Abacus Property Group

HY21 Results Presentation

18 February 2021

Platform metrics HY21

TOTAL ASSETS	WEIGHTED AVERAGE CAP RATE	GEARING	NET TANGIBLE ASSETS
A$3.6bn ↑8.2% on FY20	5.82%[1,2] ↓18bps on FY20	18.2% ↓830bps on FY20	$3.26ps[3] ↓1.8% on FY20
STATUTORY PROFIT	FFO	FFO EPS	DPS
$151.8m ↑85.0% on HY20	$60.6m ↓9.9% on HY20	9.06cps ↓14.4% on HY20	8.50cps ↓10.1% on HY20

1. Includes equity accounted investments.
2. Office portfolio 5.56%, Self Storage portfolio 6.08%.
3. Includes right-of-use property assets and lease liabilities of $1.8 million.

HY21 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

- Deployment of over $200 million into key sectors in HY21, funded with debt and divestment of non-core assets
- Following completion of the equity raising in December 2020, Abacus has a solid Balance sheet with low range gearing and high liquidity
- **Self Storage:** Multi-pronged growth strategy has delivered strong HY21 trading performance
  - acquisition of the remaining 75% interest in our operating platform, Storage King
  - 29% growth in Self Storage net property rental income to $34.1 million
  - HY21 rent collection remains high at 99%
- **Office:** Acquisitions, collaboration and active asset management have supported resilient HY21 trading performance
  - over 33,000 sqm of leasing completed with positive spreads
  - 34% growth in Office net property rental income to $34.6 million
  - 96% of HY21 rents collected
  - Post balance date entered development joint venture with Walker Corporation at 710 Collins Street, Melbourne VIC

Balance sheet allocation

DECEMBER 2020

$3.6 billion of Total Assets[1]

Core $3.3 billion	96%	Non-core $135 million	4%
Office	$1,573m	Residential	$135m
Self Storage	$1,501m		
Retail	$200m		
Industrial	$40m		

JUNE 2020

$3.3 billion of Total Assets[1]

Core $2.9 billion	94%	Non-core $183 million	6%
Office	$1,493m	Residential	$183m
Self Storage	$1,208m		
Retail	$198m		
Industrial	$37m		

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

Financial Metrics

HY21 key financial metrics

KEY FINANCIAL METRICS	HY21	HY20
AIFRS statutory profit	$151.8m	$82.1m
Funds from operations (FFO)	$60.6m	$67.3m
FFO per security (WAV securities on issue)	9.06c (669m)	10.59c (635m)
Distributions per security	8.50c	9.45c
Cashflow from operating activities	$46.5m	$98.3m

Result highlights in HY21:

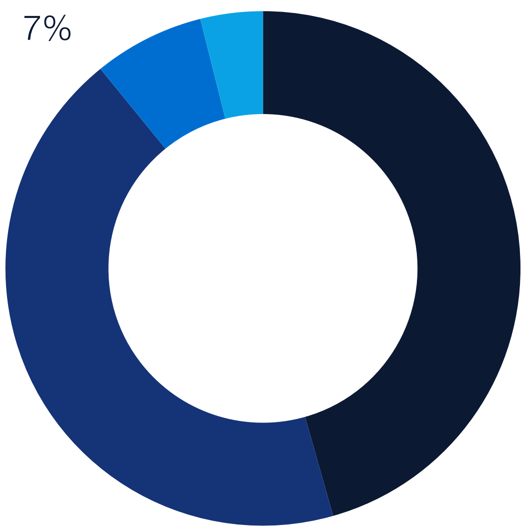
- FFO down 9.9% to $60.6 million (due to reduced contribution from non-core sectors)
  - Commercial portfolio FFO contribution increased 23.9% to $41.5 million
  - Self Storage portfolio FFO contribution increased 17.4% to $31.7 million
- Established[1] Self Storage portfolio of $812 million yielding 6.0% on an annualised basis
- Cashflow includes $11.9 million of tax relating to prior period

1. Established portfolio – 57 facilities traded since FY19.

Balance sheet – HY21

- NTA per security[1] down 1.8% to $3.26
- Balance sheet gearing at 31 December 2020 was 18.2%
- Completion of a $402 million Entitlement Offer in December 2020 following deployment of capital into key sectors
- Bank facility limit increase of $247 million on attractive terms
- Anticipate FY21 cost of debt to be no greater than 2.5%

TOTAL ASSETS[4]



KEY FINANCIAL METRICS	HY21	FY20
NTA per security[1]	$3.26	$3.32
Abacus total assets	$3,617m	$3,342m
Net tangible assets[1]	$2,619m	$2,171m
Average cost of drawn debt	2.2%	3.0%
Gearing[2]	18.2%	26.5%
Gearing ratio calculated for covenant measures[3]	23.8%	31.9%
Debt term to maturity	3.6 yrs	3.9 yrs

1. Includes impact of Entitlement Offer (December 2020) and right-of-use property assets and lease liabilities of $1.8 million. Excludes external non-controlling interests of $5.2 million (FY20: $5.0 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 19.6%.
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]	HY21 Valuation $m	FY20 Valuation $m	HY21 weighted average cap rate	FY20 weighted average cap rate
Office (24 assets)	$1,573	$1,493	5.56%	5.61%
Self Storage (92 assets)	$1,501[3]	$1,208	6.08%	6.58%
Other (6 assets)	$240	$235	6.20%	6.19%
Total Abacus investment portfolio	$3,314	$2,936	5.82%	6.00%

- The revaluation process for Abacus resulted in a net increase in investment property values for HY21 of $93.9 million
  - Gain of $97.5 million or 8.4% across the Self Storage portfolio
  - Loss of $3.6 million or 0.2%[1] across the Commercial portfolio
- Cap rates were mixed across the investment portfolio
  - Self Storage cap rates compressed on average by 50 basis points
  - Office cap rates were relatively steady

1. Excluding acquisition costs, the Commercial portfolio fair value movement would have been flat for the period.
2. Includes equity accounted investments and other assets.
3. Cap rate applied to $1,254 million of Self Storage Investment Properties.

