



ABACUS STORAGE PROPERTY TRUST
INTERIM FINANCIAL REPORT

31 December 2022

ABACUS

HALF-YEAR FINANCIAL REPORT**31 December 2022****Directory****Responsible Entity:**

Abacus Storage Funds Management Limited
ABN: 41109 324 834

Auditor (Financial and Compliance Plan):

Ernst & Young
200 George Street
SYDNEY NSW 2000

Registered Office:

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Share Registry:

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Custodian:

Perpetual Trustee Company Limited
Level 12 Angel Place
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SYDNEY NSW 2000

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It is recommended that this Half-Year Financial Report should be read in conjunction with the Half-Year Financial Report of Abacus Group, Abacus Trust, Abacus Group Projects Limited, Abacus Income Trust, and Abacus Storage Operations Limited as at 31 December 2021 and Abacus Storage Property Trust's 30 June 2022 Annual Financial Report. It is also recommended that the report be considered together with any public announcements made by the Abacus Group in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

DIRECTORS' REPORT

31 December 2022

The Directors present their report for the period ended 31 December 2022.

The Directors of Abacus Storage Funds Management Limited ("ASFML"), the Responsible Entity of Abacus Storage Property Trust ("ASPT" or the "Trust"), present their report together with the consolidated financial reports of the Trust for the period ended 31 December 2022 and the auditor's report thereon.

DIRECTORS

The Directors of ASFML in office during the half-year and until the date of this report are as follows.

Myra Salkinder	Chair (Non-executive)
Steven Sewell	Managing Director
Trent Alston	Non-executive Director
Mark Bloom	Non-executive Director
Mark Haberland	Non-executive Director (Lead Independent)
Sally Herman	Non-executive Director (appointed 16 December 2022)
Holly Kramer	Non-executive Director (resigned 23 November 2022)
Jingmin Qian	Non-executive Director

Directors were in office for this entire period unless otherwise stated.

STRUCTURE AND PRINCIPAL ACTIVITIES

The principal activity of the Trust during the half-year ended 31 December 2022 was the ownership of self-storage facilities in Australia and New Zealand.

ASPT is a stapled entity of Abacus Group ("APG") which is a member of 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.

The Trust is a member of Abacus Group ("APG" or the "Group") which is comprised of Abacus Group Holdings Limited ("AGHL"), Abacus Trust ("AT"), Abacus Group Projects Limited ("AGPL"), Abacus Income Trust ("AIT"), Abacus Storage Operations Limited ("ASOL") and ASPT. 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. An APG 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.

ASPT is an Australian registered managed investment scheme. ASFML, the Responsible Entity of ASPT, is incorporated and domiciled in Australia and is a wholly owned subsidiary of AGHL.

REVIEW AND RESULTS OF OPERATIONS

The Trust earned a statutory net profit after tax of \$120.2 million for the half-year ended 31 December 2022 (December 2021: \$209.9 million). The decrease in the net profit was mainly due to the reduced gain in fair value of investment properties held at balance date of \$75.2 million (31 December 2021: \$110.4 million) and investments held at balance date of \$20.2 million (31 December 2021: \$72.3 million).

DIRECTORS' REPORT**31 December 2022****REVIEW AND RESULTS OF OPERATIONS (continued)***Valuations*

The ASPT's investment property portfolio was revalued at period end which resulted in a gain of \$75.2 million or 3.8% in the six months to 31 December 2022. The investment property portfolio's overall weighted average capitalisation rate softened 10 basis points from 5.48% to 5.58%. The investment portfolio (excluding equity accounted properties) is now valued at \$2.2 billion of self storage facilities across 120 assets.

As part of the portfolio valuation process for the period ended 31 December 2022, 36 of the 119 investment properties (excluding equity accounted properties) or 30% by number were independently valued. The remaining properties were subject to internal valuation and, where appropriate, their values were adjusted.

The current economic environment is being driven by high inflation and rising interest rates. This may provide the Trust opportunities to acquire core assets with medium to long term growth prospects.

ASPT's existing established self storage portfolio remains somewhat resilient, achieving rental income growth partially offset by marginal yield expansion over the past six months.

