$3,342m	\$2,828m
Net tangible assets ¹	\$2,171m	\$1,934m
Average cost of drawn debt	3.0%	4.0%
Gearing ²	26.5%	24.1%
Gearing ratio calculated for covenant measures ³	31.9%	28.6%
Debt term to maturity	3.9 yrs	5.3 yrs

1. Excludes external non-controlling interests of \$5.0 million (FY19: \$4.7 million) and includes right-of-use property assets and lease liabilities of \$2.3 million

2. Bank debt minus cash divided by total assets minus cash. If joint venture and fund assets and debt are consolidated proportionately based on Abacus' equity interest, look through gearing is 27.8%

3. Covenant gearing calculated as total liabilities (net of cash) divided by total tangible assets (net of cash)

4. Excludes investments in cash and other assets

Investment portfolio – valuation



INVESTMENT PORTFOLIO ²	FY20 Valuation \$m	FY19 Valuation \$m	FY20 weighted average cap rate	FY19 weighted average cap rate
Office (24 assets)	\$1,493	\$1,078	5.47%	5.71%
Self Storage (81 assets)	\$1,208 ³	\$908	6.58%	6.91%
Other (6 assets)	\$235	\$337	6.42%	5.95%
Total Abacus investment portfolio	\$2,936	\$2,323	6.00%	6.29%

- 54% of Commercial investment properties and 62% of Self Storage facilities were independently valued during the year
- The revaluation process for Abacus resulted in a net decrease in investment property values for FY20 of \$41.2 million
 - Gain of \$27.9 million or 2.8% across the Self Storage portfolio
 - Loss of \$69.1 million or 4.1%¹ across the Commercial portfolio
- Cap rates were mixed across the investment portfolio
 - Self Storage cap rates compressed marginally
 - Office cap rates were steady for the half while valuations were negatively impacted by extended downtime and lower rental growth assumptions due to COVID-19

1. Excluding acquisition costs, the loss was 2.7%

2. Includes assets acquired under our third party capital platform, inventory and PP&E

3. Cap rate applied to \$1,041 million of Self Storage Investment Properties

FY20 Operating Performance

Office – snapshot



OFFICE \$1.5 billion (48% of total assets¹)