Operating Performance

Office – snapshot

OFFICE $1.6 billion (46% of total assets[1])

90.0% Occupancy[1]	**(2.2%)** LFL income growth[1,2]
4.1yrs WALE[1]	**5.56%** WACR[3]
47 Leasing deals[4]	**340** Customers
96% Rent collected[5]	**2%** Waivers provided[6]

1. Excludes development affected assets.
2. (4.0%) including the impact of COVID-19 waivers. Based on net property income.
3. Including equity accounted investments.
4. Includes non-Abacus share for jointly held assets.
5. Calculated as rent invoiced less arrears > 30 days, less any waivers provided.
6. Waivers commenced in April 2020 due to the impact of COVID-19.

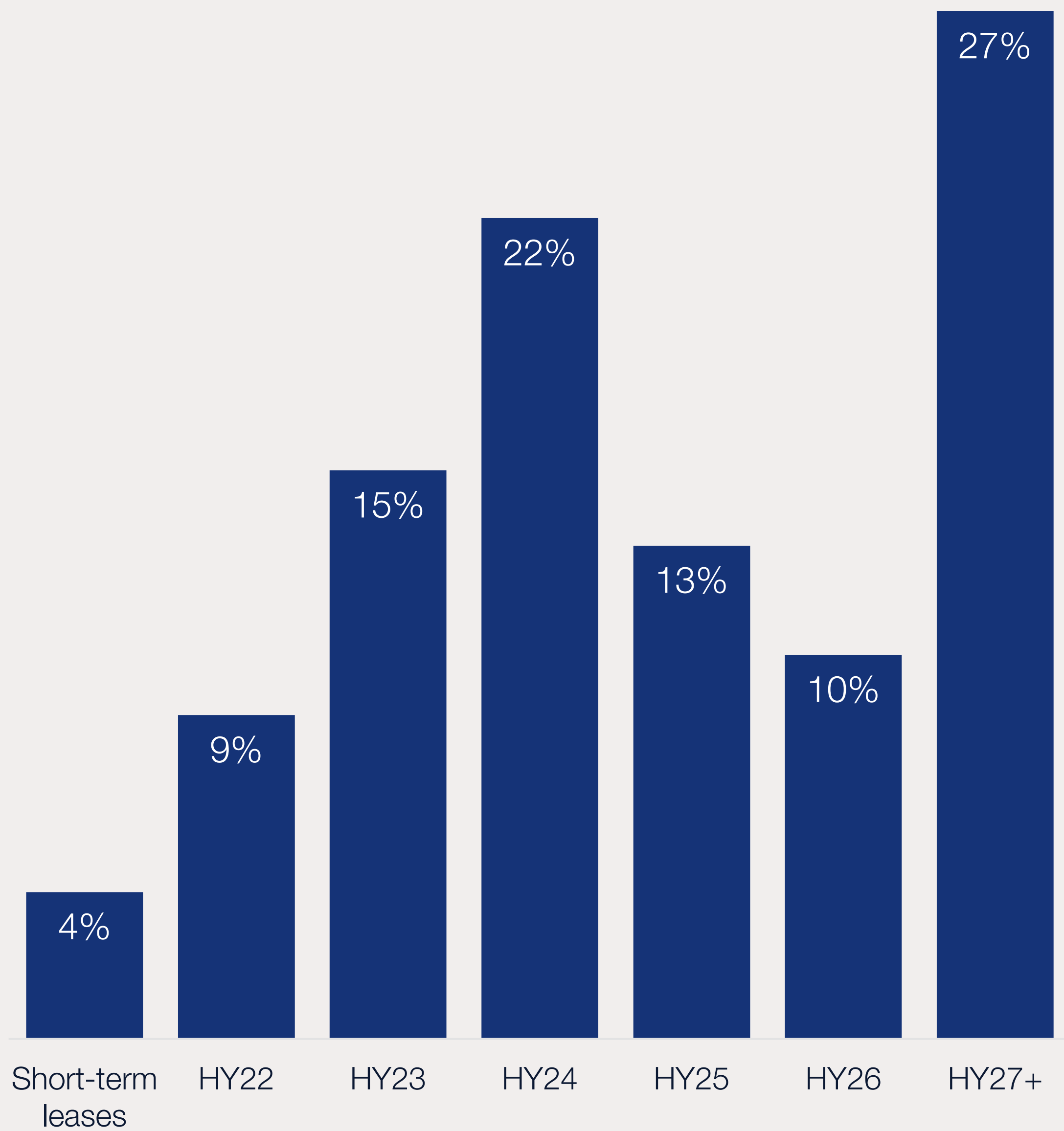

14 Martin Place, Sydney NSW

Office – leasing metrics