CHANGES IN THE STATE OF AFFAIRS

The contributed equity of the Trust increased \$0.9 million to \$334.6 million compared to \$333.7 million as at 30 June 2022 due to unitholders' participation in the distribution reinvestment plan during the period.

Total equity increased by \$91.9 million to \$1,139.6 million at 31 December 2022 compared to \$1,047.7 million at 30 June 2022.

DISTRIBUTIONS

An interim distribution of 3.69 cents per unit was declared on 16 December 2022 which will be paid on or about 28 February 2023. Distributions are paid on a semi-annual basis.

SIGNIFICANT EVENTS AFTER BALANCE DATE

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 Trust's operations in future financial periods, the results of those operations or the Trust's state of affairs in future financial periods.

DIRECTORS' REPORT

31 December 2022

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 Trust under ASIC Corporations Instrument 2016/191. The Trust 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 shown on page 5.

Signed in accordance with a resolution of the directors.

Abacus Storage Funds Management Limited (ABN 41 109 324 834)



Myra Salkinder
Chair



Steven Sewell
Managing Director

Sydney, 16 February 2023



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working world**

Auditor's Independence Declaration to the Directors of Abacus Storage Funds Management Limited, the Responsible Entity for Abacus Storage Property Trust

As lead auditor for the review of the half-year financial report of Abacus Storage Property Trust for the half-year ended 31 December 2022, 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;
- b) No contraventions of any applicable code of professional conduct in relation to the review; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Abacus Storage Property Trust and the entities it controlled during the financial period.

Ernst & Young
Ernst & Young

A handwritten signature in black ink, appearing to read 'A Ewan'.

Anthony Ewan
Partner
16 February 2023

ABACUS STORAGE PROPERTY TRUST

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 \$'000	31 Dec 2021 \$'000
REVENUE			
Rental income		51,688	36,061
Finance income		192	284
Total Revenue		51,880	36,345
OTHER INCOME			
Net change in fair value of investment properties held at balance date		75,237	110,360
Net change in fair value of investments and financial instruments derecognised		-	5,026
Net change in fair value of investments held at balance date		20,226	72,331
Income from distributions		6,180	4,893
Other income		265	239
Total Revenue and Other Income		153,788	229,194
Property expenses and outgoings		(5,575)	(4,289)
Finance costs		(21,243)	(10,567)
Share of loss from equity accounted investments		(900)	-
Net change in fair value of investment properties derecognised		(38)	(22)
Administrative and other expenses		(5,785)	(4,456)
TOTAL NET PROFIT FOR THE PERIOD		120,247	209,860
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to the income statement</i>			
Foreign exchange translation adjustments, net of tax		3,712	2,235
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		123,959	212,095
Basic and diluted earnings per unit (cents)	1	13.46	25.37

ABACUS STORAGE PROPERTY TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	31 Dec 2022 \$'000	30 Jun 2022 \$'000
CURRENT ASSETS			
Cash and cash equivalents		125,876	77,704
Trade and other receivables		21,612	19,763
Other		1,348	973
TOTAL CURRENT ASSETS		148,836	98,440
NON-CURRENT ASSETS			
Investment properties	2	2,199,218	2,000,331
Loans	3(a)	-	25,006
Other financial assets	3(b)	260,695	240,469
Equity accounted investments	4	15,687	-
TOTAL NON-CURRENT ASSETS		2,475,600	2,265,806
TOTAL ASSETS		2,624,436	2,364,246
CURRENT LIABILITIES			
Trade and other payables		141,118	75,897
Other		385	378
TOTAL CURRENT LIABILITIES		141,503	76,275
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	5	1,341,249	1,238,153
Other		2,048	2,080
TOTAL NON-CURRENT LIABILITIES		1,343,297	1,240,233
TOTAL LIABILITIES		1,484,800	1,316,508
NET ASSETS		1,139,636	1,047,738
EQUITY			
Contributed equity	7	334,622	333,683
Reserves		2,102	(1,610)
Retained earnings		802,912	715,665
TOTAL EQUITY		1,139,636	1,047,738

