

18 August 2021

Abacus continues to execute on strategy in FY21

Abacus Property Group (ASX:ABP) (Abacus) today announced its results for the full year ended 30 June 2021.

Financial results

- Group statutory profit of \$369.4 million in FY21, up 336% from \$84.7 million in FY20
- Abacus Funds from Operations (FFO) of \$136.4 million, up 9.5% from \$124.6 million in FY20
- FFO per security of 18.4 cents, down 5.1% from 19.4 cents in FY20
- Second half distribution increased by 5.9% to 9.0 cents, following strong operating performance from the Self Storage sector
- Full year distribution per security (DPS) of 17.5 cents¹, down 5.4% on FY20
- Distribution payout ratio was 95% of FFO
- Proforma² gearing at 28.3%, up 180 basis points on FY20³
- Net tangible assets (NTA) per stapled security of \$3.43, up 3.3% from \$3.32 in FY20

Over the course of FY21 and including some post balance date transactions, Abacus has successfully deployed \$1 billion of capital into our key sectors of Commercial and Self Storage. This was achieved through a series of acquisitions and joint ventures, funded by a combination of non-core disposals, debt and the December 2020 equity raising. These investments include:

- **Self Storage** – \$271 million of store acquisitions and other Self Storage investments including the remaining 75% of our storage operator, Storage King
- **The Oasis Centre, Broadbeach QLD** – acquired the remaining 60% portion for \$103.5 million which now takes Abacus to full ownership of the asset
- **241 Adelaide Street, Brisbane QLD** – acquired a 50% interest for \$31.8 million
- **710 Collins Street, Melbourne VIC** – entered into a development JV with Walker Corporation to jointly plan development and own the asset where Walker acquired a 50% interest for \$56 million

Post balance date:

- **Sydney Self Storage Portfolio** – acquired a portfolio of five assets located in the premium inner Sydney Significant Urban Area⁴ for \$160 million
- **Myer Melbourne, Melbourne VIC** – acquired a 33.3% interest in 314-336 Bourke Street, Melbourne VIC for \$135.2 million

¹ Includes additional 0.5c announced 18 August 2021.

² Includes post balance date transactions.

³ Group gearing was 22.5% at FY21 balance date.

⁴ As defined by Australian Bureau of Statistics.



Self Storage and Commercial operating performance

Self Storage portfolio

- FFO contribution increased 15.5% on FY20 to \$69.6 million.
- Portfolio valuation increased by \$227.9 million or 19.0%, cap rates compressed 84 basis points to 5.74%.
- Self Storage portfolio is valued at \$2.0 billion⁵ with the number of stores expanded to 100⁶.
- RevPAM increased by 6.3% across the established⁷ portfolio over FY21, driven by quality of locations and operating platform strength.
- Passing yield of 5.8% on established portfolio valued at \$874 million.
- Multi-pronged growth strategy with \$575 million⁵ invested, including acquisition of the remaining 75% of operating platform Storage King in November 2020.

Commercial portfolio

- FFO contribution increased 23.9% on FY20 to \$86.9 million.
- Portfolio valuation increased by \$9.5 million or 0.5%, cap rates compressed 11 basis points to 5.50%.
- Commercial portfolio is valued at \$2.1 billion⁶.
- Active leasing and asset management strategies delivered:
 - Office net property income growth of 16% to \$69.2 million⁸, and
 - Retail net property income growth of 26% to \$11.0 million⁸.
- Rent collection resilient in COVID-19 context with 98% of office and 97% of retail rents collected in FY21. \$1.2 million and \$0.8 million of waivers were provided in the office and retail portfolios respectively.

Financial and capital management

In December 2020, Abacus completed a fully underwritten 1-for-4.8 Accelerated Non-Renounceable Pro Rata Entitlement Offer at \$2.90 per security and raised \$402 million to take advantage of future growth opportunities and post balance date increased its banking facilities by \$500 million on favourable terms.

Abacus' Chief Financial Officer, Rob Baulderstone, commented "Following an active second half, Abacus has a solid Balance Sheet with proforma gearing of 28.3%⁹, well within the Board's target gearing limit of 35%. Healthy levels of liquidity position us to support future growth initiatives."

Non-core and legacy investments update

The Group has continued to execute on its planned repatriation of equity from legacy investments in non-core sectors and in FY21 has exchanged contracts to sell five small scale industrial and office assets for \$107 million¹⁰, together with repayment of \$82 million of residential land and mortgages. Non-core loan assets reduced by 50% during FY21 with non-core residential now representing 3% of total assets¹¹, or \$116 million.

Sustainability focus embedded in how we conduct business

Sustainable practices and enhancements continue to be embedded into how we conduct business at Abacus. Over the course of FY21 we set clear sustainability targets to improve our environmental performance, transparency and accountability. Our targets are focused on energy, emissions, water and waste across our property portfolio and were developed in conjunction with our asset management team. To achieve these targets, we have developed sustainability improvement pathways for our assets which are aligned with our operational and capital works upgrades.

Solid progress has been made across our sustainability targets areas and pleasingly our office portfolio has achieved 4.6 stars for NABERS Energy and 4.0 stars for NABERS Water.

⁵ Including \$257 million purchased post balance date.

⁶ Includes post balance date transactions.

⁷ Established portfolio: 52 mature stores open at 1 July 2019.

⁸ Excludes equity accounted investments.

⁹ Group gearing was 22.5% at FY21 balance date.

¹⁰ \$92 million settled in July and August with remainder expected by September 2021.

¹¹ Excludes investments in cash and other assets.



In light of the COVID-19 pandemic, the focus for the team at Abacus continues to be on providing safe and healthy environments and supporting our people and customers. Together and in collaboration with our asset and operating partners and customers we will continue to navigate this evolving situation.

Summary and Outlook

Abacus' FY21 results have progressed our vision to create exceptional value for our customers and stakeholders as an owner and manager of real estate and operator of storage locations.

Abacus' Managing Director, Steven Sewell commented "Abacus had an active year including deployment of \$1 billion of capital, completion of a \$402 million Entitlement Offer and internalisation of our Self Storage manager Storage King, to become a vertically integrated Self Storage investment platform."

"Since FY17 Abacus has diligently deployed over \$2.3 billion¹² into its key sectors and has transformed into the strong asset backed, annuity style investment house it is today."

"With 97% of total assets¹³ now deployed in Commercial and Self Storage investments, the size, nature and market positioning of these key sector investments will permit the Group to deliver recurring income and value creation over the long term."

Given the prevailing market conditions, the Abacus Board expects that the FY22 full year distribution will reflect a payout ratio broadly in line with the target range of 85 - 95% of FFO.

Market briefing

Abacus will conduct a market briefing on Wednesday 18 August 2021 at 9:30am (AEST). Access will be via webcast or teleconference.

Briefing details:

Webcast: <https://services.choruscall.com.au/webcast/abacus-210818.html>

INVESTOR & MEDIA ENQUIRIES

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¹² Includes post balance date transactions.

¹³ Excludes investments in cash and other assets.