Appendix 4D

Abacus Property Group

(comprising Abacus Group Holdings Limited and its controlled entities, Abacus Trust and its controlled entities, Abacus Income Trust and its controlled entities and Abacus Group Projects Limited and its controlled entities, Abacus Storage Property Trust and its controlled entities, Abacus Storage Operations Limited and its controlled entities)

The Appendix 4D should be read in conjunction with the interim financial report and the most recent annual financial report.

ABN: 31 080 604 619

Interim Financial Report

For the half year ended 31 December 2021

Results for announcement to the market

(corresponding period half year ended 31 December 2020)

Total revenues and other income	up	85%	to	$416.1m
Net profit after income tax expense attributable to members of the Group	up	107%	to	$314.8m
Funds from operations ("FFO") (1)	up	34%	to	$81.1m

(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 investment properties derecognised, impairment of inventory and non-FFO tax benefit/expense to underlying profit.

	31 Dec 2021	31 Dec 2020
Basic earnings per security (cents)	38.05	22.68
Basic FFO per security (cents)	9.80	9.06
Distribution per security (cents - including proposed distribution)	8.75	8.50
Weighted average securities on issue (million)	827.3	669.3

Distributions	per stapled security
December 2021 half	8.75 cents
This distribution was declared on 16 December 2021 and will be paid on 28 February 2022	
Record date for determining entitlement to the distributions	31 December 2021

Refer to the attached announcement for a detailed discussion of the Abacus Property Group's results and the above figures for the half year ended 31 December 2021.

Details of individual and total distribution payments to securityholders		per stapled security	Total
Final June 2021 distribution	paid 31 August 2021 & 30 September 2021	9.00 cents	$73.7m

The final distribution of 9.00 cents per stapled security comprised of a distribution of 8.50 cents paid on 31 August 2021 and an additional distribution of 0.50 cents paid on 30 September 2021. The distributions were paid in full by Abacus Trust, Abacus Income Trust and Abacus Storage Property Trust which do not pay tax, hence there were no franking credits attached.

	31 December 2021	30 June 2021
Net tangible assets per security (2)	$3.73	$3.43

(2) Net tangible assets per security excludes the external non-controlling interest and includes right-of-use property assets of $0.9 million (30 June 2021: $1.4 million).

Distribution Reinvestment Plan (DRP)

The Abacus Property Group DRP allows securityholders to reinvest their distributions into APG securities at the market price. Information on the terms of the DRP is available from our website www.abacusproperty.com.au.

Securityholders wishing to participate in the DRP may lodge their election notice at any time. The record date for determining entitlements to each distribution is also the record date for participation in the DRP for that distribution.

Abacus Property Group

ABN 31 080 604 619

Interim Financial Report

For the half year ended
31 December 2021

HALF-YEAR FINANCIAL REPORT

31 December 2021

Directory

Abacus Group Holdings Limited
ABN: 31 080 604 619

Abacus Group Projects Limited
ABN: 11 104 066 104

Abacus Storage Operations Limited
ABN: 37 112 457 075

Abacus Funds Management Limited
ABN: 66 007 415 590

Abacus Storage Funds Management Limited
ABN: 41 109 324 834

Registered Office
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

Share Registry:
Boardroom Pty Ltd
Level 12, 225 George St
SYDNEY NSW 2000
Tel: 1300 737 760
Fax: 1300 653 459

Custodian:
Perpetual Trustee Company Limited
Level 12 Angel Place
123 Pitt Street
SYDNEY NSW 2000

Auditor (Financial and Compliance Plan):
Ernst & Young
200 George Street
SYDNEY NSW 2000

CONTENTS

It is recommended that this Half-Year Financial Report should be read in conjunction with the Half-Year Financial Report of Abacus Trust, Abacus Group Projects Limited, Abacus Income Trust, Abacus Storage Property Trust and Abacus Storage Operations Limited as at 31 December 2021 and Abacus Property Group's 30 June 2021 Annual Financial Report. It is also recommended that the report be considered together with any public announcements made by the Abacus Property Group in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

DIRECTORS' REPORT

31 December 2021

The Directors present their report for the period ended 31 December 2021.

DIRECTORS

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"), Abacus Group Projects Limited ("AGPL"), Abacus Storage Funds Management Limited ("ASFML") - the Responsible Entity of Abacus Storage Property Trust ("ASPT") and Abacus Storage Operations Limited ("ASOL") in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Myra Salkinder	Chair (Non-executive)
Steven Sewell	Managing Director
Trent Alston	Non-executive Director
Mark Bloom	Non-executive Director
Mark Haberlin	Non-executive Director (Lead Independent)
Holly Kramer	Non-executive Director
Jingmin Qian	Non-executive Director

STRUCTURE AND PRINCIPAL ACTIVITIES

Listed Structure / Entities

The listed Abacus Property Group is a diversified property group that operates predominantly in Australia. It comprises AGHL, AT, AGPL, AIT, ASPT and ASOL (collectively "Abacus") and its securities trade on the Australian Securities Exchange ("ASX") as ABP. Abacus was listed on the ASX in November 2002 and its market capitalisation was over $3.2 billion at 31 December 2021. Abacus is included in the S&P/ASX 200 A-REIT index (ASX:XPJ), a sub-index of the S&P/ASX 200 index that contains the listed vehicles classified as A-REITs. Abacus is also included in the FTSE EPRA NAREIT Global Real Estate Index Series.

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

Abacus Property Group Consolidation

AGHL has been identified as the parent entity of the Group. The financial report of the Group for the half-year ended 31 December 2021 comprises the consolidated financial reports of AGHL and its controlled entities, AT and its controlled entities, AGPL and its controlled entities, AIT and its controlled entities, ASOL and its controlled entities, and ASPT and its controlled entities.