91.5%
Occupancy

2.3%
LFL income growth

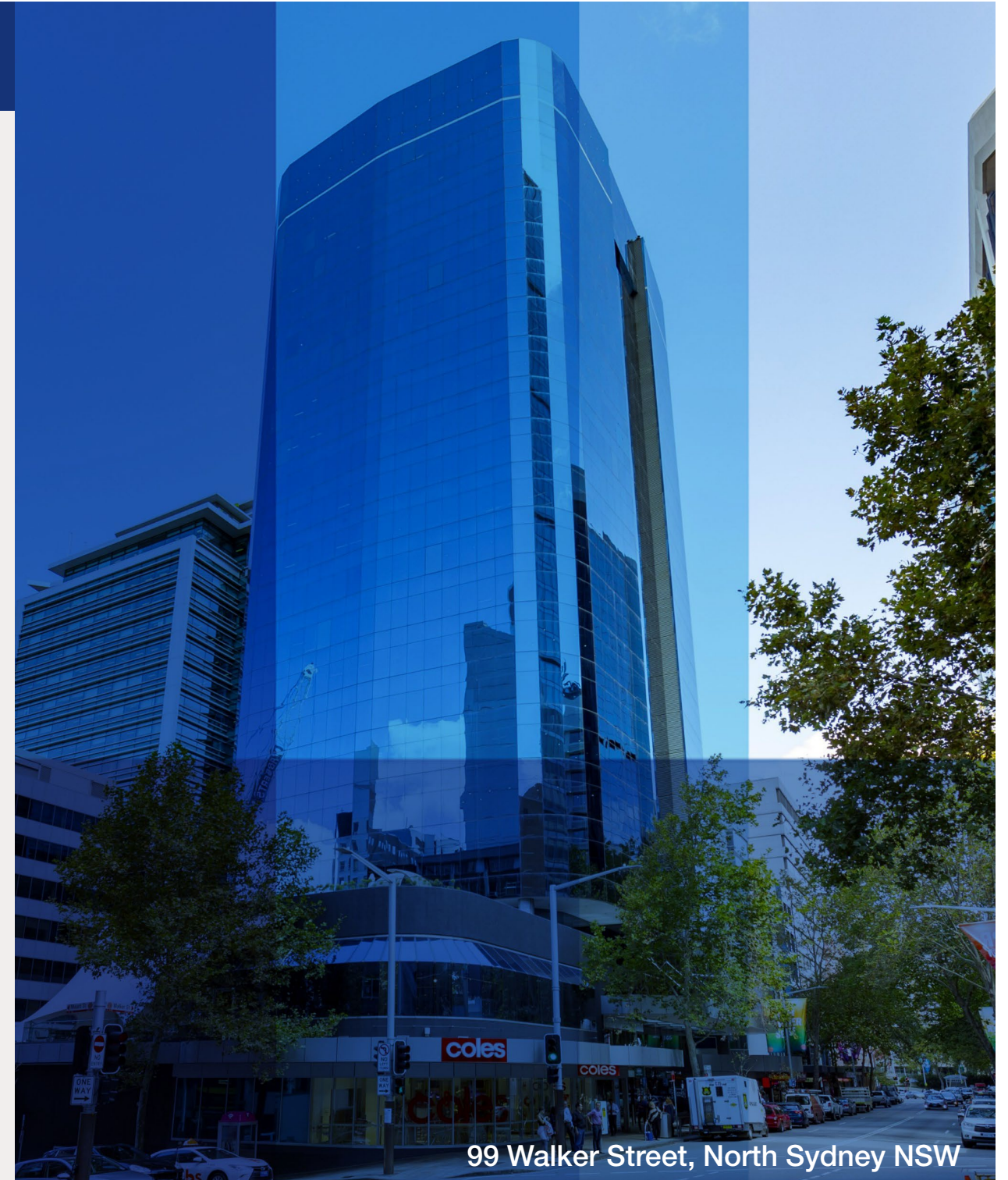
3.6 years
WALE

5.47%
WACR

24
Properties

c.330
Customers

1. Excludes investments in cash and other assets



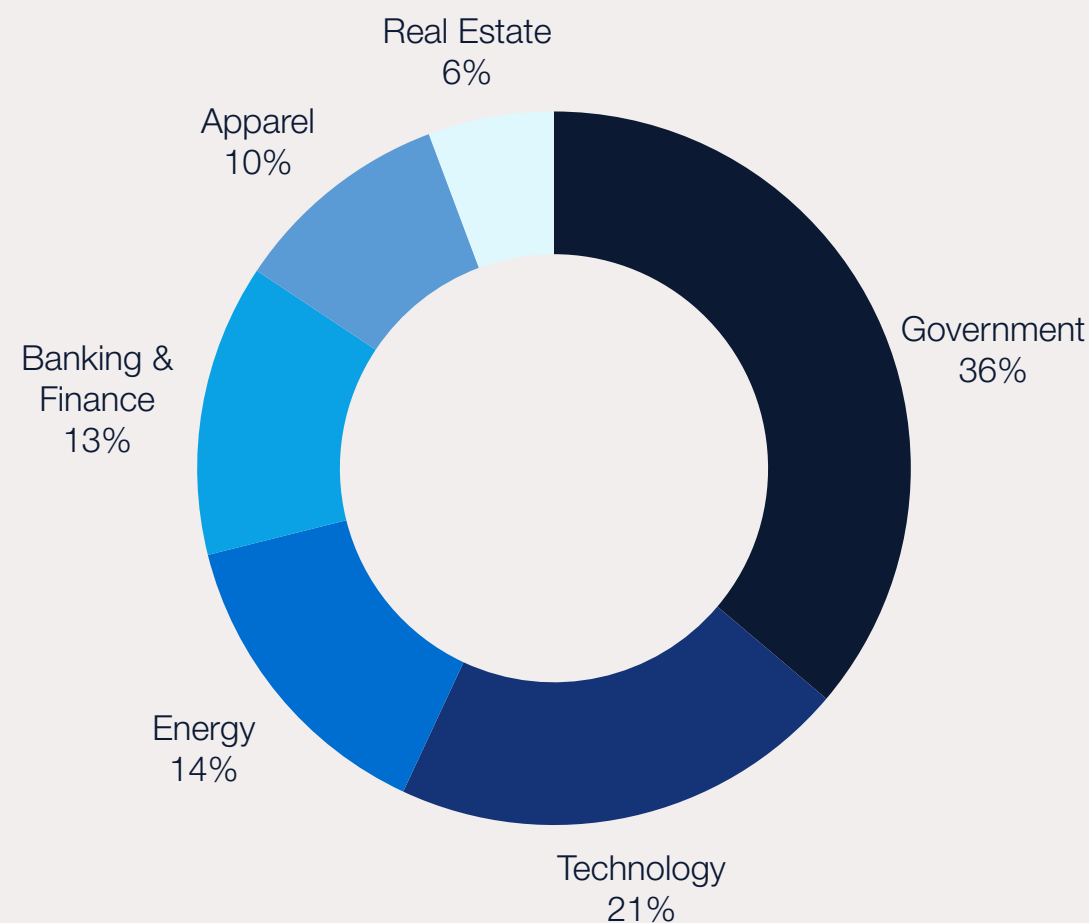
99 Walker Street, North Sydney NSW

Office – leasing metrics



Abacus Office portfolio offers affordable rents with a clear path to rental growth

TOP TEN OFFICE CUSTOMERS¹ REPRESENT 27% OF OFFICE INCOME



19,000 sqm
leased in FY20

76% new
24% renewals

28%
average incentive

31% on new deals
17% on renewals

5.1%
leasing spreads

5.4% on new deals
3.4% on renewals

3.6%
average rent review

96% fixed
4% CPI

\$531² psm
average rent

\$671 average CBD² rent
\$363 average fringe² rent

1. Based on Abacus ownership
2. Sydney and Melbourne

Self Storage – snapshot



Abacus, a long term owner of a portfolio of Self Storage locations across Australia and New Zealand



Storage King, Brookvale NSW

SELF STORAGE \$1.2 billion (39% of total assets¹)

6.2%
Passing yield²

88.1 %
Occupancy²

0.0%
RevPAM growth²

70%
Assets located in Top 3
Significant Urban Areas³

\$248
RevPAM²

\$281
Average rent psm²

1. Excludes investments in cash and other assets
2. Established portfolio – 57 facilities traded since FY18
3. As defined by the Australian Bureau of Statistics. Top 3 markets by size are Sydney, Melbourne and Brisbane

Self Storage – occupancy¹ rebounds



1. Like-For-Like pool comprises 55 established assets – 2 assets excluded due to major extensions undertaken during the period

Self Storage – portfolio additions



ACQUISITIONS

- Disciplined, metro acquisition strategy with a strong pipeline
 - 96% (by value) metro/suburban
- \$141¹ million of Self Storage acquisitions settled with a further \$49 million exchanged during FY20
 - 73% (by value) sourced via Storage King relationship
- Investment into listed Self Storage AREIT (8.1% of securities on issue)
 - At attractive pricing
 - Key sector