CONSOLIDATED STATEMENT OF CASH FLOW

HALF-YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	53,525	40,220
Interest received	41	1
Distributions received	6,068	4,919
Finance costs paid	(15,991)	(8,279)
Operating payments	(6,950)	(11,698)
NET CASH FLOWS FROM OPERATING ACTIVITIES	36,693	25,163
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from sale and settlement of investments and funds repaid	25,000	7,904
Payments for investment properties and capital expenditure	(113,695)	(454,137)
Disposal of securities	-	26,311
Payments for other investments	(16,717)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(105,412)	(419,922)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of issue costs	(11)	-
Payment of finance costs	(68)	(362)
Repayment of principal portion of lease liabilities	(181)	-
Repayment of borrowings	(28,827)	-
Proceeds from borrowings	204,983	454,665
Distributions paid	(59,028)	(22,372)
NET CASH FLOWS FROM FINANCING ACTIVITIES	116,868	431,931
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,149	37,172
Net foreign exchange differences	23	8
Cash and cash equivalents at beginning of period	77,704	21,034
CASH AND CASH EQUIVALENTS AT END OF PERIOD	125,876	58,214

ABACUS STORAGE PROPERTY TRUST

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2022

	Attributable to the unitholders			
	Issued capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total Equity \$'000
CONSOLIDATED				
At 1 July 2022	333,683	(1,610)	715,665	1,047,738
Other comprehensive income	-	3,712	-	3,712
Net income for the period	-	-	120,247	120,247
Total comprehensive income for the period	-	3,712	120,247	123,959
Issue costs	(11)	-	-	(11)
Distribution reinvestment plan	950	-	-	950
Distribution to unit holders	-	-	(33,000)	(33,000)
At 31 December 2022	334,622	2,102	802,912	1,139,636

	Attributable to the unitholders			
	Issued capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total Equity \$'000
CONSOLIDATED				
At 1 July 2021	266,230	(285)	483,751	749,696
Other comprehensive income	-	2,235	-	2,235
Net income for the period	-	-	209,860	209,860
Total comprehensive income for the period	-	2,235	209,860	212,095
Distribution reinvestment plan	10,603	-	-	10,603
Distribution to unit holders	-	-	(32,233)	(32,233)
At 31 December 2021	276,833	1,950	661,378	940,161

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31 DECEMBER 2022

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Results for the period	Operating assets and liabilities	Capital structure and financing costs	Other Items
1. Earnings per unit	2. Investment properties	5. Interest bearing loans and borrowings	9. Commitments and contingencies
	3. Loans and other financial assets	6. Financial instruments	10. Summary of significant accounting policies
	4. Investments accounted for using the equity method	7. Contributed equity	11. Events after balance sheet date
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NOTES TO THE FINANCIAL STATEMENTS – About this Report

31 DECEMBER 2022

Abacus Storage Property Trust (“ASPT” or the “Trust”) is a registered managed investment scheme and is a member of the Abacus Group (“APG” or the “Group”) which is comprised of Abacus Group Holdings Limited (“AGHL”), 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 Stock Exchange (the “ASX”) under the code ABP.

The financial report of the Trust for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 16 February 2023.

The nature of the operations and principal activities of the Trust are described in the Directors’ Report.

NOTES TO THE FINANCIAL STATEMENTS – Segment Information**31 DECEMBER 2022**

The Trust operates only in Australasia and management considers that the Trust has a single reportable segment which includes investment in ownership of self-storage properties and the provision of finance. The revenue received from external customers for services was:

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Revenue from external customers		
Rent - property income	51,688	36,061
Interest - finance income	192	284
Other	265	239
Total revenue from external customers	52,145	36,584

Major customers

The Trust has a number of customers to which it provides services. The largest customer, a related party, accounts for 80.5% of external revenue (31 December 2021: 76.9%).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. EARNINGS PER UNIT

	31 Dec 2022	31 Dec 2021
Basic and diluted earnings per unit (cents)	13.46	25.37
Reconciliation of earnings used in calculating earnings per unit		
<i>Basic and diluted earnings per unit</i>		
Net profit (\$'000)	120,247	209,860
Weighted average number of units:		
Weighted average number of units for basic earning per unit ('000)	893,250	827,324

2. INVESTMENT PROPERTIES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Leasehold investment properties - Australia ¹	13,672	13,272
Freehold investment properties - Australia	1,878,320	1,703,245
Freehold investment properties - New Zealand ²	307,226	283,814
Total investment properties	2,199,218	2,000,331