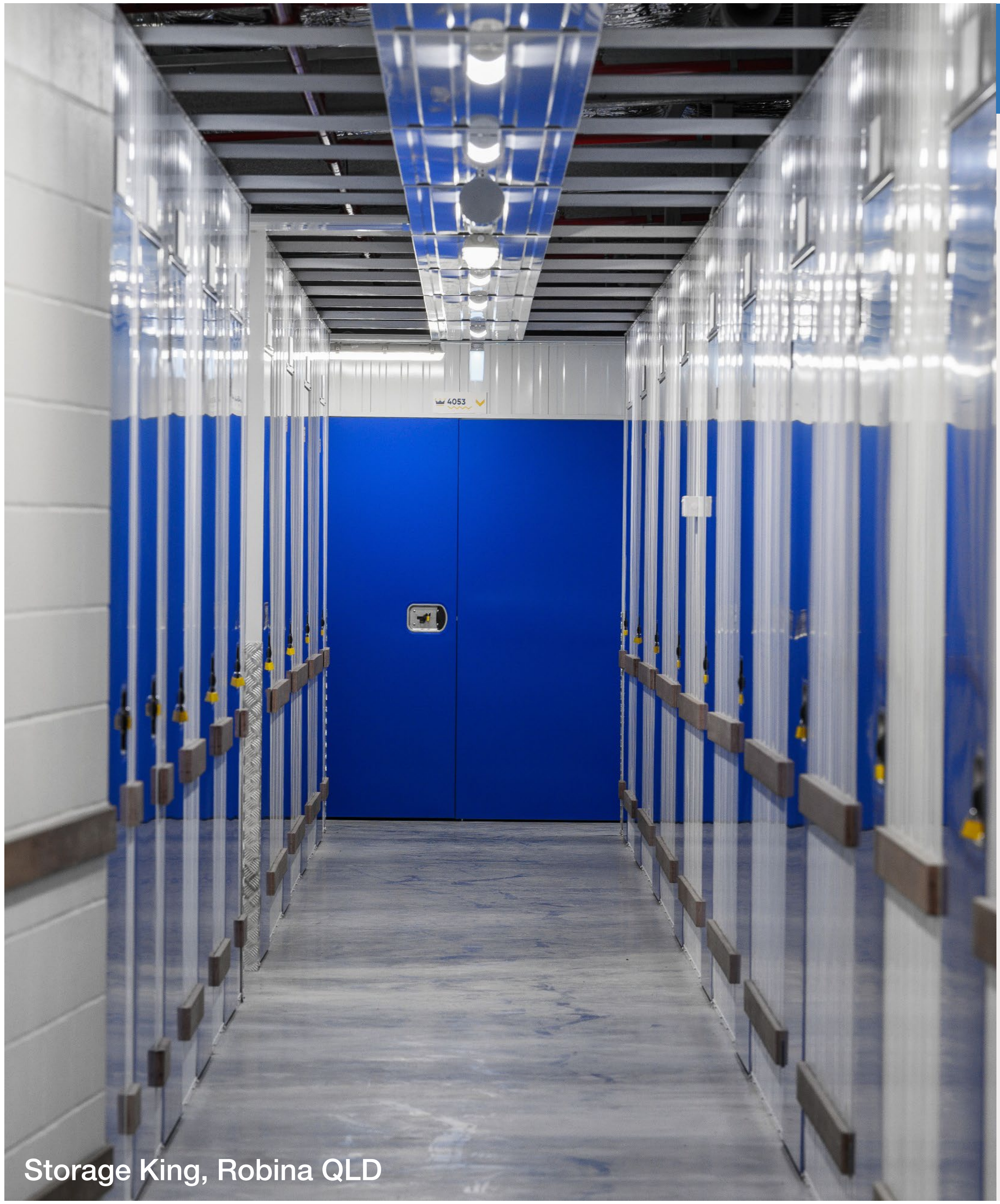
33,537 sqm leased in HY20[1]	18% new 82% renewals
26% average incentive	35% on new deals 22% on renewals
3.3% leasing spreads	13.7% on new deals 2.1% on renewals
3.6% average rent review	93% fixed 7% CPI
$564[2] psm average rent	$711 average CBD[2] rent $381 average fringe[2] rent

1. Based on 100% ownership.
2. Sydney and Melbourne.

LEASE EXPIRY PROFILE (BY RENT)



Self Storage – snapshot



Storage King, Robina QLD

SELF STORAGE $1.5 billion (43% of total assets[1])

6.0%
Passing yield[2]

65%
Assets located in Top 3 Significant Urban Areas[3]

89.2%
Occupancy[2]

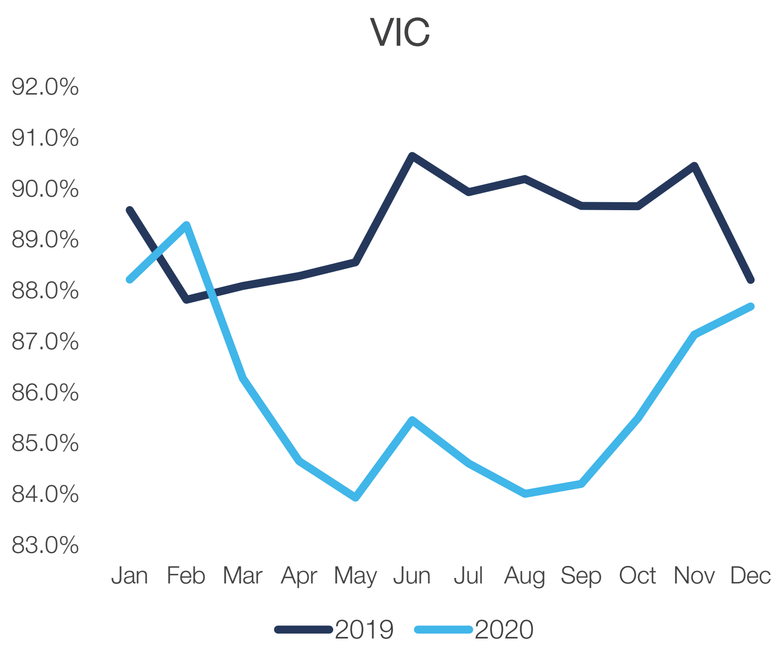
$252
RevPAM[2]

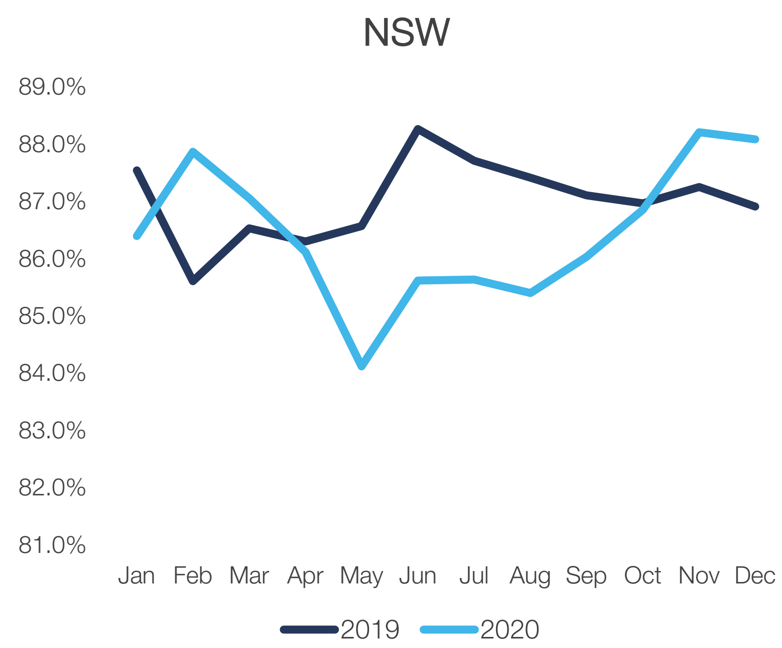
1.8%
RevPAM growth[2]