The principal activities of Abacus that contributed to its earnings during the course of the half-year ended 31 December 2021 were investment in commercial (office and other) and self storage properties, along with managing the legacy investments in property developments.

These activities are reported in the segment information note.

DIRECTORS' REPORT

31 December 2021

GROUP RESULTS SUMMARY

The Group earned a statutory net profit excluding external non-controlling interests of $314.8 million for the half-year ended 31 December 2021 (December 2020: $151.8 million). This profit has been calculated in accordance with Australian Accounting Standards. It includes certain significant items that are adjusted to enable securityholders to obtain an understanding of Abacus' funds from operations ("FFO") of $81.1 million (December 2020: $60.6 million).

FFO is derived from the statutory profit and present the results of the ongoing business activities in a way that reflects our underlying performance. FFO is the basis on which distributions are determined.

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 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.

The reconciliation between the Group's statutory profit excluding non-controlling interests and FFO is as follows. This reconciliation has not been reviewed by the Group's auditor.

	31 Dec 2021 $'000	31 Dec 2020 $'000
Consolidated statutory net profit after tax attributable to members of the Group	**314,788**	**151,817**
Adjust for:		
Net change in fair value of investment properties and property, plant and equipment derecognised	1,270	3
Net change in fair value of investment properties and property, plant and equipment held at balance date	(175,212)	(93,896)
Net change in fair value of investments and financial instruments held at balance date	(71,792)	4,993
Net change in fair value of property, plant and equipment and investment properties included in equity accounted investments	(3,242)	(8,609)
Depreciation on owner occupied property, plant and equipment	2,075	1,689
Net change in fair value of derivatives	(3,138)	(61)
Amortisation of rent abatement incentives	4,605	3,500
Amortisation of other tenant incentives and finance costs	4,133	895
Straightline of rental income	(691)	(100)
Movement in lease liabilities	(709)	(589)
Net tax expense on non-FFO Items	8,965	964
Abacus funds from operations ("FFO")	**81,052**	**60,606**

	31 Dec 2021	31 Dec 2020
Basic earnings per security (cents)	38.05	22.68
Basic FFO per security (cents)	9.80	9.06
Distribution per security (cents - including proposed distribution)	8.75	8.50
Weighted average securities on issue (million)	827.3	669.3

Abacus continued to focus its investment capital on acquisitions across the commercial and self storage sectors in line with its capital allocation strategy as these sectors, in Abacus' view, represented the best risk adjusted returns over the investment period. Abacus purchased the following properties during the period: a 1/3rd interest in the property known as "Myer Melbourne", 314-336 Bourke Street, Melbourne VIC for $135.2 million and 23 self storage sites in Artarmon NSW, Brendale QLD, Burleigh Heads QLD, Chatswood NSW, Cromer NSW, Gladesville NSW, Gregory Hills NSW, Helensvale QLD, Hope Island QLD, Kings Park NSW, Leppington NSW, Marsden Park NSW, Mascot NSW, Mittagong NSW, Morisset NSW, North Wyong NSW, Osborne Park WA, Pymble NSW, Raymond Terrace NSW, South Windsor NSW, St Leonards NSW, Upper Coomera QLD and Wollongong NSW for $405.9 million.

DIRECTORS' REPORT

31 December 2021

GROUP RESULTS SUMMARY (continued)

Impact of the COVID-19 pandemic

Further to the tenant engagement program implemented in March 2020, the Group continues to communicate with all tenants, particularly the tenants whose businesses have been severely impacted by the COVID-19 pandemic. In assessing requests for rental support, Abacus has complied with the National Cabinet Mandatory Code of Conduct for SME Commercial Leasing Principles during COVID-19 ("Code"). In addition, rental support has been provided to tenants who do not qualify under the Code in return for extension of leases where possible, in order to assist in the retention of these tenants over the medium term.

During the half year ended 31 December 2021, the amount of rent concessions provided to tenants is $1.9 million with 67% or $1.3 million provided in the form of a rent waiver. The total amount of rent concessions provided to tenants since March 2020 to 31 December 2021 is $8.8 million with 66% or $5.8 million provided in the form of a rent waiver. The rent concessions represent 4% of rental income and $1.0 million has been expensed in the half year ended 31 December 2021, with the remaining rent waivers amortised over the life of the leases as lease incentives. The balance 33% of the rent concessions has been provided to tenants in the form of a rent deferral recoverable under the Code over a minimum of two years or the life of the lease whichever is longer. In support of the rent waivers, the Group received $0.6 million of rebates from the state governments during the period. Since the balance date, there has been no material change to the amount of rent concessions provided to tenants.

While self storage does not strictly fall within the Code, tenants have been offered rent relief. The relief is being structured as rent waivers with no rent deferrals being offered to tenants. The total amount of rent concessions provided to tenants since March 2020 to 31 December 2021 is $0.2 million.

Due to the COVID-19 pandemic, it is expected that short to medium term downside risks to demand and rental growth will emerge. Going forward, some businesses may reassess their future workspace needs and an extensive work from home period may accelerate changes in the use and demand for some office space. Whether that translates to less shared workspaces (such as hot-desking), an increase in flexible work arrangements or a demand for more space to comply with physical distancing requirements, remains to be seen.

Valuations

The Abacus investment property portfolio was revalued at period end which resulted in a gain of $175.2 million or 4.6% in the six months to 31 December 2021. The investment property portfolio's overall weighted average capitalisation rate tightened 16 basis points from 5.65% to 5.49%. The investment portfolio (including equity accounted properties) is now valued at $4.58 billion including $2.17 billion of commercial properties across 25 assets and $2.41 billion of self storage facilities across 116 assets.