- The carrying amount of the leasehold property is presented gross of the finance liability of \$2.4m (30 June 2022: \$2.5m)
- Subsidiaries of the Trust wholly own these NZ assets (and the NZD financing of these NZ assets) and consequently the impact of AUD / NZD FX rate revaluations against rates at acquisition date have been measured and reported separately on a net basis in the foreign currency translation reserve. For the purposes of disclosing unrealised gains on investment properties, "Carrying value" has been translated at year end AUD / NZD FX rates per the RBA: \$A1 = \$NZ 1.0711 (30 June 2022: RBA\$A1 = \$NZ 1.1088).

Reconciliation

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 6:

	Non-current 31 Dec 2022 \$'000	30 Jun 2022 \$'000
Leasehold investment properties		
Carrying amount at beginning of the financial period	13,272	11,613
Additions and capital expenditure	19	27
Net change in fair value as at balance date	381	1,632
Carrying amount at end of the period	13,672	13,272

	Non-current 31 Dec 2022 \$'000	30 Jun 2022 \$'000
Freehold investment properties		
Carrying amount at beginning of the financial period	1,987,059	1,239,116
Additions	70,218	464,682
Capital expenditure	43,201	45,535
Net change in fair value as at balance date	74,856	246,436
Net change in fair value derecognised	-	-
Disposals	-	-
Effect of movements in foreign exchange	10,212	(8,710)
Carrying amount at end of the period	2,185,546	1,987,059

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. INVESTMENT PROPERTIES (continued)

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 current storage fee rates have 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.

External valuations are conducted by qualified independent valuers who are appointed by the Chief Investment Officer who is also responsible for the Trust's internal valuation process. He is assisted by an in house certified professional valuer who is 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 5.

The weighted average capitalisation rate for the portfolio is 5.58% (30 June 2022: 5.48%)

The current occupancy rate for self storage assets is 86.1% (30 June 2022: 90.1%)

The property valuations have been prepared based on the information that is available at 31 December 2022.

In the event that there are any unanticipated material circumstances, this may impact the fair value of the Trust'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 \$103.1 million or decrease the fair value by \$94.3 million respectively.

During the half year ended 31 December 2022, 30.3% (31 December 2021: 40.4%) of the number of investment properties in the portfolio were subject to external valuations, the remaining 69.7% (31 December 2021: 59.6%) were subject to internal valuation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. LOANS AND OTHER FINANCIAL ASSETS

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
(a) Non-current property loans		
Loans to related parties - amortised cost ¹	-	25,006
	-	25,006
(b) Non-current other financial assets		
Investments in securities and options - listed - fair value	260,695	240,469
	260,695	240,469

1. The facilities are to entities within Abacus Group. The non-current facilities will mature in December 2024. The loan was fully repaid in 2022.

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Revenue	286	-
Expenses	(2,055)	-
Net loss	(1,769)	-
	-	-
Share of net loss	(900)	-

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

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Current assets	521	-
Non-current assets	31,375	-
	31,896	-
Current liabilities	(522)	-
Non-current liabilities	-	-
Net assets	31,374	-
	-	-
Share of net assets	15,687	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

5. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
(a) Non-current		
Bank loans - A\$	647,670	522,686
Bank loans - A\$ value of NZ\$ denominated loan	191,392	184,885
Loans from related parties	502,201	530,587
Less: Unamortised borrowing costs	(14)	(5)
	1,341,249	1,238,153

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
(b) Maturity profile of current and non-current interest bearing loans		
Due between one and five years	1,341,249	904,228
Due after five years	-	333,925
	1,341,249	1,238,153

The Trust 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 a bank at interest rates which are set periodically on a floating basis. The loan term to maturity is between July 2023 to July 2027. The bank loan is secured by charges over the investment properties.

None (30 June 2022: nil) of the bank debt drawn was subject to fixed rate hedges with a weighted average term to maturity of 3.7 years (30 June 2022: 4.4 years).

Loans from related parties relate to variable rate loans provided by another entity within the Group.

ASPT's weighted average interest rate (A\$ and NZ\$ combined) as at 31 December 2022 was 3.80% (30 June 2022: 1.92%).