DEVELOPMENTS

- Over 16,000 square metres of net lettable area delivered across three new developments in Brookvale (Sydney), Macquarie Park (Sydney) and Stafford (Brisbane)
- Five existing store expansions completed, providing an additional 7,750 square metres of net lettable area
- Development pipeline of over \$75 million will deliver more than 55,000sqm of NLA
- Includes 6,750sqm of additional net lettable area to be generated from expansions across the existing portfolio

Image on left is of Storage King, Narellan NSW
Image on right is of Storage King, Brookvale NSW
1. Includes \$6m of PP&E

Retail – super convenience and other



Market Central Lutwyche, Brisbane QLD

RETAIL \$198 million¹ (6% of total assets²)

\$198m
Abacus investment

93.4%
Occupancy

5.2 years
WALE

6.09%
WACR

ASSET	VALUE ³ (\$m)	NLA (SQM)	KEY TENANTS	STATUS
Ashfield, Sydney NSW	193	24,976	Coles, Aldi, Woolworths, Kmart	Core hold – co-ownership
Lutwyche, Brisbane QLD	139	23,494	Coles, Aldi, Woolworths	Core hold – co-ownership

1. Includes equity accounted investment in Oasis, Broadbeach QLD
2. Excludes investments in cash and other assets
3. 100% value. Note Abacus share is 50%

Non-core asset disposals



Abacus continues to successfully execute on its stated strategy to realise legacy exposures

- Non-core assets now represent 6% of total assets¹
- Land and mortgages
 - Continue to recycle capital from legacy investments
 - Refinanced or sold over \$150 million of residential land and mortgages (including Riverlands²)
 - At Camellia and our remaining parcel at Riverlands, Milperra we will continue value enhancement activity – including gazettal, planning approvals, sub-division – and aim for optimal market conditions in which to realise our equity

1. Excludes investments in cash and other assets

2. Exchanged 16ha (total site 81ha) for total consideration of \$92 million with \$45m received in January 2020 and additional payment of c.\$47m to be received in October 2020

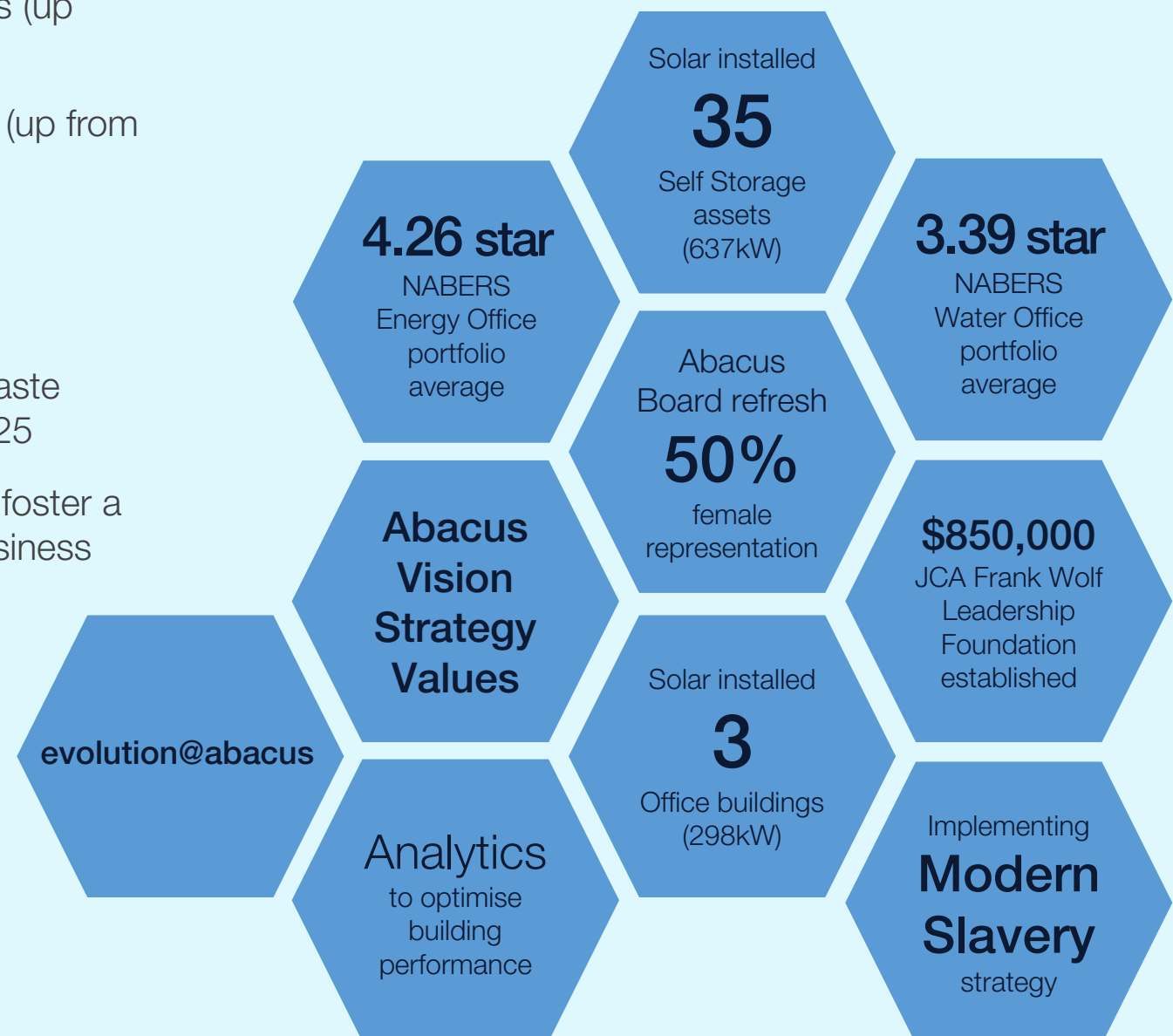
Sustainability – embedded in how we conduct business