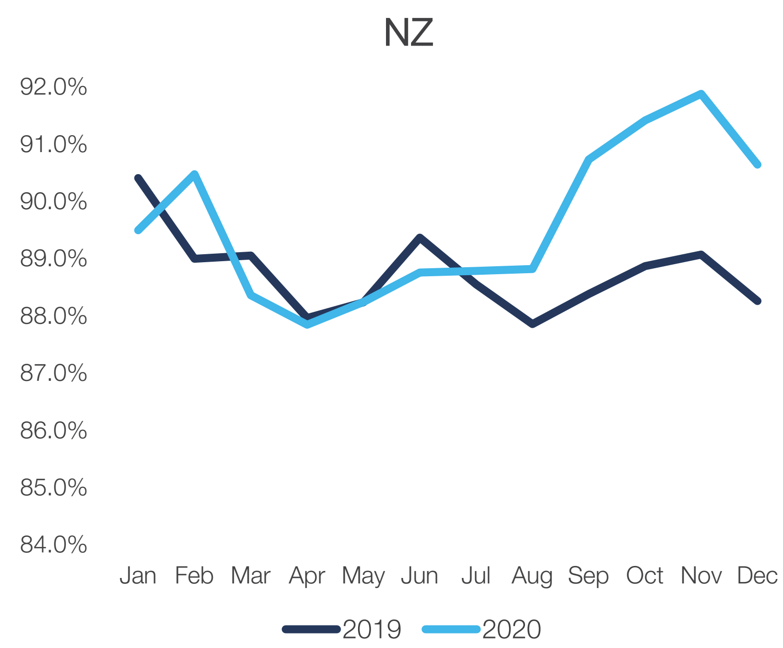
$283
Average rent psm[2]

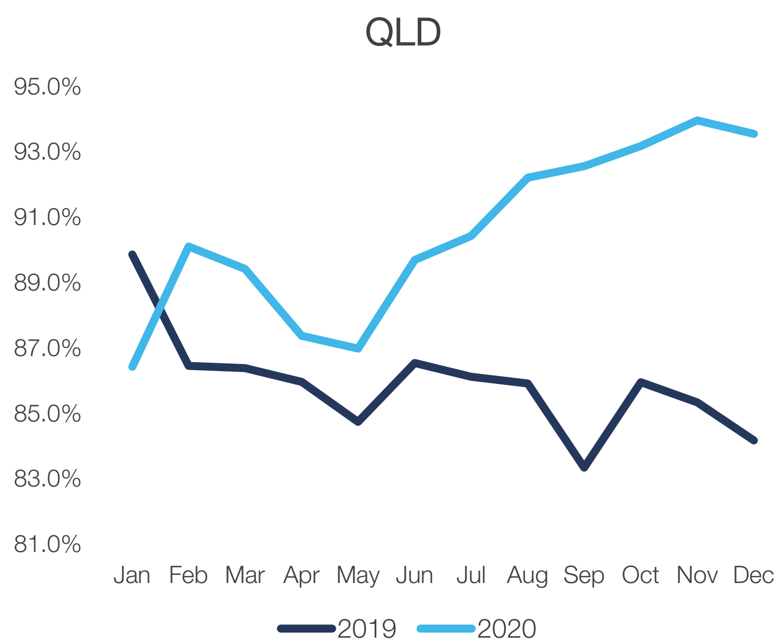
1. Excludes investments in cash and other assets.
2. Established portfolio – 57 facilities traded since FY19.
3. As defined by the Australian Bureau of Statistics. Top 3 markets by population are Sydney, Melbourne and Brisbane.

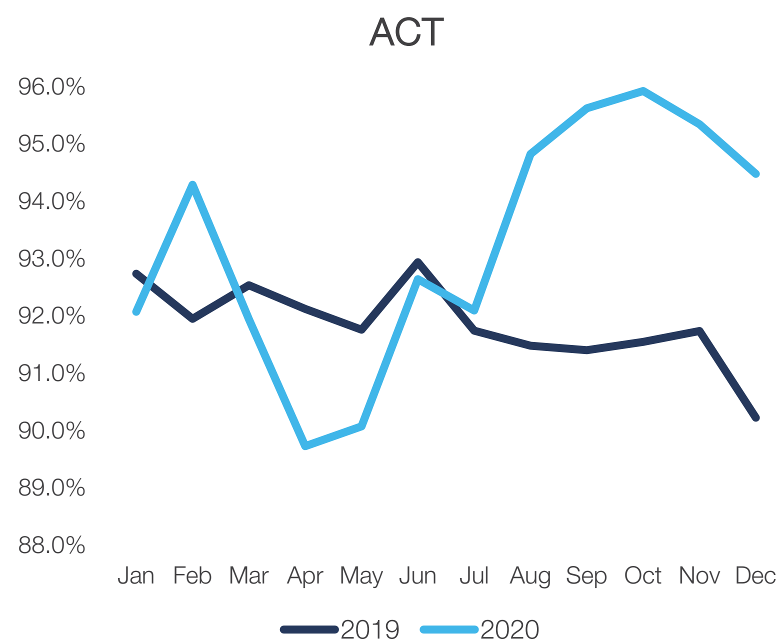
Self Storage – CY occupancy[1]