(c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Total facilities - bank loans	903,208	931,270
Facilities used at reporting date - bank loans	(839,062)	(707,571)
Facilities unused at reporting date - bank loans	64,146	223,699

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

(d) Assets pledged as security

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

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Non-current		
<i>First mortgage</i>		
Investment properties in Australia and New Zealand	2,106,086	1,965,231
Total non-current assets pledged as security	2,106,086	1,965,231
Total assets pledged as security	2,106,086	1,965,231

(e) Defaults and breaches

During the current and prior years, there were no defaults or breaches of any of the Trust's loans.

6. FINANCIAL INSTRUMENTS

Fair values

The fair value of the Trust's financial assets and liabilities are approximately equal to that of their carrying values.

Details of the Trust'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 method Income capitalisation method	Adopted capitalisation rate Optimal occupancy Adopted discount rate Rate per unit
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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

7. CONTRIBUTED EQUITY

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
(a) Issued shares		
Issued units	344,322	343,372
Issue costs	(9,700)	(9,689)
Total contributed equity	334,622	333,683

	Units	
	Number	Number
	31 Dec 2022	30 Jun 2022
	'000	'000
(b) Movement in shares on issue		
At beginning of financial year	892,429	818,591
- equity raisings	-	60,145
- distribution reinvestment plan	1,229	13,693
Units on issue at end of period	893,658	892,429

8. DISTRIBUTIONS PAID AND PROPOSED

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Abacus		
(a) Distributions paid during the period		
June 2022 half: 6.72 cents per unit (2021 half: 3.05 cents)	59,978	24,951
(b) Distributions proposed and recognised as a liability[^]		
December 2022 half: 3.69 cents per unit (2021 half: 2.83 cents)	33,000	23,500

[^] The interim distribution of 3.69 cents per unit was declared on 16 December 2022. The distribution being paid on or about 28 February 2023 will be approximately \$33.0 million. The provision for the distribution has been recognised in the balance sheet at 31 December 2022.

9. COMMITMENTS AND CONTINGENCIES

At 30 June 2022 the Trust had bank guarantees issued but not recognised as liabilities as follows:

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Bank guarantees		
- redevelopment of investment properties	100	100
	100	100

There are no contingent assets or liabilities at 31 December 2022 other than as disclosed in this report.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2022****10. 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 Storage Property Trust for the year ended 30 June 2022. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Group during the half-year ended 31 December 2022 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 Trust's annual consolidated financial statements for the year ended 30 June 2022 except for the adoption of new standards and interpretations effective as of 1 July 2022. The Trust has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New accounting standards and interpretations*(i) Changes in accounting policy and disclosures*

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards and interpretations effective as of 1 July 2022.

There are several amendments and interpretations apply for the first time on 1 July 2022 as follows, but they do not have an impact on the consolidated financial statements of the Trust:

- 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 and they had no impact on consolidated financial statements of the Trust.

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 had no impact on the consolidated financial statements of the Trust.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**New accounting standards and interpretations (continued)***(i) Changes in accounting policy and disclosures (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 Trust 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.

The amendments had no impact on the consolidated financial statements of the Trust.

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.

These amendments had no impact on the consolidated financial statements of the Trust as there were no modifications of the Trust’s financial instruments during the period.

(ii) Accounting Standards and Interpretation issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the annual reporting period ended 30 June 2022. The significant new standards or amendments are outlined below:

- 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 2024)

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 2024 and must be applied retrospectively. The Trust is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require amendments.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2022****10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****New accounting standards and interpretations (continued)**

(ii) *Accounting Standards and Interpretation issued but not yet effective (continued)*

- 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 Trust.

11. EVENTS AFTER BALANCE SHEET DATE

Other than as disclosed in this report, there has been no other matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may affect, the Trust’s operations in future financial years, the results of those operations or the Trust’s state of affairs in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Abacus Storage Funds Management 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 2022 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, 16 February 2023



Steven Sewell

Managing Director



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Independent auditor's review report to the unitholders of Abacus Storage Property Trust

Conclusion

We have reviewed the accompanying half-year financial report of Abacus Storage Property Trust (the Trust) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 2022 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 Abacus Storage Funds Management Limited, the Responsible Entity of the Group, 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 2022 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*.



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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

16 February 2023