

17 February 2022

HY22 results - Self Storage sector strength continues

Abacus Property Group (ASX:ABP) (**Abacus**) today announced its results for the half year ended 31 December 2021.

Financial results

- Group statutory profit of \$314.8 million in HY22, up 107.4% from \$151.8 million in HY21
- Funds from Operations (FFO) of \$81.1 million, up 33.7% from \$60.6 million in HY21
- FFO per security of 9.8 cents, up 8.2% from 9.06 cents in HY21
- Distribution per security (DPS) of 8.75 cents, up 2.9% from 8.5 cents in HY21
- Distribution payout ratio was 89% of FFO
- HY22 gearing at 29.4%, up 690 basis points on FY21. Proforma¹ gearing at 33.3%
- HY22 net tangible assets (NTA) per stapled security of \$3.73, up 8.7% on FY21

Abacus has invested over \$1 billion of capital into our key sectors of Office and Self Storage during FY22 year to date. This was achieved through a series of acquisitions and joint ventures and funded with a combination of debt and proceeds from the divestment of non-core assets. Notably these investments included:

- **Self Storage** - acquisition of 28 stores and development sites for \$483 million
- **77 Castlereagh Street, Sydney NSW** - 100% interest acquired for \$250 million, due to settle in March 2022
- **Myer Bourke Street, Melbourne VIC** - 33.3% acquired for \$135.2 million, settled July 2021

In addition, during January 2022 the Group exited its remaining residential loan positions and in July 2021 settled on a development JV with Walker Corporation at 710 Collins Street, Melbourne VIC where Walker acquired a 50% interest for \$56 million.

Abacus' Managing Director, Steven Sewell, commented "Since FY17 Abacus has invested approximately \$3.2 billion into our key sectors and has transformed into a strong asset backed, annuity style investment house positioned to deliver on our vision to create exceptional value for our customers and stakeholders as an owner and manager of real estate and operator of storage locations."

¹ Includes acquisition of 77 Castlereagh Street, Sydney NSW, 56 Prescott Parade, Milperra NSW (**Riverlands**), 181 James Ruse Drive, Camellia NSW (**Camellia**), \$53 million of Self Storage sites (**post balance date transactions**).

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Self Storage and Commercial operating performance

Abacus' Managing Director, Steven Sewell, commented "Overall HY22 operating performance was solid, demonstrating the benefits of our portfolio diversification. Trading conditions continued their positive momentum across our Self Storage portfolio and while COVID-19 related disruptions impacted our Commercial portfolio performance in the first quarter, it was pleasing to see leasing momentum return in the second quarter."

Self Storage portfolio

- FFO contribution increased 67.2% on HY21 to \$53.0 million²
- Portfolio valuation increased by \$140.8 million or 7.5%, cap rates compressed 27 basis points to 5.47% during the half year
- Proforma³ Self Storage portfolio is valued at \$2.5 billion with the number of stores expanded to 121, including 15 new development sites
- RevPAM increased by 11.7% across the established portfolio over HY22, driven by quality of locations and operating platform strength
- Passing yield of 5.7% on the established portfolio valued at \$1.2 billion
- Multi-pronged growth strategy with over \$430 million of acquisitions settled during HY22, and a flexible medium term development pipeline

Commercial portfolio

- FFO contribution increased 13.5% on HY21 to \$47.1 million
- Portfolio valuation increased by \$34.4 million or 1.8%, cap rates compressed 15 basis points to 5.35% during HY22
- Proforma³ Commercial portfolio is valued at \$2.5 billion
- Active Office leasing of over 25,000 sqm with positive spreads together with the increased asset base delivered 15% growth in Commercial net property rental income on HY21 to \$47.8 million⁴
- Rent collection resilient in COVID-19 context with 96% of Office and 93% of Retail rents collected. \$0.9 million and \$0.4 million of waivers were provided in the Office and Retail portfolios respectively

Financial and capital management

Abacus' Chief Financial Officer, Rob Baulderstone, commented "Following an active half year including strong valuation gains across the Self Storage portfolio, Abacus has a solid Balance Sheet with HY22 gearing of 29.4%. Pleasingly our weighted average cost of debt has remained at 2% for the half and we anticipate the FY22 cost of debt to be in the range of 2.00% - 2.25%."

Exiting legacy Residential loan positions

In a post balance date transaction, the Group has exited its remaining Residential development and mortgage legacy loan positions by exchanging conditional contracts to acquire a 100% freehold interest in the remaining land at Riverlands and Camellia, converting Abacus' interest from lender to owner and refinance the final remaining loan at Doonside NSW.

These transactions bring to a close this non-core business activity and the two properties at Riverlands and Camellia will now be managed internally with a focus on realising the medium term development potential in these two infill suburban Sydney land parcels.

² Note impact from elimination of Storage King (SK) management fees (SK acquired in November 2020).

³ Includes post balance date transactions.

⁴ Excluding equity accounted investments.



Sustainability focus embedded in our business operations

Sustainable practices and enhancements continue to be embedded into how we conduct business and as part of our strategic repositioning, Abacus has made a considerable reinvestment in people, culture, processes, and systems.

During HY22 we have progressed a number of improvement pathways that move us closer to achieving the sustainability targets set by the Board and designed to improve our environmental performance, transparency and accountability. These targets are focused on energy, emissions, water and waste across our property portfolio and were developed in conjunction with our asset management team.

Summary and Outlook

Abacus is positioned as a strong asset backed, annuity style A-REIT focused on the ownership and management of Commercial and Self Storage real estate and operation of storage locations.

Abacus' Managing Director, Steven Sewell commented "With a diversified portfolio invested in the Self Storage and Commercial sectors the Group is positioned to leverage our key enablers, being our people and culture, market insight and repositioning capability, and deliver recurring income and value creation over the medium to long term".

Abacus is pleased to provide distribution guidance of at least 18.0 cents per security for FY22 reflecting a payout ratio in the range of 85-95% of FFO. Our FY22 guidance is predicated on business conditions continuing to normalise in the second half and no further COVID-19 disruptions.

Market briefing

Abacus will conduct a market briefing on Thursday 17 February 2022 at 10:00am (AEDT). Access will be via webcast or teleconference.

Briefing details:

Webcast: <https://ccmediaframe.com/?id=2vDf6O5W>

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