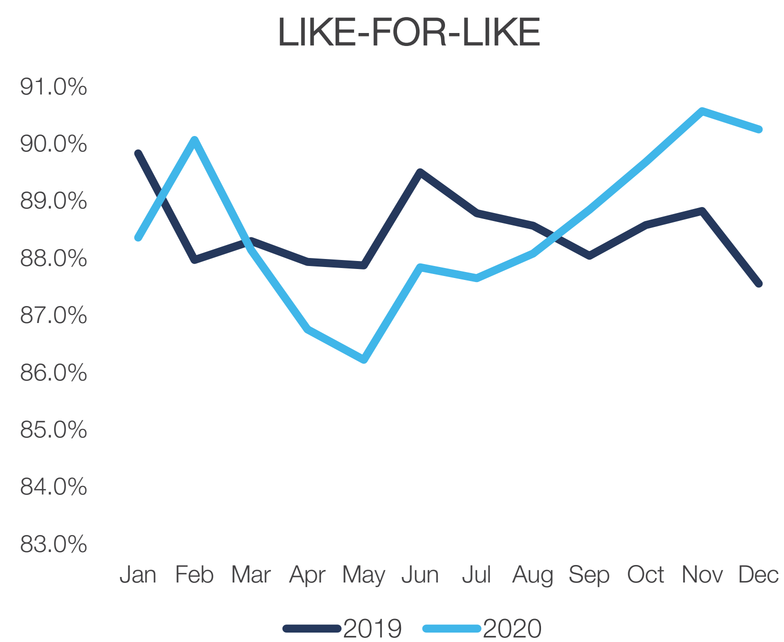












1. Established portfolio – 57 facilities traded since FY19.

Storage King platform

INTERNALISING OUR OPERATING PLATFORM

- Effective 1 December 2020, Abacus moved to 100% ownership of the Storage King platform
- Co-founder, Michael Tate will continue in his role of Storage King CEO and join the Abacus Executive Leadership Team
- Full internalisation enables continued drive to enhance:
  - Asset selection and redevelopment
  - Operational enhancements including technological advancements

Self Storage – portfolio additions

ACQUISITIONS

- Disciplined, metro acquisition strategy with a strong pipeline
- $94 million of Self Storage acquisitions[1] settled
  - 46% (by value) sourced via Storage King relationship

DEVELOPMENTS

- Over 6,000 sqm of NLA delivered in Robina (Gold Coast)
- Development pipeline of over $80 million will deliver more than 55,000 sqm of NLA
- Includes 6,750 sqm of additional NLA to be generated from expansions across the existing portfolio

Image on left is of Storage King, Cheltenham VIC.
Image on right is of Storage King, Robina QLD.
1. 60% located in Top 3 Significant Urban Areas as defined by the Australian Bureau of Statistics. Top 3 markets by population are Sydney, Melbourne and Brisbane.

Retail and non-core legacy investments

RETAIL $200 million[1] (6% of total assets[2])

97.8%
Occupancy[3]

(0.1%)
LFL income growth[3]

3.27yrs
WALE[3]

6.08%
WACR

ASSET	VALUE[4] ($m)	NLA (SQM)	KEY TENANTS	STATUS
Ashfield, Sydney NSW	195	24,977	Coles, Aldi, Woolworths, Kmart	Core hold – co-ownership
Lutwyche, Brisbane QLD	139	22,462	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. Excludes development affected and equity accounted assets.
4. 100% value. Note Abacus share is 50%.
5. Interest rate is 10%.

NON-CORE $135 million (4% of total assets[2])

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

- Non-core assets reduced by 26% during HY21 and now represent 4% of total assets[2]
  - repayment of $48 million of residential land and mortgages during the period

PROJECT	TYPE	EQUITY	LOAN[5]	TOTAL	PRIMARY SECURITY
RCL Portfolio NSW[1]	JV/ Loan	$47.3m	$43.6m	$90.9m	1st Mortgagee
Doonside NSW	Loan	-	$10.2m	$10.2m	1st Mortgagee
Investment Funding Portfolio	Loan	-	$25.0m	$25.0m	1st Mortgagee
Small projects and investments	Loan	-	$8.6m	$8.6m	2nd Mortgagee
Total		$47.3m	$87.4m	$134.7m	

Sustainability – embedded in how we conduct business

Actively exploring opportunities and managing risks

- Office portfolio NABERS Energy average of 4.3 stars (up from 4.2 stars at FY20)
- Office portfolio NABERS Water average of 3.4 stars (up from 3.3 stars at FY20)
- Public sustainability targets:

Energy

- Targeting a NABERS Energy portfolio average of 5 stars by FY25 for office assets
- 15% reduction in Scope 1 & 2 GHG emissions intensity by 2025 (from FY19 base year) for commercial property

Emissions

- Net Zero emissions by 2050 (Scope 1 and 2)

Water

- Targeting a NABERS Water portfolio average of 4 stars by FY25 for office assets
- 10% reduction in water intensity by 2025 (from FY19 base year) for commercial property

Waste

- Targeting a 50% diversion from landfill by FY25 across commercial property

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

Solar installed **40** Self Storage assets (786kW)

4.3 stars NABERS Energy Office portfolio average

3.4 stars NABERS Water Office portfolio average

Board gender equality **50%** female representation

Enhanced property & facilities management

Modern Slavery strategy

Solar installed **3** Office buildings (298kW)

Summary and Outlook

Outlook

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

- Following the acquisition of the Storage King self storage operating platform, Abacus is now a fully internalised AREIT with key asset focus in the Office and Self Storage sectors
- 89% of total assets[1] invested in key sectors of Office and Self Storage
- Acquisition capacity of over $900 million[2] to support future growth initiatives
- 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
- FY21 full year distribution is expected to reflect a payout ratio broadly in line with the target range of 85 - 95% of FFO[3]

1. Excludes investments in cash and other assets.
2. Borrowing capacity until Abacus reaches its target maximum gearing limit of 35%.
3. Subject to timing of acquisition settlements.