Actively exploring opportunities and managing risks

- Office portfolio NABERS Energy average of 4.26 stars (up from 4.1 stars at FY19)
- Office portfolio NABERS Water average of 3.39 stars (up from 3.2 stars at FY19)
- Development of COVIDsafe plans
- Sustainability reporting platform implementation
- Development of office and retail energy, water and waste improvement pathways and targets for FY22 and FY25
- Digital and Innovation working groups established to foster a culture of innovation and collaboration across the business

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



Summary & outlook

Outlook

Abacus following considerable effort and successful execution of a strategic repositioning is positioned as a strong asset backed, owner and manager with a focus on the Office and Self Storage sectors

- 87% of total assets¹ deployed in key sectors of Office and Self Storage
- The size, nature and market positioning of these key sector investments will permit the Group to deliver recurring income and value creation over the medium to long term
- Abacus has no present intention in respect of its position in a listed Self Storage REIT other than as a long term hold in a key sector
- Continued emphasis and focus on collaboration with our asset and operating partners and customers to provide a safe and secure environment in light of the evolving COVID-19 situation
- Given current market conditions, the Abacus Board expects that the distribution for FY21 will reflect a payout ratio of between 85 – 95% of FFO

1. Excludes investments in cash and other assets



Questions

Abacus Property Group

FY20 Data Pack

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About Abacus



Abacus Property Group (ASX:ABP), is a diversified Australian REIT with an investment portfolio concentrated in the Office and Self Storage sectors. We invest capital in real estate opportunities to deliver superior long term returns and maximise securityholder value.

Abacus' key focus is being a strong asset backed, annuity style business model where capital is directed towards assets that provide potential for enhanced income growth and ultimately create value. Our people, market insight and repositioning capability together with strategic partnering are the key enablers of our strategy.

Abacus was established in 1996 and listed on the ASX in 2002. Abacus is included in the S&P/ASX 200 index.

Segment earnings



	COMMERCIAL	SELF STORAGE	PROPERTY DEVELOPMENT	OTHER	FY20 TOTAL	FY19 TOTAL
Rental income	107.1	88.6			195.7	173.8
Finance income ¹			46.5	0.3	46.8	42.2
Fee income	5.0				5.0	8.4
Share of profit from equity accounted investments ^{2, 3}	6.5	0.8	2.4		9.7	13.4
Sale of inventory			8.8	6.6	15.4	47.8
Other income	1.6	5.0			6.6	20.3
Total Underlying Revenue	120.2	94.4	57.7	6.9	279.2	305.9
Expenses	(31.9)	(34.2)		(0.1)	(66.2)	(60.5)
Impairment			(3.8)	(1.1)	(4.9)	-
Cost of inventory			(7.8)	(4.9)	(12.7)	(36.7)
Segment result before corporate overheads	88.3	60.2	46.1	0.8	195.4	208.7
Administrative and other expenses	(18.1)		(7.8)		(25.9)	(33.9)
Underlying EBIT	70.2	60.2	38.3	0.8	169.5	174.8
Finance costs					(23.0)	(28.6)
Tax expense					(21.6)	(13.9)
Non-controlling interests				(0.3)	(0.3)	(3.1)
Funds from Operations	70.2	60.2	38.3	0.5	124.6	129.2
Depreciation and amortisation	(3.4)	(1.5)			(4.9)	(2.9)
Rent straight-lining, incentives, movement in lease liabilities & impairments	(0.7)		1.4	(0.2)	0.5	(6.4)
Gains / (losses) in divestments	(0.1)				(0.1)	13.6
Tax benefit / (expense) on FFO items					4.6	(2.2)
Change in fair value of investments, derivatives					(40.0)	61.8
Net Profit attributable to Abacus securityholders					84.7	193.1

1. Fee and interest on loans includes \$22 million of profit share associated with realisation of loans

2. Distributions from joint ventures

3. Excludes fair value gain of \$1.2 million

Segment balance sheet



	PROPERTY INVESTMENT (\$m)	PROPERTY DEVELOPMENT (\$m)	OTHER (\$m)	FY20 (\$m)	FY19 (\$m)
Commercial investment properties	1,612.2			1,612.2	1,221.0
Self Storage investment properties	1,040.7			1,040.7	841.5
PP&E, equity accounted and other investments, financial and other assets	282.9	0.5	61.6	345.0	274.4
Loans		136.4		136.4	310.8
Inventory		45.8	2.2	48.0	58.6
Cash and cash equivalents			127.3	127.3	89.0
Goodwill and intangibles			32.4	32.4	32.4
Total assets	2,935.8	182.7	223.5	3,342.0	2,827.7
Interest bearing liabilities				1,009.8	744.5
Other liabilities				125.5	117.8
Total liabilities				1,135.3	862.3
Net assets				2,206.7	1,965.4



Net tangible asset reconciliation

	FY20	FY19
Net assets	2,206.7	1,965.4
<i>Less</i>		
Total external non-controlling interest	(5.0)	(4.7)
Total stapled securityholders' interest in equity	2,201.7	1,960.7
<i>Less</i>		
Intangible assets and goodwill	(32.4)	(32.4)
Deferred tax assets/liabilities (net)	1.9	5.3
Total net tangible assets¹	2,171.2	1,933.6
Securities on issue	653.5	580.6
Net tangible assets per security	3.32	3.33