The COVID-19 pandemic has created unprecedented uncertainty in the short to medium term economic environment, in particular, the continued lack of market transactions, which are ordinarily a strong source of evidence for valuations of investment properties. Further considerations in relation to the COVID-19 pandemic and impact on property valuations are detailed in note 2 of the financial statements.

As part of the portfolio valuation process for the period ended 31 December 2021, 49 of the 136 investment properties (excluding equity accounted properties) or 36% by number were independently valued. The remaining properties were subject to internal valuation and, where appropriate, their values were adjusted.

Abacus' storage portfolio has proven resilient over the past six months achieving both rental income growth as well as yield compression. As financial markets remain volatile, this may increase the attractiveness of self storage income which is recognised as relatively resilient. The current environment supports the Group's capital allocation strategy to increase its exposure in this asset class and improve recurring earnings.

Further Abacus believes that its commercial office portfolio remains robust in the current conditions. The majority of Abacus' offices:

- 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;
- have ample car parking spaces; and
- are managed to better than average quality sustainability standards and usually offer contemporary building facilities.

DIRECTORS' REPORT

31 December 2021

GROUP RESULTS SUMMARY (continued)

As a result of these features, the Group's building tenants are usually strongly connected to the property's location, and so have a positive predisposition to remain. It is also accepted that the potential cost for a tenant (in financial and in effort terms) of relocating to an alternative location often outweighs the benefits of a cheaper building elsewhere.

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

CHANGES IN THE STATE OF AFFAIRS

The contributed equity of the Group increased $42.6 million to $2,392.4 million compared to $2,349.8 million as at 30 June 2021 due to securityholders' participation in the distribution reinvestment plan during the period.

Total equity increased by $281.3 million to $3,183.2 million at 31 December 2021 compared to $2,901.9 million at 30 June 2021.

DISTRIBUTIONS

An interim distribution of 8.75 cents per Abacus stapled security was declared on 16 December 2021 which will be paid on 28 February 2022. Distributions are paid on a semi-annual basis.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Subsequent to the period end:

- The acquisition of a 100% leasehold interest (296 years remaining) in 77 Castlereagh Street, Sydney NSW is due to be completed in March 2022 for $250 million excluding transaction costs.
- 56 Prescot Parade, Milperra ("Riverlands") and 181 James Ruse Drive, Camellia ("Camellia") were exchanged, converting Abacus' interest from lender to owner.
- Abacus' remaining Property Development loan at Doonside was agreed to be refinanced, which will conclude Abacus' strategic direction to exit all Property Development legacy loan positions.

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 half-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.

ROUNDING

The amounts contained in this report and in the half-year 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 6.

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, 17 February 2022	

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 review of the half-year financial report of Abacus Group Holdings Limited for the half-year ended 31 December 2021, 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 review; and

b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Abacus Group Holdings Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
17 February 2022

CONSOLIDATED INCOME STATEMENT
HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	31 Dec 2021 $'000	31 Dec 2020 $'000
REVENUE			
Rental income		135,685	106,895
Finance income		6,160	7,910
Fee income		7,937	2,193
Sale of inventory		-	2,944
Total Revenue		**149,782**	**119,942**
OTHER INCOME			
Net change in fair value of investment properties held at balance date		175,212	93,896
Share of profit from equity accounted investments	5(a)	7,614	12,887
Net change in fair value of investment properties, property, plant and equipment, investments and financial instruments derecognised		3,648	(3)
Net change in fair value of investments held at balance date		71,792	(4,993)
Net change in fair value of derivatives		3,138	61
Other income		4,931	3,279
Total Revenue and Other Income		**416,117**	**225,069**
Property expenses and outgoings		(30,138)	(31,097)
Depreciation and amortisation expense		(4,768)	(3,430)
Cost of inventory sales		-	(2,709)
Impairment charges		-	(2,750)
Finance costs		(17,658)	(12,653)
Administrative and other expenses		(32,931)	(15,673)
PROFIT BEFORE TAX		**330,622**	**156,757**
Income tax expense		(15,834)	(4,740)
NET PROFIT AFTER TAX		**314,788**	**152,017**
PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent entity (AGHL)		(5,475)	(20,023)
Equity holders of other stapled entities			
AT members		63,617	29,928
AGPL members		10,619	12,620
AIT members		8,737	2,247
ASPT members		184,289	84,754
ASOL members		53,001	42,291
Stapled security holders		**314,788**	**151,817**
Net profit attributable to external non-controlling interests		-	200
NET PROFIT		**314,788**	**152,017**
Basic and diluted earnings per stapled security (cents)	1	38.05	22.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
HALF-YEAR ENDED 31 DECEMBER 2021

	31 Dec 2021 $'000	31 Dec 2020 $'000
NET PROFIT AFTER TAX	314,788	152,017
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to the income statement		
Foreign exchange translation adjustments, net of tax	2,295	(170)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**317,083**	**151,847**
Total comprehensive income attributable to:		
Members of the Group	317,083	151,647
External non-controlling interests	-	200
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**317,083**	**151,847**
Total comprehensive income / (loss) attributable to members of the Group analysed by amounts attributable to:		
AGHL members	(5,475)	(20,023)
AT members	63,617	29,928
AGPL members	10,619	12,620
AIT members	8,737	2,247
ASPT members	186,524	84,614
ASOL members	53,061	42,261
TOTAL COMPREHENSIVE INCOME AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP	**317,083**	**151,647**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 Dec 2021 $'000	30 Jun 2021 $'000
CURRENT ASSETS			
Investment properties held for sale	2	19,000	161,571
Property loans	4(a)	55,450	20,716
Cash and cash equivalents		139,872	57,992
Trade and other receivables		49,989	33,653
Other		6,154	4,685
TOTAL CURRENT ASSETS		**270,465**	**278,617**
NON-CURRENT ASSETS			
Investment properties	2	3,953,235	3,188,371
Inventory	3	48,454	48,064
Property loans	4(b)	53,143	47,230
Equity accounted investments	5(b)	170,720	110,414
Deferred tax assets		21,348	22,434
Property, plant and equipment	10	22,267	21,664
Other financial assets	4(c)	286,450	234,485
Intangible assets and goodwill		105,952	106,312
Derivatives at fair value		3,324	673
Other		884	793
TOTAL NON-CURRENT ASSETS		**4,665,777**	**3,780,440**
TOTAL ASSETS		**4,936,242**	**4,059,057**
CURRENT LIABILITIES			
Trade and other payables		109,006	112,135
Derivatives at fair value		297	678
Income tax payable		3,364	4,788
Other		4,814	6,581
TOTAL CURRENT LIABILITIES		**117,481**	**124,182**
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	6(a)	1,582,955	988,525
Derivatives at fair value		168	280
Deferred tax liabilities		45,927	37,727
Other		6,551	6,464
TOTAL NON-CURRENT LIABILITIES		**1,635,601**	**1,032,996**
TOTAL LIABILITIES		**1,753,082**	**1,157,178**
NET ASSETS		**3,183,160**	**2,901,879**
TOTAL EQUITY		**3,183,160**	**2,901,879**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2021