HY21 Data Pack

Contents

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	HY21 TOTAL	HY20 TOTAL
Rental income	57.8	51.9			109.7	92.0
Finance income			7.8	0.1	7.9	35.2
Fee income	1.7	0.5			2.2	2.8
Share of profit from equity accounted investments[1, 2]	4.3				4.3	5.9
Sale of inventory				2.9	2.9	15.0
Other income		3.3			3.3	3.2
Total Underlying Revenue	**63.8**	**55.7**	**7.8**	**3.0**	**130.3**	**154.1**
Expenses	(14.2)	(17.7)			(31.9)	(32.1)
Impairment			(2.8)		(2.8)	(4.5)
Cost of inventory				(2.7)	(2.7)	(12.0)
Segment result before corporate overheads	**49.6**	**38.0**	**5.0**	**0.3**	**92.9**	**105.5**
Administrative and other expenses	(8.1)	(6.3)	(1.2)	(0.1)	(15.7)	(12.7)
Underlying EBIT	**41.5**	**31.7**	**3.8**	**0.2**	**77.2**	**92.8**
Finance costs					(12.6)	(10.7)
Tax expense					(3.8)	(14.8)
Non-controlling interests				(0.2)	(0.2)	-
Funds from Operations	**41.5**	**31.7**	**3.8**	**-**	**60.6**	**67.3**
Depreciation and amortisation	(1.6)	(1.0)			(2.6)	(2.2)
Rent straight-lining, incentives, movement in lease liabilities & impairments	(2.8)				(2.8)	(1.0)
Tax benefit / (expense) on FFO items					(1.0)	2.6
Change in fair value of investments, derivatives					97.6	15.4
Net Profit attributable to Abacus securityholders					**151.8**	**82.1**

1. Distributions from joint ventures.
2. Excludes fair value gain of $8.6 million.

Segment balance sheet

	PROPERTY INVESTMENT ($m)	PROPERTY DEVELOPMENT ($m)	OTHER ($m)	HY21 ($m)	FY20 ($m)
Commercial investment properties	1,685.8			1,685.8	1,612.2
Self Storage investment properties	1,253.9			1,253.9	1,040.7
PP&E, equity accounted and other investments, financial and other assets	299.6		46.0	345.6	345.0
Loans		87.4		87.4	136.4
Inventory		47.3		47.3	48.0
Cash and cash equivalents			88.7	88.7	127.3
Goodwill and intangibles	74.9		32.9	107.8	32.4
Total assets	**3,314.2**	**134.7**	**167.6**	**3,616.5**	**3,342.0**
Interest bearing liabilities				751.0	1,009.8
Other liabilities				144.5	125.5
Total liabilities				**895.5**	**1,135.3**
Net assets				**2,721.0**	**2,206.7**

Net tangible asset reconciliation

	HY21	FY20
Net assets	**2,721.0**	**2,206.7**
Less		
Total external non-controlling interest	(5.2)	(5.0)
Total stapled securityholders' interest in equity	**2,715.8**	**2,201.7**
Less		
Intangible assets and goodwill	(107.8)	(32.4)
Deferred tax assets/liabilities (net)	11.4	1.9
Total net tangible assets[1]	**2,619.4**	**2,171.2**
Securities on issue	804.4	653.5
Net tangible assets per security	**3.26**	**3.32**

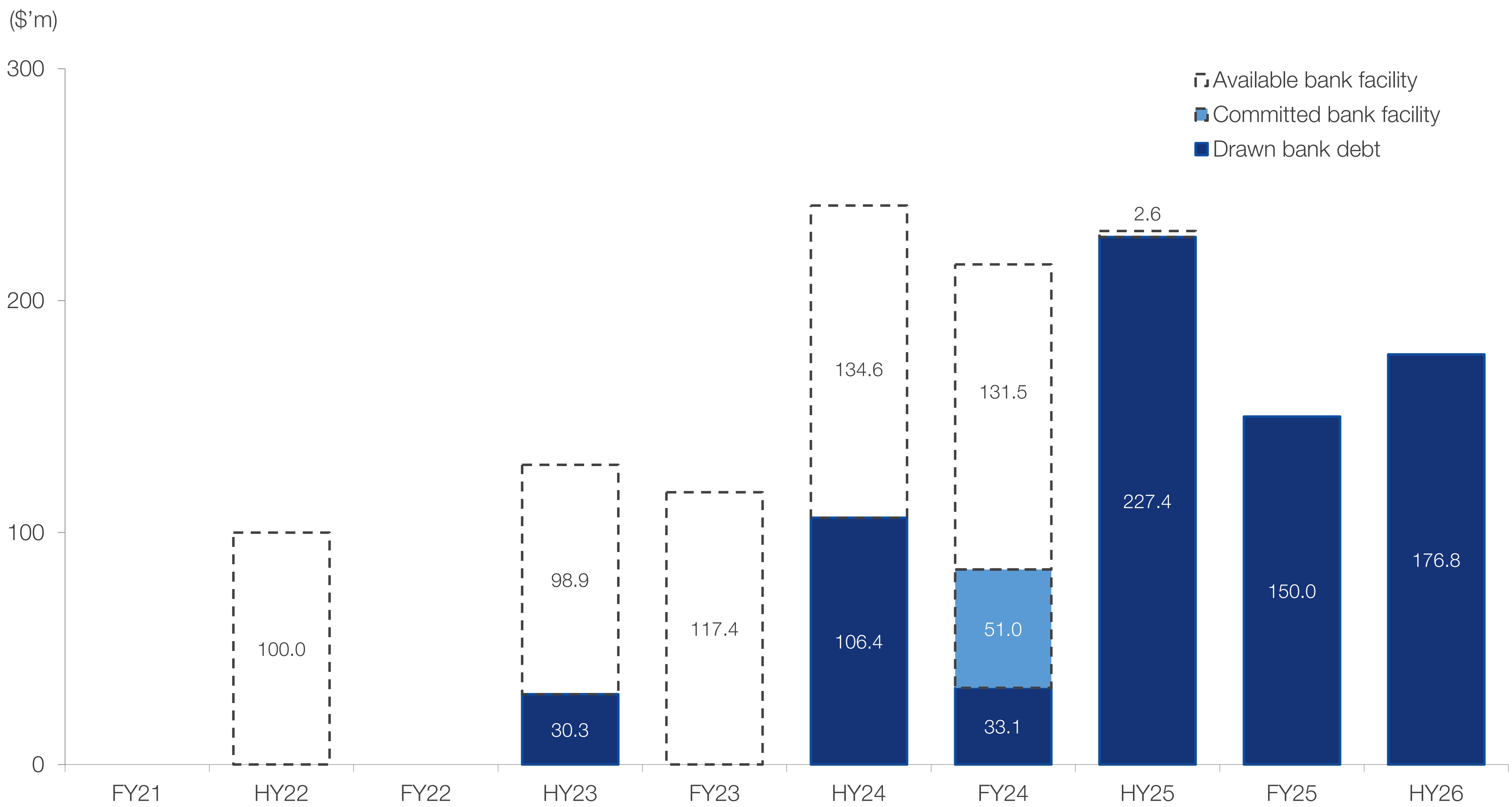
1. Includes impact of Entitlement Offer (December 2020) and right-of-use property assets and lease liabilities of $1.8 million. Excludes external non-controlling interests of $5.2 million (FY20: $5.0 million).