1. Includes right-of-use property assets and lease liabilities of \$2.3 million

Debt facilities

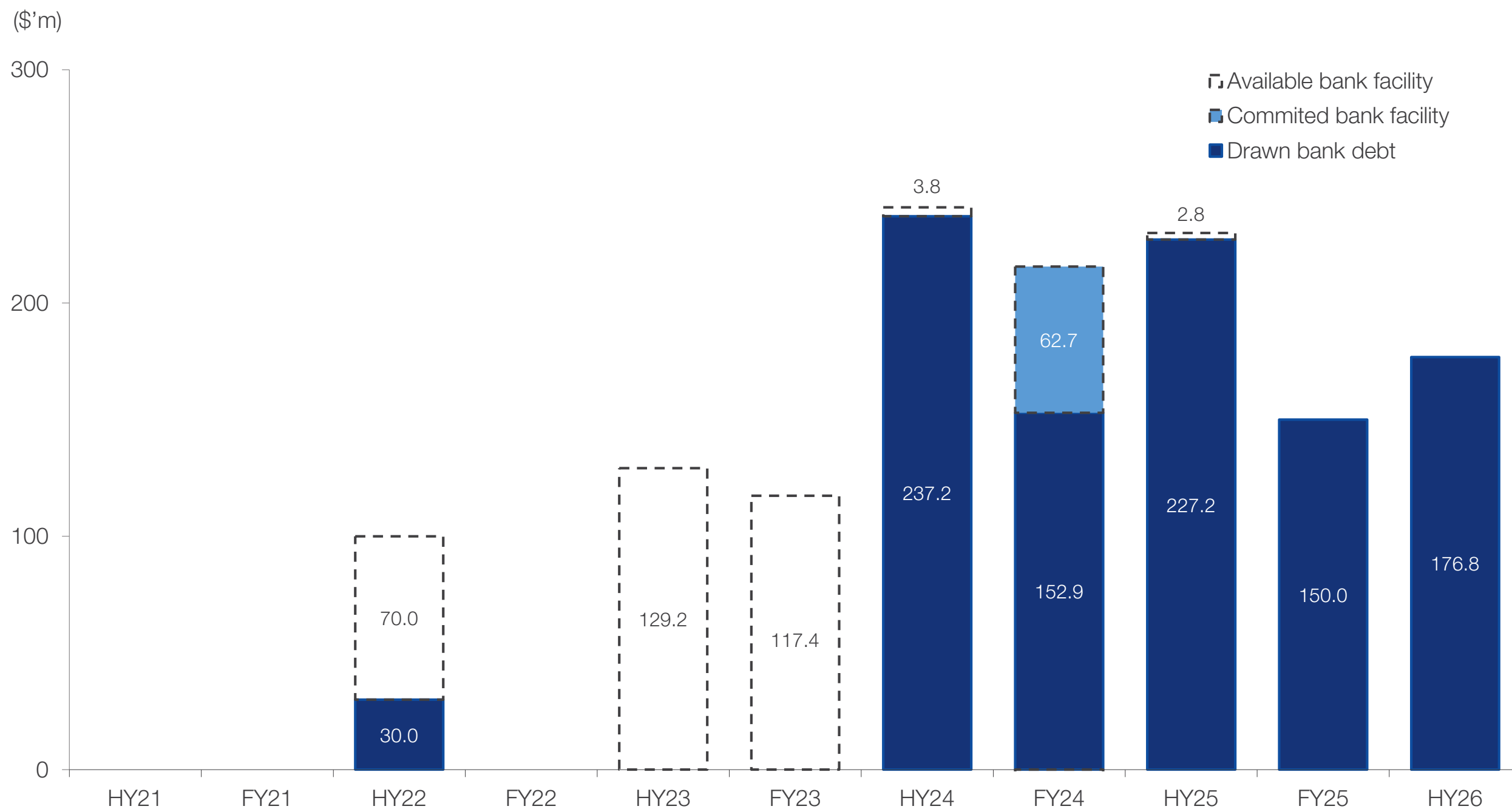


CAPITAL MANAGEMENT METRICS	FY20	FY19
Total bank debt facilities	\$1,113m	\$1,048m
Total bank debt drawn	\$974m	\$711m
Term to maturity	3.9 yrs	5.3 yrs
% hedged	48%	50%
% hedged of total debt facilities	42%	34%
Weighted average hedge maturity	2.3 yrs	2.6 yrs
Average cost of debt – drawn	3.0%	4.0%
Average cost of debt – fully drawn	2.6%	3.7%
Group gearing ¹	26.5%	24.1%
Look through gearing ²	27.8%	26.4%
Gearing calculated for covenant measures / covenant	31.9% / 50%	28.6% / 50%
Interest Coverage Ratio / covenant	7.6x / 2.0x	6.6x / 2.0x