	Notes	31 Dec 2021 $'000	30 Jun 2021 $'000
Equity attributable to members of AGHL:			
Contributed equity		528,758	519,663
Reserves		1,163	2,705
Retained earnings		148,211	153,686
Total equity attributable to members of AGHL:		**678,132**	**676,054**
Equity attributable to unitholders of AT:			
Contributed equity		1,301,338	1,285,378
Accumulated losses		(176,315)	(186,555)
Total equity attributable to unitholders of AT:		**1,125,023**	**1,098,823**
Equity attributable to members of AGPL:			
Contributed equity		42,380	41,425
Retained earnings		55,367	44,748
Total equity attributable to members of AGPL:		**97,747**	**86,173**
Equity attributable to unitholders of AIT:			
Contributed equity		178,223	175,994
Accumulated losses		(92,989)	(101,726)
Total equity attributable to unitholders of AIT:		**85,234**	**74,268**
Equity attributable to members of ASPT:			
Contributed equity		276,832	266,230
Reserves		2,214	(21)
Retained earnings		393,109	232,320
Total equity attributable to members of ASPT:		**672,155**	**498,529**
Equity attributable to members of ASOL:			
Contributed equity		64,877	61,101
Reserves		7	(53)
Retained earnings		459,985	406,984
Total equity attributable to members of ASOL:		**524,869**	**468,032**
TOTAL EQUITY		**3,183,160**	**2,901,879**
Contributed equity	8	2,392,408	2,349,791
Reserves		3,384	2,631
Retained earnings		787,368	549,457
TOTAL EQUITY		**3,183,160**	**2,901,879**

CONSOLIDATED STATEMENT OF CASH FLOW
HALF-YEAR ENDED 31 DECEMBER 2021

	31 Dec 2021 $'000	31 Dec 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	149,837	120,909
Interest received	13	58
Distributions received	4,949	2,602
Income tax paid	(8,167)	(14,748)
Finance costs paid	(12,468)	(11,751)
Operating payments	(73,879)	(48,854)
Payments for land acquisitions	(390)	(1,689)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**59,895**	**46,527**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments and funds advanced	(74,143)	(2,039)
Proceeds from sale and settlement of investments and funds repaid	100,698	43,280
Purchase of property, plant and equipment	(2,254)	(1,395)
Disposal of property, plant and equipment	8	5
Purchase of investment properties	(646,535)	(187,215)
Disposal of investment properties	86,074	-
Acquisition of subsidiary, net of cash acquired	-	(46,395)
Payment for other investments and financial assets	-	(10,853)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(536,152)**	**(204,612)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	-	402,207
Payment of issue / finance costs	(961)	(4,417)
Repayment of borrow ings	-	(280,851)
Repayment of principal portion of lease liabilities	(673)	(648)
Proceeds from borrow ings	590,794	29,768
Distributions paid	(31,055)	(26,633)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**558,105**	**119,426**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	81,848	(38,659)
Net foreign exchange differences	32	-
Cash and cash equivalents at beginning of period	57,992	127,313
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**139,872**	**88,654**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2021

	Attributable to the stapled security holder				External	
CONSOLIDATED	**Issued capital $'000**	**Foreign currency translation reserve $'000**	**Employee equity benefits $'000**	**Retained earnings $'000**	**Non-controlling interest $'000**	**Total Equity $'000**
At 1 July 2021	2,349,791	(74)	2,705	549,457	-	2,901,879
Other comprehensive income	-	2,295	-		-	2,295
Net income for the period	-	-	-	314,788	-	314,788
Total comprehensive income for the period	-	2,295	-	314,788	-	317,083
Distribution reinvestment plan	42,617	-	-	-	-	42,617
Security acquisition rights	-	-	(1,542)	-	-	(1,542)
Distribution to securityholders	-	-	-	(76,877)	-	(76,877)
At 31 December 2021	**2,392,408**	**2,221**	**1,163**	**787,368**	**-**	**3,183,160**

	Attributable to the stapled security holder				External	
CONSOLIDATED	**Issued capital $'000**	**Foreign currency translation reserve $'000**	**Employee equity benefits $'000**	**Retained earnings $'000**	**Non-controlling interest $'000**	**Total Equity $'000**
At 1 July 2020	1,879,765	934	2,336	318,709	4,970	2,206,714
Other comprehensive income	-	(170)	-		-	(170)
Net income for the period	-	-	-	151,817	200	152,017
Total comprehensive income for the period	-	(170)	-	151,817	200	151,847
Equity raisings	402,208	-	-	-	-	402,208
Issue costs	(3,297)	-	-	-	-	(3,297)
Distribution reinvestment plan	32,509	-	-	-	-	32,509
Security acquisition rights	-	-	(640)	-	-	(640)
Distribution to securityholders	-	-	-	(68,374)	-	(68,374)
At 31 December 2020	**2,311,185**	**764**	**1,696**	**402,152**	**5,170**	**2,720,967**

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Abacus Property Group ("APG" or the "Group") is comprised of Abacus Group Holdings Limited ("AGHL") (the nominated parent entity), Abacus Trust ("AT"), Abacus Group Projects Limited ("AGPL"), Abacus Income Trust ("AIT"), Abacus Storage Property Trust ("ASPT") and Abacus Storage Operations Limited ("ASOL"). Shares in AGHL, AGPL and ASOL and units in AT, AIT and ASPT 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 ABP.

