

2 November 2020

## Abacus acquires balance of Storage King operating platform and other Self Storage assets

Abacus Property Group (“Abacus”) (ASX:ABP) is pleased to announce that it has an unconditional agreement to acquire the remaining 75% interest in the Self Storage operating platform, Storage King.

Self Storage is a key sector for Abacus having made its first investment in 2005 and since then actively accumulating a portfolio of 81 locations, with a valuation of over \$1 billion as at 30 June 2020, all exclusively managed by Storage King.

Until August 2018 when Abacus acquired a 25% interest, Storage King had been a privately owned and operated management platform for Self Storage real estate, managing stores located in Australia and New Zealand, on behalf of Abacus and a number of other third party owners. As at 30 June 2020 Storage King licensed and managed over 170 locations with over 50,000 customers and a total of 380 full and part time team members.

Following acquisition of its initial 25% interest in the Storage King business and the successful evolution of this close working relationship, Abacus is acquiring the balance of Storage King. Abacus Managing Director, Steven Sewell commented:

“The acquisition of the Storage King operating platform was identified as a key strategic imperative for Abacus, given our ownership of Self Storage assets exceeds \$1.2 billion and comprises 40% of our Balance Sheet. A more integrated management business is critical to driving our Self Storage business and enhancing associated asset returns.”

“As part of this transaction, current Storage King CEO Michael Tate will join the Abacus Executive Leadership Team, and in his unchanged role will continue to drive and grow the Storage King business, with the benefit of the asset backing and management support of Abacus.”

“Further, Abacus believes that in conjunction with Michael Tate, given his track record, market credibility, passion and energy for the business, it has the potential to continue to invest actively and substantially into driving the operations, technological advancement and customer value proposition of the Storage King branded stores, owned by Abacus and its third party owners.”



Consideration of \$50 million is being made for the balance of the Storage King business. Completion is expected to occur in late November 2020 and will be funded by existing debt facilities.

### **Self Storage operating performance update**

Trading conditions in our Self Storage portfolio remain solid with the rebound in occupancy, following the COVID-19 related declines, demonstrated in FY20 having continued throughout the September quarter.

Established Portfolio<sup>1</sup> occupancy levels increased to 89.7% at 30 September 2020 as trading conditions strengthened across all markets with the exception of Victoria, where occupancy remains flat due to the continued COVID-19 lockdowns.

The requirement for promotions to stimulate demand has also moderated, with the overall average rental yield reverting to pre COVID-19 levels. As at 30 September 2020, Established Portfolio<sup>1</sup> RevPAM was \$251psm with average rent at \$283psm, both up marginally compared to 30 June 2020.

### **Self Storage asset acquisitions update**

In addition to this transaction, Abacus is pleased to announce it has exchanged contracts for the acquisition of four Self Storage properties for \$45.1 million (excluding transaction costs) with settlement of three existing facilities anticipated by calendar year end.

The acquisition comprises:

- three purpose-built Self Storage facilities located in the Significant Urban Areas<sup>2</sup> of Melbourne and Wollongong, and (Sourced off market)
- one development site located in the Significant Urban Area<sup>2</sup> of Sydney to accommodate a future multi-level facility. (Sourced on market)

In addition to these transactions exchanged in FY21, Abacus has settled on a further six properties (located in the Significant Urban Areas<sup>2</sup> of Perth, Sydney and Melbourne) totaling \$45.2m that were exchanged but not settled as at 30 June 2020.

These transactions align with our strong asset backed, annuity style business model where capital is directed towards assets in key sectors that provide potential for enhanced income growth and ultimately create value. Our people, market insight and repositioning capability together with strategic partnering are the key enablers of our strategy.

END

#### **INVESTOR & MEDIA ENQUIRIES**

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<sup>1</sup> Established portfolio – 57 facilities traded since FY18

<sup>2</sup> As defined by the Australian Bureau of Statistics