1. Abacus max target group gearing of up to 35%

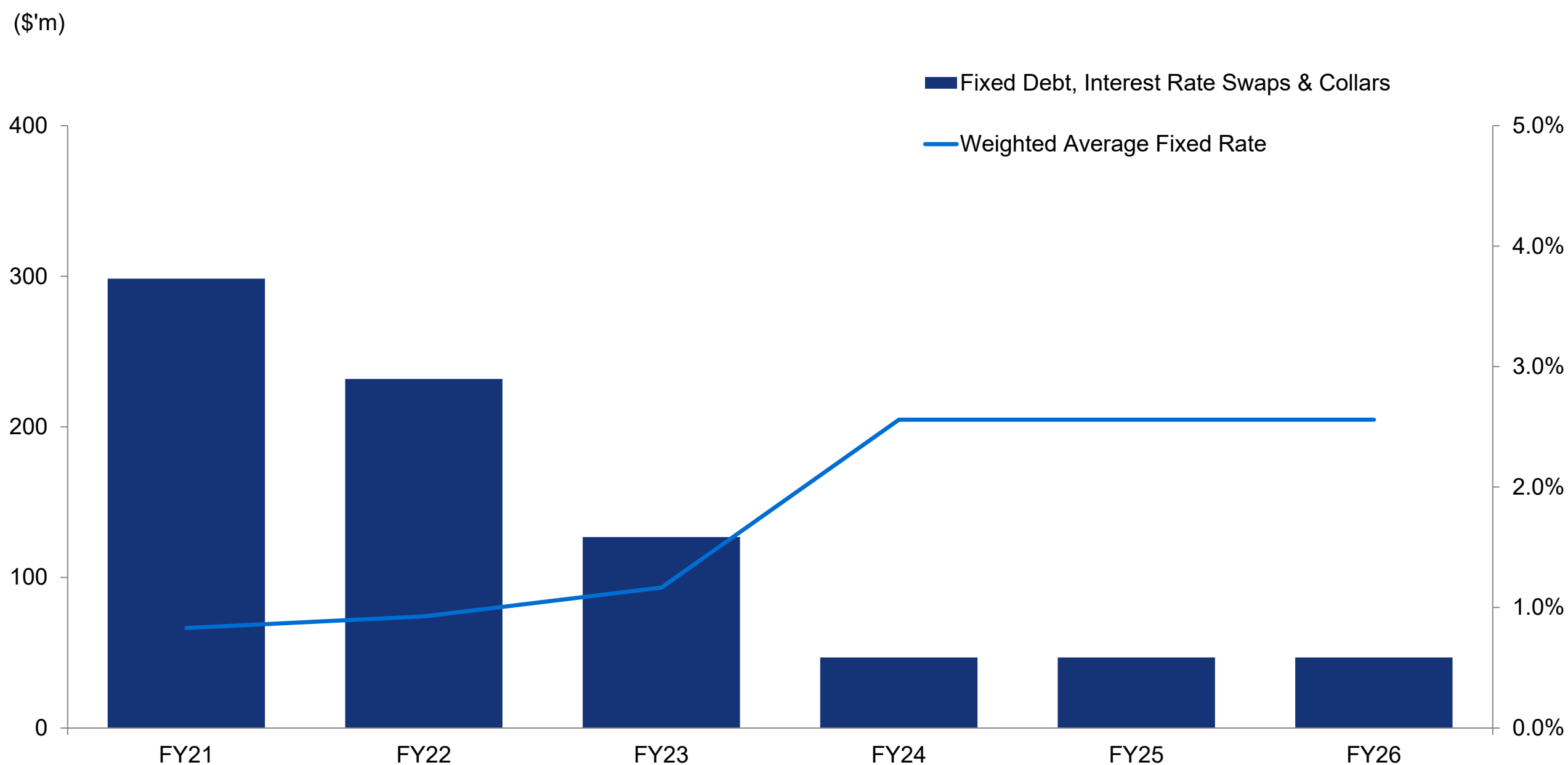
2. Includes joint venture and fund assets and debt consolidated proportionately with Abacus' equity interest