The financial report of the Group for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 17 February 2022.

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

The Group predominately operates in Australia. Following are the Group's operating segments, which are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources allocation and to assess performance:

(a) Property Investment: the segment is responsible for the investment in and ownership of self storage and commercial (office and retail) properties. This segment also includes the equity accounting of co-investments in property entities not engaged in development projects; and

(b) Property Development: provides secured lending and is also responsible for the Group's investment in joint venture developments projects, which includes revenue from debt and equity investments in joint ventures.

Segment result includes transactions between operating segments which are then eliminated.

NOTES TO THE FINANCIAL STATEMENTS – Segment Information

31 DECEMBER 2021

Half-year ended 31 December 2021	Property Investment Commercial $'000	Property Investment Storage $'000	Property Development $'000	Other $'000	Consolidated $'000
Revenue					
Rental income	62,091	73,594			**135,685**
Finance income	1,474		4,671	15	**6,160**
Fee income	734	7,203			**7,937**
Net change in investment properties held at balance date	34,451	140,761			**175,212**
Share of profit from equity accounted investments	7,626 ^		(12)		**7,614**
Net change in fair value of investment properties, property, plant and equipment, investments and financial instruments derecognised	(1,364)	5,012			**3,648**
Net change in fair value of investments held at balance date	267	72,323	(798)		**71,792**
Other income	30	4,893	8		**4,931**
Total consolidated revenue and other income	**105,309**	**303,786**	**3,869**	**15**	**412,979**
Property expenses and outgoings	(14,245)	(15,893)			**(30,138)**
Depreciation and amortisation expense	(3,391)	(1,377)			**(4,768)**
Administrative and other expenses	(9,513)	(21,832)	(1,586)		**(32,931)**
Segment result	**78,160**	**264,684**	**2,283**	**15**	**345,142**
Net change in fair value of derivatives					3,138
Finance costs					(17,658)
Profit before tax					**330,622**
Income tax expense					(15,834)
Net profit for the period attributable to members of the Group					**314,788**

^ includes fair value gain of $3.2 million

NOTES TO THE FINANCIAL STATEMENTS – Segment Information (continued)

31 DECEMBER 2021

Half-year ended 31 December 2020	Property Investment Commercial $'000	Storage $'000	Property Development $'000	Other $'000	Consolidated $'000
Revenue					
Rental income	55,004	51,891	-	-	**106,895**
Finance income	-	-	7,852	58	**7,910**
Fee income	1,709	484	-	-	**2,193**
Sale of inventory	-	-	-	2,944	**2,944**
Net change in investment properties held at balance date	(3,584)	97,480	-	-	**93,896**
Share of profit from equity accounted investments	12,854 ^	48	(15)	-	**12,887**
Other income	(5)	3,284	-	-	**3,279**
Other unallocated revenue	-	-	-	61	**61**
Total consolidated revenue and other income	**65,978**	**153,187**	**7,837**	**3,063**	**230,065**
Property expenses and outgoings	(13,340)	(17,759)	-	2	**(31,097)**
Depreciation and amortisation expense	(2,475)	(955)	-		**(3,430)**
Cost of inventory sales	-	-	-	(2,709)	**(2,709)**
Net change in fair value of investment properties, property, plant and equipment, investments and financial instruments derecognised	(3)	4	(4)	-	**(3)**
Net change in fair value of investments held at balance date	(193)	11,021	(15,821)	-	**(4,993)**
Impairment charges	-	-	(2,750)	-	**(2,750)**
Administrative and other expenses	(8,072)	(6,321)	(1,235)	(45)	**(15,673)**
Segment result	**41,895**	**139,177**	**(11,973)**	**311**	**169,410**
Finance costs					(12,653)
Profit before tax					**156,757**
Income tax expense					(4,740)
Net profit for the period					**152,017**
less non-controlling interest					(200)
Net profit for the period attributable to members of the Group					**151,817**

^ includes fair value gain of $8.6 million

NOTES TO THE FINANCIAL STATEMENTS – Segment Information (continued)
31 DECEMBER 2021

As at 31 December 2021	Property Investment $'000	Property Development $'000	Unallocated $'000	Total $'000
Current assets	19,000	55,450	196,015	**270,465**
Non-current assets	4,559,374	48,454	57,949	**4,665,777**
Total assets	**4,578,374**	**103,904**	**253,964**	**4,936,242**
Current liabilities	29,041	11,625	76,815	**117,481**
Non-current liabilities	2,018	865	1,632,718	**1,635,601**
Total liabilities	**31,059**	**12,490**	**1,709,533**	**1,753,082**
Net assets	**4,547,315**	**91,414**	**(1,455,569)**	**3,183,160**
Total facilities - bank loans				1,859,930
Facilities used at reporting date - bank loans				(1,551,417)
Facilities unused at reporting date - bank loans				**308,513**