Debt facilities

CAPITAL MANAGEMENT METRICS	HY21	FY20
Total bank debt facilities	$1,360m	$1,113m
Total bank debt drawn	$724m	$974m
Term to maturity	3.6 yrs	3.9 yrs
% hedged	62%	48%
% hedged of total debt facilities	33%	42%
Weighted average hedge maturity	2.0 yrs	2.3 yrs
Average cost of debt – drawn	2.2%	3.0%
Average cost of debt – fully drawn	2.0%	2.6%
Group gearing[1]	18.2%	26.5%
Look through gearing[2]	19.6%	27.8%
Gearing calculated for covenant measures / covenant	23.8% / 50%	31.9% / 50%
Interest Coverage Ratio / covenant	6.5x / 2.0x	7.6x / 2.0x

1. Abacus target maximum gearing of up to 35%.
2. Includes joint venture and fund assets and debt consolidated proportionately with Abacus' equity interest.

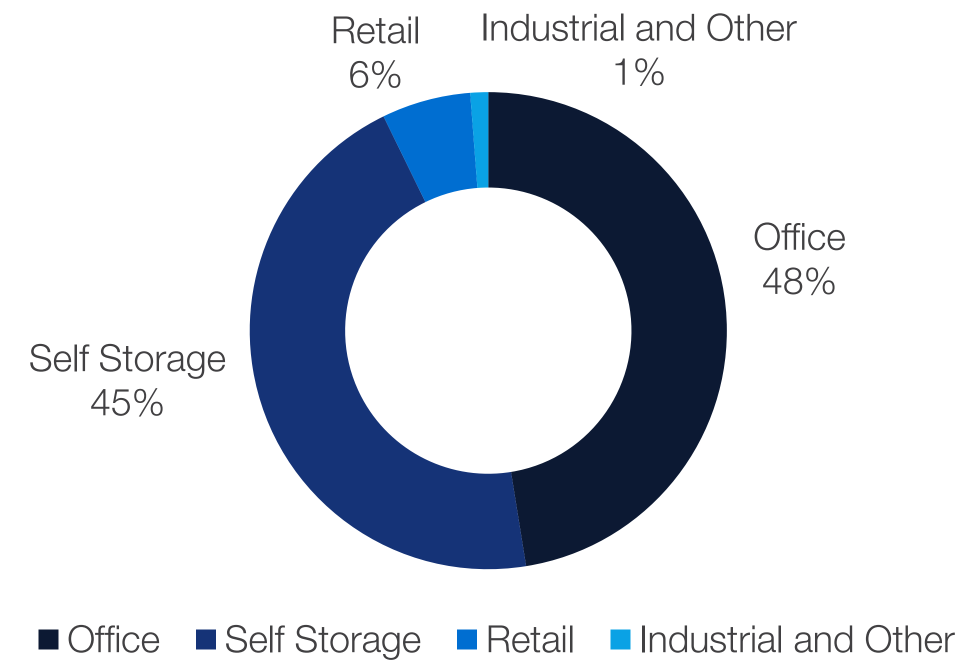
Debt maturity profile as at 31 December 2020



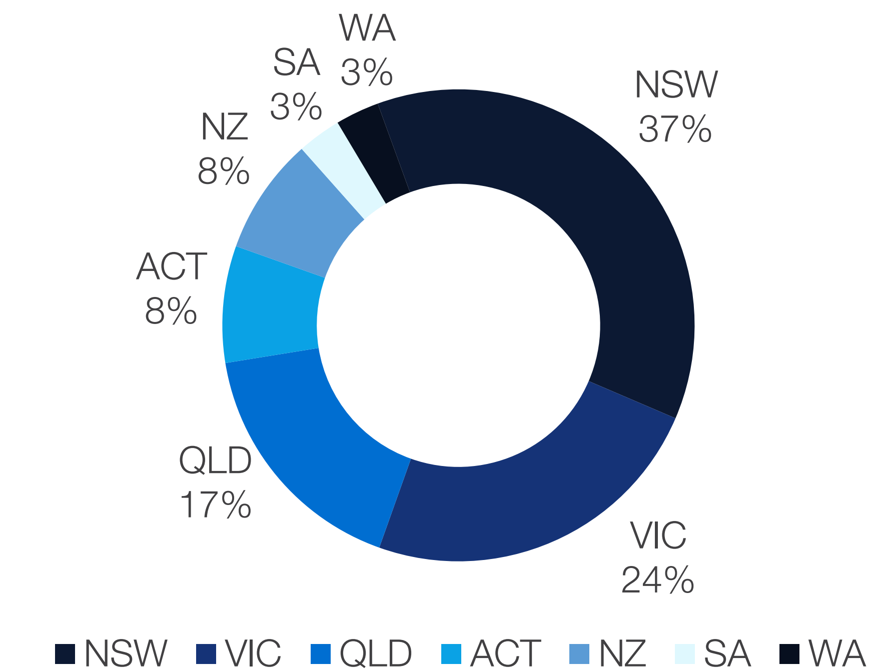
Investment portfolio metrics

PORTFOLIO METRICS HY21	OFFICE	SELF STORAGE	OTHER	TOTAL
Value[1] ($m)	1,573	1,501	240	3,314
No. of assets	24	92[2]	6	122
NLA (sqm)[3]	132,441	442,147	71,769	646,357
WACR[1] (%)	5.56	6.08	6.20	5.82
Occupancy[3] (% by area)	90.0	89.2[4]	94.4	
Average rent psm[3] (A$)	535	283[4]	294	
WALE[3] (yrs by income)	4.1			
LFL rental growth (%)	(2.2)			