Debt maturity profile as at 30 June 2020¹



1. Includes post balance date facility limit increase of \$246.6m

Fixed hedging maturity profile as at 30 June 2020



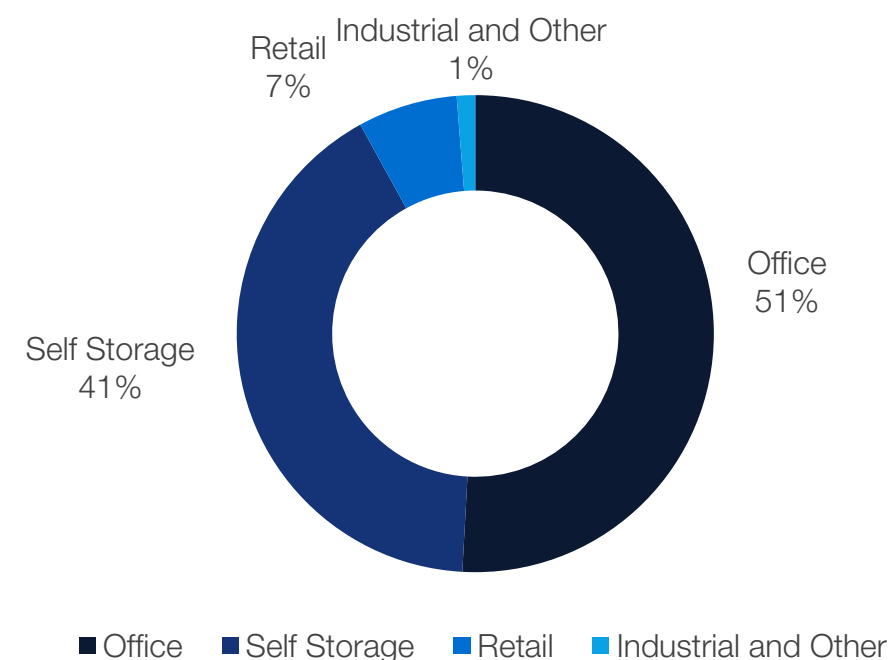
Investment portfolio metrics



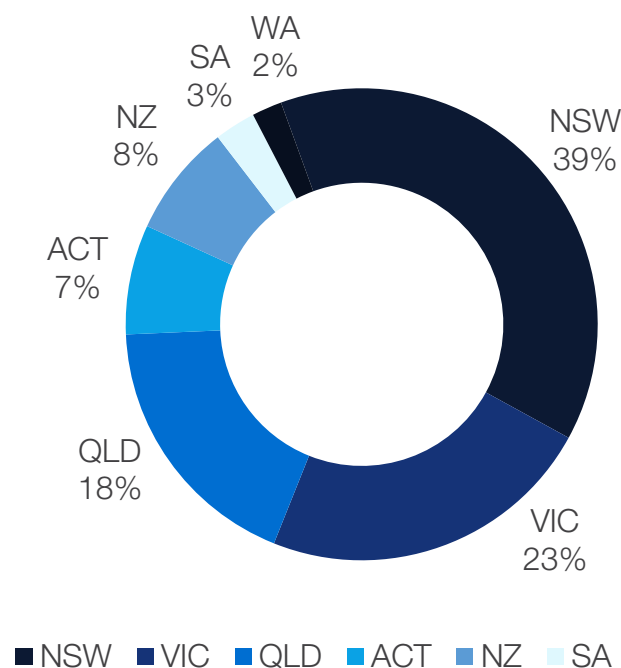
PORTFOLIO METRICS FY20	OFFICE	SELF STORAGE	OTHER	TOTAL
Value ¹ (\$m)	1,493	1,208	235	2,936
No. of assets	24	81 ²	6	111
NLA (sqm) ³	148,670	383,010	71,960	603,640
WACR ¹ (%)	5.47	6.58	6.42	6.00
Occupancy ³ (% by area)	91.5	88.1 ⁴	94.9	
Average rent psm ³ (A\$)	517	281 ⁴	291	
WALE ³ (yrs by income)	3.6			
Like-for-like rental growth	2.3			

1. Includes equity accounted investments
2. Includes 5 development assets
3. Excludes development assets
4. Average over financial year (by area) of all established assets

INVESTMENT PORTFOLIO SECTOR DIVERSIFICATION



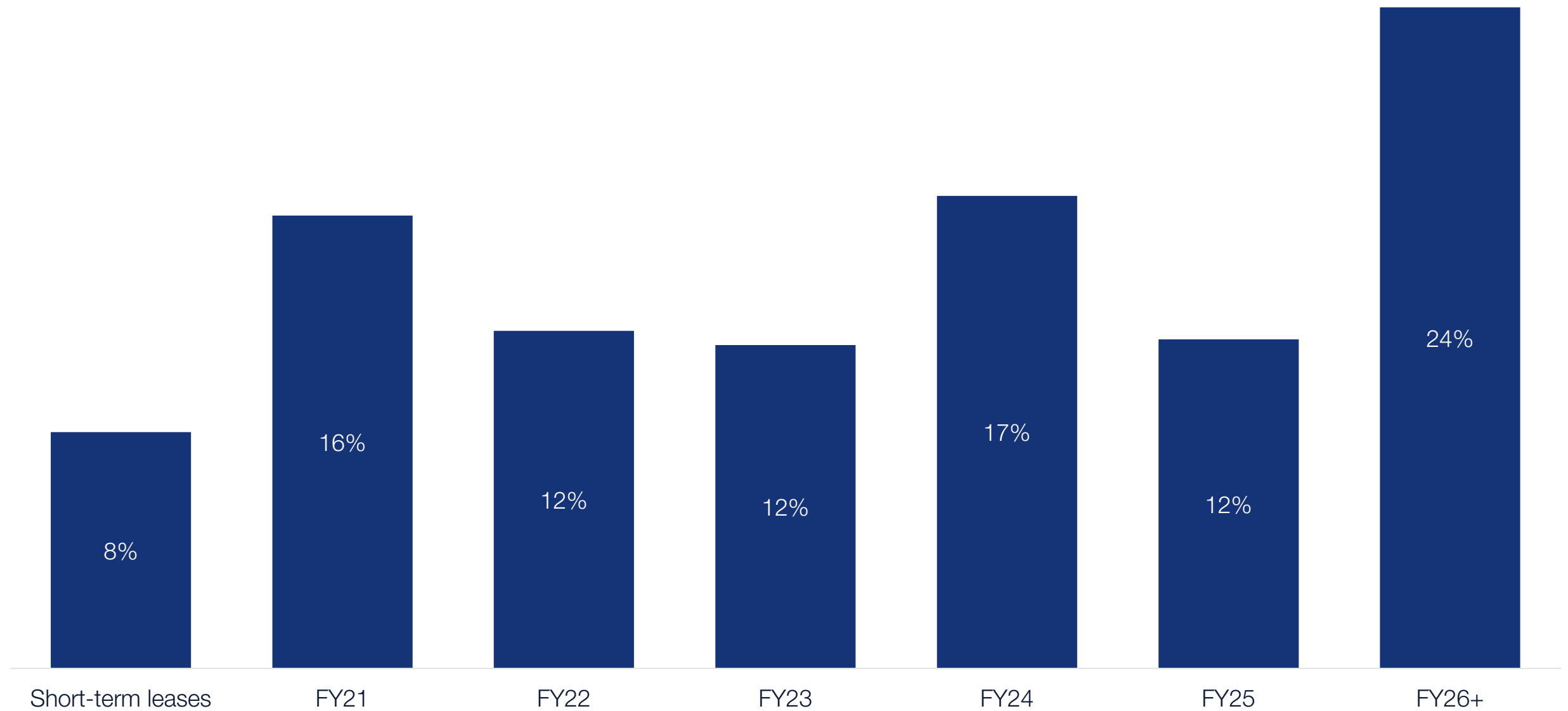
INVESTMENT PORTFOLIO GEOGRAPHIC DIVERSIFICATION



Commercial lease expiry profile



Commercial lease expiry profile by rent



Portfolio revaluations



Revaluation process for Abacus resulted in a net decrease in the investment properties values for FY20 of \$41.2 million

Average cap rate across the Abacus Commercial¹ and Self Storage portfolios were reduced to 5.68% and 6.58% from 5.90% and 6.91% from June 2019 respectively

ABACUS INVESTMENT PORTFOLIO BY SECTOR	VALUATION	WEIGHTED AVERAGE CAP RATE
	30 JUNE 2020 (\$'000)	30 JUNE 2020
Office	\$1,493,340	5.47%
Self Storage	\$1,207,370	6.58%
Other	\$235,070	6.42%
Total investment portfolio	\$2,935,780	6.00%