As at 30 June 2021	Property Investment $'000	Property Development $'000	Unallocated $'000	Total $'000
Current assets	161,571	20,716	96,330	**278,617**
Non-current assets	3,628,852	95,294	56,294	**3,780,440**
Total assets	**3,790,423**	**116,010**	**152,624**	**4,059,057**
Current liabilities	34,520	14,259	75,403	**124,182**
Non-current liabilities	1,811	776	1,030,409	**1,032,996**
Total liabilities	**36,331**	**15,035**	**1,105,812**	**1,157,178**
Net assets	**3,754,092**	**100,975**	**(953,188)**	**2,901,879**
Total facilities - bank loans				1,359,930
Facilities used at reporting date - bank loans				(959,894)
Facilities unused at reporting date - bank loans				**400,036**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

1. EARNINGS PER STAPLED SECURITY

	31 Dec 2021	31 Dec 2020
Basic and diluted earnings per stapled security (cents)	38.05	22.68
Reconciliation of earnings used in calculating earnings per stapled security		
Basic and diluted earnings per stapled security		
Net profit ($'000)	**314,788**	**151,817**
Weighted average number of shares:		
Weighted average number of stapled securities for basic earning per security ('000)	827,324	669,250

2. INVESTMENT PROPERTIES

	31 Dec 2021 $'000	30 Jun 2021 $'000
Leasehold investment properties [1]	12,116	11,613
Freehold investment properties	3,960,119	3,338,329
Total investment properties	**3,972,235**	**3,349,942**

1. The carrying amount of the leasehold property is presented gross of the finance liability of $2.5 million (30 June 2021: $2.5 million).

Reconciliation

	31 Dec 2021 $'000	30 Jun 2021 $'000
Investment properties held for sale		
Commercial	19,000	161,571
Total investment properties held for sale	**19,000**	**161,571**
Investment properties		
Commercial	1,924,478	1,758,166
Storage	2,028,757	1,430,205
Total investment properties	**3,953,235**	**3,188,371**
Total investment properties including held for sale	**3,972,235**	**3,349,942**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

2. INVESTMENT PROPERTIES (continued)

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 7:

	Non-current	
	31 Dec 2021	30 Jun 2021
Leasehold investment properties	**$'000**	**$'000**
Carrying amount at beginning of the financial period	11,613	12,300
Capital expenditure	19	489
Net change in fair value as at balance date	484	(1,176)
Carrying amount at end of the period	**12,116**	**11,613**

	Held for sale		Non-current	
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
Freehold investment properties	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at beginning of the financial period	161,571	-	3,176,758	2,640,616
Additions	-	-	573,019	312,311
Capital expenditure	395	-	69,842	163,128
Net change in fair value as at balance date	767	-	173,961	238,609
Net change in fair value derecognised	(1,853)	-	-	2,558
Disposals	(141,880)	-	(56,000)	(18,831)
Effect of movements in foreign exchange	-	-	2,848	(1,001)
Properties transferred to / (from) held for sale	-	161,571	-	(161,571)
Straightlining[1]	-	-	691	939
Carrying amount at end of the period	**19,000**	**161,571**	**3,941,119**	**3,176,758**

1. Rental income from investment properties is accounted for on a straight-line basis over the lease term.

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
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 terminal value is discounted to the present value.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

2. INVESTMENT PROPERTIES (continued)

External valuations are conducted by qualified independent valuers who are appointed by the Group General Managers for Commercial and Self Storage who are also responsible for the Group's internal valuation process. They are 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.

The majority of the investment properties are used as security for secured bank debt outlined in Note 6.

The weighted average capitalisation rate for Abacus is 5.49% (30 June 2021: 5.65%) and for each significant category above is as follows;

- Commercial – 5.52% (30 June 2021: 5.54%)
- Storage – 5.47% (30 June 2021: 5.74%)

The optimal occupancy rate utilised in the valuation process ranged from 80.0% to 100.0% (30 June 2021: 80.0% to 100.0%). The current occupancy rate for the principal portfolio excluding development and self storage assets is 94.5% (30 June 2021: 94.7%). The occupancy rate for the established storage portfolio is 92.8% (30 June 2021: 90.9%).

The key assumptions and estimates used in these valuation approaches which have been impacted by COVID-19 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 adjusted to recognise the COVID-19 impact
- lease assumptions based on current and expected future market conditions after expiry of any current lease
- the capitalisation rate and discount rate derived from recent comparable market transactions adjusted for COVID-19 to reflect the uncertainty in the amount and timing of cash flows
- the impact of government support on tenants and rental schemes giving rise to rental deferrals, rental forgiveness, and eviction moratoriums.

The property valuations have been prepared based on the information that is available at 31 December 2021.

In the event that the circumstances are more material or prolonged than anticipated, this may further 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 $189.3 million or decrease the fair value by $172.9 million respectively.

During the half-year ended 31 December 2021, 36% (31 December 2020: 14%) of the number of investment properties in the portfolio were subject to external valuations, the remaining 64% (31 December 2020: 86%) were subject to internal valuation.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

3. INVENTORY

	31 Dec 2021 $'000	30 Jun 2021 $'000
Non-current		
Property developments[1]		
- Capitalised expenditure	48,454	48,064
	48,454	**48,064**
Total inventory	**48,454**	**48,064**