INVESTMENT PORTFOLIO SECTOR DIVERSIFICATION



INVESTMENT PORTFOLIO GEOGRAPHIC DIVERSIFICATION



1. Includes equity accounted investments.
2. Includes 7 development assets.
3. Excludes development assets.
4. Average over financial year (by area) of all established assets.

Portfolio revaluations

ABACUS INVESTMENT PORTFOLIO BY SECTOR	VALUATION 31 DECEMBER 2020 ($'000)	WEIGHTED AVERAGE CAP RATE 31 DECEMBER 2020
Office	$1,573,038	5.56%
Self Storage	$1,501,274	6.08%
Other	$239,905	6.20%
Total investment portfolio	**$3,314,217**	**5.82%**

1. Includes Office and Other.

Note: Total managed Office asset value equates to $2.67 billion, total managed Retail asset value equates to $509 million.

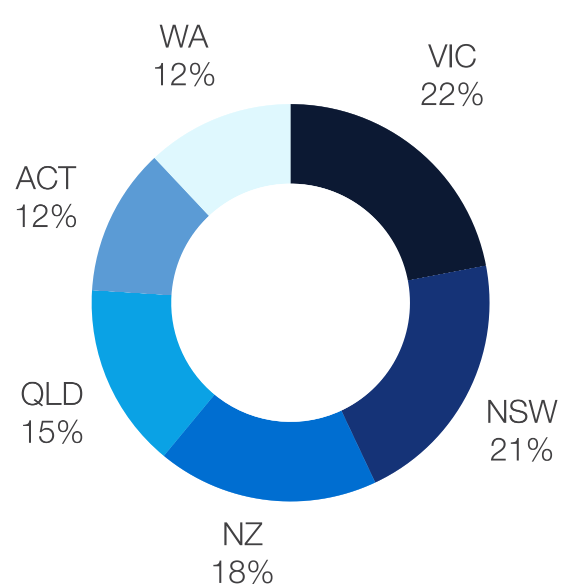
Self Storage metrics

PERFORMANCE METRICS	AUS	NZ	HY21	FY20
Total Assets	77	15	92[1]	81
NLA (sqm)	363,805	78,342	442,147	383,010
Occupancy (%)	88.8	90.4	89.2[2]	88.1[2]
Rental Rate (psm)	A$282	A$284	A$283[2]	A$281[2]
RevPAM	A$251	A$257	A$252[2]	A$248[2]
WACR	6.10	6.00	6.08	6.58
Value ($m)	1,261	240	1,501	1,208

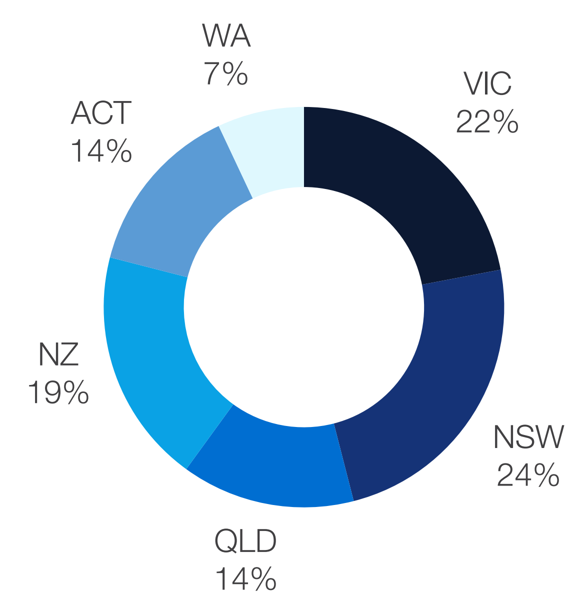
PERFORMANCE METRICS	HY21	HY20
Storage revenue	45.4	38.4
Other revenue	6.5	4.3
Total revenue	51.9	42.8
Storage operating expenses	(17.7)	(16.3)
Operating EBITDA	34.2	26.5
Operating Margin	66%	62%

1. Includes 7 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

55,250 sqm of identified net lettable area to be developed over the short to medium-term

Anticipated return[1] on invested capital of 8.0%+

NEW STORE PROJECT (SQM)	FY21	FY22	FY23+
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	
Gregory Hills (Sydney, NSW)		5,500	
Sydney Olympic Park (Sydney, NSW)			9,000
Total	**4,500**	**35,000**	**9,000**

SELF STORAGE DEVELOPMENT PROJECT PIPELINE	NLA (SQM)
New stores	48,500
Existing store expansions (under construction)	6,750
Total	**55,250**

1. Post stabilisation.

Glossary

TERM	DEFINITION	TERM	DEFINITION
AIFRS	Australian International Financial Reporting Standards	kW	Kilowatt
CPI	Consumer price index	LFL	Like for like
CPS	Cents per stapled security	NABERS	National Australian Built Environment Rating system
CY	Calendar Year	NLA	Net lettable area
DPS	Distribution per stapled security	NTA	Net tangible assets
EBIT	Earnings before interest and tax	PP&E	Property, plant and equipment
EBITDA	Earnings before interest, tax, depreciation and amortisation	PS	Per stapled security
ESG	Environmental, Social, and Corporate Governance	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
GHG	Greenhouse Gas	WALE	Weighted average lease expiry
HY	Half year	WAV	Weighted average value

Important information

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