1. Includes Office and Other

Note: Total managed Office asset value equates to \$2.62 billion, total managed Retail asset value equates to \$506 million

Self Storage metrics

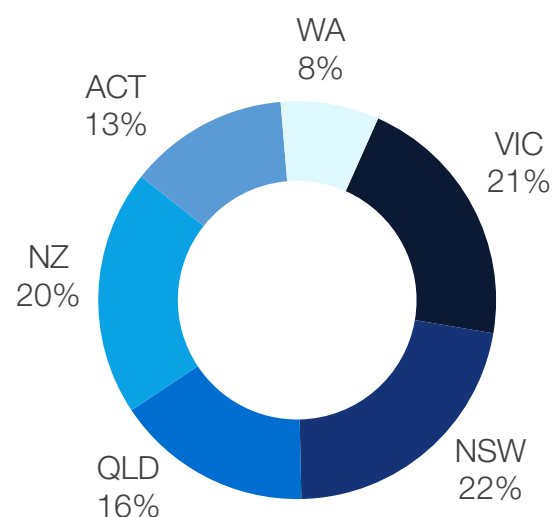


PERFORMANCE METRICS	AUS	NZ	FY20	FY19
Total Assets	66	15	81 ¹	70 ¹
NLA (sqm)	304,980	78,030	383,010	320,901
Occupancy	88.0	88.7	88.1 ²	88.4 ²
Rental Rate (psm)	A\$281	A\$282	A\$281 ²	A\$280 ²
RevPAM	A\$247	A\$250	A\$248 ²	A\$248 ²
WACR	6.58	6.57	6.58	6.91
Value (\$m)	992	216	1,208	908

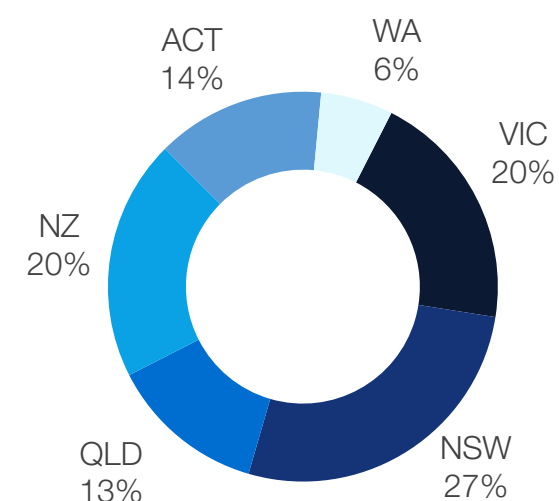
PERFORMANCE METRICS	FY20	FY19
Storage revenue	79.4	68.6
Other revenue	9.2	7.9
Total revenue	88.6	76.5
Storage operating expenses	(34.2)	(29.0)
Operating EBITDA	54.4	47.5
Operating Margin	61%	62%

1. Includes 5 development assets
2. Average over financial year (by area) of all established assets

% NLA Breakdown by State



% Value Breakdown by State



Self Storage development pipeline



We will continue to identify additional development opportunities within our existing portfolio and strategically reinvest subject to market conditions

56,250sqm of identified net lettable area to be developed over the short to medium-term

Anticipated return¹ on invested capital of 9.0%+

NEW STORE PROJECT (SQM)	FY21	FY22	FY23+
Robina (Gold Coast, QLD)	6,500		
Woonona (Wollongong, NSW)	4,500		
Prestons (Sydney, NSW)		6,500	
Rowville (Melbourne, VIC)		5,000	
Deagon (Brisbane, QLD)		5,000	
Epping (Melbourne, VIC)		6,000	
Granville (Sydney, NSW)		7,000	
Sydney Olympic Park (Sydney, NSW)			9,000
Total	11,000	29,500	9,000

SELF STORAGE DEVELOPMENT PROJECT PIPELINE	NLA (SQM)
New stores	49,500
Existing store expansions (under construction)	6,750
Total	56,250

1. Post stabilisation

Residential developments, land and mortgages



PROJECT	TYPE	EQUITY	LOAN	TOTAL	INTEREST RATE	PRIMARY SECURITY	RETURNS
RCL Portfolio NSW ¹	JV/Loan	\$45.8m	\$82.6m	\$128.4m		1st Mortgagee	50% profit share
Doonside NSW	Loan	-	\$9.9m	\$9.9m		1st Mortgagee	50% profit share
Investment Funding Portfolio NSW	Loan	-	\$32.1m	\$32.1m		1st Mortgagee	
Mount Druitt NSW	Loan	-	\$10.4m	\$10.4m		2nd Mortgagee	
Other small projects & investments	-	\$0.5m	\$1.4m	\$1.9m			
Total		\$46.3m	\$136.4m	\$182.7m	10%		

1. Riverlands Stage 1 – exchanged with additional payment of c.\$47m to be received in October 2020

Glossary



TERM	DEFINITION	TERM	DEFINITION
AIFRS	Australian International Financial Reporting Standards	KW	Kilowatt
BPS	Basis points	LFL	Like for like
CAGR	Compound Annual Growth Rate	NABERS	National Australian Built Environment Rating system
CPI	Consumer price index	NLA	Net lettable area
CPS	Cents per stapled security	NTA	Net tangible assets
DPS	Distribution per stapled security	PP&E	Property, plant and equipment
EBIT	Earnings before interest and tax	PS	Per stapled security
EBITDA	Earnings before interest, tax, depreciation and amortisation	PSM	Per square metre
EPS	Earnings per stapled security	RevPAM	Revenue per available square metre
FFO	Funds from operations	SQM	Square metre
FY	Financial year	WACR	Weighted average capitalisation rate
ICR	Interest cover ratio	WALE	Weighted average lease expiry
JCA	Jewish Communal Appeal	WAV	Weighted average value



Important information

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