1. Inventories are held at the lower of cost and net realisable value.

4. PROPERTY LOANS AND OTHER FINANCIAL ASSETS

	31 Dec 2021 $'000	30 Jun 2021 $'000
(a) Current property loans		
Secured loans - fair value	46,010	17,847
Interest receivable on secured loans - fair value	9,440	2,869
	55,450	**20,716**
(b) Non-current property loans		
Secured loans - amortised cost	53,143	-
Secured loans - fair value	-	41,726
Interest receivable on secured loans - fair value	-	5,504
	53,143	**47,230**
(c) Non-current other financial assets		
Other financial assets	282,941	231,895
Investment in securities and options - unlisted - fair value	3,509	2,590
	286,450	**234,485**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	Fordtrans Pty Ltd		AW 710 Collin St Trust		Other Joint Ventures		Total	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	5,128	28,323	4,103	-	11,847	18,220	21,078	46,543
Expenses	(2,028)	(1,964)	(871)	-	(2,322)	(20,311)	(5,221)	(22,275)
Net profit / (loss)	**3,100**	**26,359**	**3,232**	**-**	**9,525**	**(2,091)**	**15,857**	**24,268**
Share of net profit/(loss)	**1,452**	**13,184**	**1,356**	**-**	**4,806**	**(297)**	**7,614**	**12,887**

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

	Fordtrans Pty Ltd		AW 710 Collin St Trust		Other Joint Ventures		Total	
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	8,607	5,909	660	-	4,723	8,191	13,990	14,100
Non-current assets	238,907	232,403	113,500	-	106,857	99,365	459,264	331,768
	247,514	238,312	114,160	-	111,580	107,556	473,254	345,868
Current liabilities	(7,755)	(10,305)	(1,930)	-	(4,332)	(16,674)	(14,017)	(26,979)
Non-current liabilities	(75,606)	(64,711)	-	-	(42,707)	(35,692)	(118,313)	(100,403)
Net assets	**164,153**	**163,296**	**112,230**	**-**	**64,541**	**55,190**	**340,924**	**218,486**
Share of net assets	**82,077**	**81,648**	**56,115**	**-**	**32,528**	**28,766**	**170,720**	**110,414**

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

6. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2021 $'000	30 Jun 2021 $'000
Non-current		
Bank loans - A$	1,358,611	822,805
Bank loans - A$ value of NZ$ denominated loan	192,815	137,099
Loan from related party - A$	31,903	31,158
Less: Unamortised borrowing costs	(374)	(2,537)
(a) Total non-current	**1,582,955**	**988,525**

	31 Dec 2021 $'000	30 Jun 2021 $'000
(b) Maturity profile of non-current interest bearing loans		
Due between one and five years	1,185,772	481,512
Due after five years	397,183	507,013
	1,582,955	**988,525**

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$ and NZ$ 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 July 2022 to July 2027. The bank loans are secured by charges over the investment properties, certain inventory and certain property, plant and equipment.

Approximately 43.0% (30 June 2021: 46.5%) of bank debt drawn was subject to fixed rate hedges and the drawn bank debt had a weighted average term to maturity of 4.1 years (30 June 2021: 4.8 years). Hedge cover as a percentage of available facilities at 31 December 2021 is 35.9% (30 June 2021: 32.9%).

Abacus' weighted average interest rate as at 31 December 2021 was 2.00% (30 June 2021: 1.95%). Line fees on undrawn facilities contributed to 0.22% of the weighted average interest rate at 31 December 2021 (30 June 2021: 0.37%). Abacus' weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2021 was 1.78% (30 June 2021: 1.58%).

(c) Assets pledged as security

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

	31 Dec 2021 $'000	30 Jun 2021 $'000
Current		
First mortgage		
Investment properties held for sale	19,000	27,969
Total current assets pledged as security	19,000	27,969
Non-current		
First mortgage		
Investment properties	3,600,808	3,007,437
Total non-current assets pledged as security	3,600,808	3,007,437
Total assets pledged as security	**3,619,808**	**3,035,406**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

7. FINANCIAL INSTRUMENTS

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	Discount rate Net operating income Adopted capitalisation rate Rate per unit Optimal occupancy Adopted discount rate
Property, plant and equipment	Level 3	Income capitalisation method	Net market EBITDA Optimal occupancy Adopted capitalisation rate
Property loans - fair value	Level 3	Residual cash flow analysis	Property loan cash flow forecast Property loan payment priorities
Securities and options - 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 Quoted security price
Securities and options - listed	Level 1	Quoted prices (unadjusted) in active market for identical assets or liabilities	Quoted security price

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.
Residual cash flow analysis	The analysis takes into account the time value of money in a more detailed way than simply a developer's profit margin as it considers the timing of all costs and income associated with the project.
Pricing models – unlisted securities	The fair value is determined by reference to the net assets which approximates fair value of the underlying entities.
Pricing models – options	The fair value is determined using generally accepted pricing models including Black-Scholes and adjusted for specific features of the options including share price, underlying net assets and property valuations and prevailing exchange rates.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

7. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

The following table is a reconciliation of the movements in secured loans (fair value), unlisted securities and options classified as Level 3 for the period ended 31 December 2021.

	Secured loans (fair value) $'000	Unlisted securities/ options $'000	Total $'000
Opening balance as at 30 June 2021	67,946	2,590	70,536
Fair value movement through the income statement	(798)	273	(525)
Additions	9,756	646	10,402
Disposals	(21,454)	-	(21,454)
Closing balance as at 31 December 2021	**55,450**	**3,509**	**58,959**

	Secured loans (fair value) $'000	Unlisted securities/ options $'000	Total $'000
Opening balance as at 30 June 2020	115,802	839	116,641
Fair value movement through the income statement	(15,821)	(192)	(16,013)
Additions	15,027	1,583	16,610
Disposals	(36,528)	-	(36,528)
Closing balance as at 31 December 2020	**78,480**	**2,230**	**80,710**

Sensitivity of Level 3

Secured loans

The fair values of the secured loans are impacted by the underlying property development valuations and returns. The potential effect of using reasonable possible alternative assumptions based on a decrease / increase in the underlying property developments' returns by 10% would have the effect of reducing the fair value by up to $10.4 million (30 June 2021: $10.7 million) or increase the fair value by $10.4 million (30 June 2021: $10.5 million) respectively.

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 2021: $0.1 million) or increase the fair value by $0.2 million (30 June 2021: $0.1 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

8. CONTRIBUTED EQUITY

	31 Dec 2021	30 Jun 2021
(a) Issued stapled securities	**$'000**	**$'000**
Stapled securities	2,441,500	2,398,882
Issue costs	(49,092)	(49,091)
Total contributed equity	2,392,408	2,349,791

	Stapled securities	
	Number	Number
	31 Dec 2021	30 Jun 2021
(b) Movement in stapled securities on issue	**'000**	**'000**
At beginning of financial period	818,591	653,502
- equity raisings	-	138,692
- distribution reinvestment plan	13,231	26,397
Securities on issue at end of financial period	831,822	818,591

9. DISTRIBUTIONS PAID AND PROPOSED

	31 Dec 2021	31 Dec 2020
	$'000	**$'000**
(a) Distributions paid during the period		
June 2021 half: 9.0 cents per stapled security (2020: 9.05 cents)*	73,673	59,142
(b) Distributions declared and recognised as a liability^		
December 2021 half: 8.75 cents per stapled security (2020: 8.50 cents)	72,784	68,374

Distributions were paid from Abacus Trust, Abacus Income Trust and Abacus Storage Property Trust (which do not pay tax provided they distribute all their taxable income) hence, there were no franking credits attached.

* The final distribution of 9.00 cents per stapled security comprised of a distribution of 8.50 cents paid on 31 August 2021 and additional distribution of 0.5 cents paid on 30 September 2021.

^ The interim distribution of 8.75 cents per stapled security of approximately $72.8 million will be paid on 28 February 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

10. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2021 $'000	30 Jun 2021 $'000
Non-current		
Right of use property asset	907	1,360
Storage equipment	20,436	19,239
Office equipment / furniture and fittings	924	1,065
Total non-current property, plant and equipment	**22,267**	**21,664**
Total property, plant and equipment	**22,267**	**21,664**

	31 Dec 2021 $'000	30 Jun 2021 $'000
Right of use property asset		
At the beginning of the period net of accumulated depreciation	1,360	2,266
Depreciation charge for the period	(453)	(906)
At the end of the period net of accumulated depreciation	**907**	**1,360**
Gross value	3,173	3,173
Accumulated depreciation	(2,266)	(1,813)
Net carrying amount at end of the period	**907**	**1,360**
Plant and equipment		
Gross value	33,566	31,284
Accumulated depreciation	(12,206)	(10,980)
Net carrying amount at end of the period	**21,360**	**20,304**
Total	**22,267**	**21,664**

11. COMMITMENTS AND CONTINGENCIES

There are no contingent assets or liabilities at 31 December 2021 other than as disclosed in this report.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

12. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the Annual Financial Report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Property Group for the year ended 30 June 2021. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Property Group during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021 except for the adoption of new standards and interpretations effective as of 1 July 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New accounting standards and interpretations

There are several amendments and interpretations apply for the first time on 1 July 2021 as follows, but they do not have an impact on the interim condensed consolidated financial statements of the Group.

- AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform – Phase 2

  This amends the requirements in AASB 9 Financial Instruments, AASB 139 Financial Instruments: Recognition and Measurement, AASB 7 Financial Instruments: Disclosures, AASB 4 Insurance Contracts and AASB 16 Leases. The objective of the amendments is to minimise financial reporting consequences of a change in benchmark interest rates that Australian Accounting Standards may otherwise require, such as the derecognition or remeasurement of financial instruments, and the discontinuation of hedge accounting.

- AASB 2020-4 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions

  The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification. This amendment had no impact on the consolidated financial statements of the Group.

- AASB 2021-3 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions beyond 30 June 2021.

  In light of many other challenges lessees faced during the COVID-19 pandemic, AASB 16 was amended to extend the practical expedient to not account for COVID-19-related rent concessions as lease modifications by one year. This amendment had no impact on the consolidated financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

12. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations (continued)

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the half-year ended 31 December 2021. The impact of these new standards or amendments to the standards (to the extent relevant to the Group) and interpretations is as follows:

- 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 2023)

  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 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require amendments.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments (effective for annual reporting periods from 1 January 2022)

  The amending standard made amendments to the following standards and conceptual framework:

  Reference to the Conceptual Framework – Amendments to AASB 3

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of AASB 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of AASB 137 or Interpretation 21 Levies, if incurred separately.

  At the same time, the Board decided to clarify existing guidance in AASB 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments apply prospectively.

  Property, Plant and Equipment: Proceeds before Intended Use – Amendments to AASB 16

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

12. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations (continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to AASB 137

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Fees in the '10 per cent' test for derecognition of financial liabilities (part of annual improvements 2018-2020 cycle) – Amendment to AASB9

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group

- 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.

  The amendments are applied prospectively and are not expected to have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

13. EVENTS AFTER BALANCE SHEET DATE

Subsequent to the period end:

- The acquisition of a 100% leasehold interest (296 years remaining) in 77 Castlereagh Street, Sydney NSW is due to be completed in March 2022 for $250 million excluding transaction costs.

- 56 Prescot Parade, Milperra ("Riverlands") and 181 James Ruse Drive, Camellia ("Camellia") were exchanged, converting Abacus' interest from lender to owner.

- Abacus' remaining Property Development loan at Doonside was agreed to be refinanced, which will conclude Abacus' strategic direction to exit all Property Development legacy loan positions.

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 half-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.

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 financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position as at 31 December 2021 and the performance for the half-year ended on that date for the consolidated entity; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

On behalf of the Board

Myra Salkinder Chair Sydney, 17 February 2022	Steven Sewell Managing Director

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

Conclusion

We have reviewed the accompanying half-year 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 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

A Ewan

Anthony Ewan
Partner
17 February 2022

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