

ASX RELEASE

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ABACUS GROUP ENTERS FY27 AS A FOCUSED COMMERCIAL REIT

Abacus Group (ASX:ABG) ('ABG') today announced its results for the year ended 30 June 2026, delivering Funds from Operations of \$81.2 million, down 1.9% on FY25. During FY26, ABG completed the internalisation of Abacus Storage King ('ASK'), marking an important milestone in the Group's evolution enabling ABG to simplify its operating model, strengthen capital allocation and concentrate on its core Commercial Portfolio from FY27. A statutory net loss of \$74.5 million was driven by the non-cash impact of reclassifying ABG's investment in ASK from equity accounted to fair value. ABG enters FY27 well positioned to execute on its business priorities as a specialised Commercial REIT.

FY26 Overview

- Funds from Operations (FFO) of \$81.2 million, down 1.9% on FY25
- Distribution of 8.50¹ cents per security, flat on FY25, representing a payout ratio of 93.6% of FFO
- NTA of \$1.59 per security, down 7.6% on FY25, driven by the accounting reclassification of the Group's ASK investment
- Weighted Average Capitalisation Rate (WACR) of 6.70%, compressed 7 basis points on FY25
- Gearing of 36.2%, up 170 basis points on FY25 and within target range of up to 40%

Office Summary

- Office operating earnings of \$89.6 million, down 3.2% on FY25, a result of positive leasing spreads of 5.5% and rent reviews of 3.6%, offset by lower surrender fees received during the period
- Customer centric asset management of Commercial Portfolio saw NPS grow to +35 from +27 in FY25, reflecting the portfolio's appeal to occupiers seeking quality space at competitive occupancy costs

Retail Summary

- Like-for-like Retail operating earnings of \$30.0 million, up 4.5% on FY25, supported by Portfolio occupancy of 97.4% reflecting strong customer demand
- Positive leasing conditions delivered net face leasing spreads of 8.4% and like-for-like rental growth of 4.4% during FY26

FY27 Distribution Guidance

- Distribution guidance of 6.70² cents per security, targeting a full year payout of 80-90% of FFO

¹ 50% of the FY26 distribution was fully franked.

² 67% of the FY27 distribution is expected to be fully franked.

A more focused strategy

ABG is now positioned as a pure-play Commercial REIT, focused on owning and actively managing predominately A-grade office assets across Australia's eastern seaboard markets.

The Group's near-term priorities are the simplification and optimisation of our business through:

- **Operational efficiency:** Continuing to deliver operational efficiencies, including operating cost reductions post internalisation of ASK
- **Portfolio optimisation:** Orienting our portfolio focus for growth, including disciplined non-core asset sales
- **Capital discipline:** Reducing gearing, improving free cash flow and resetting to a more sustainable payout ratio

Abacus Group Managing Director Steven Sewell commented, "ABG's strategic priorities are now centred on three clear areas: simplifying the business model, strengthening the platform and positioning the Group for sustainable growth. The Commercial team has a focused platform to concentrate on its core investment, asset management and customer priorities, supporting the delivery of sustainable long-term returns for securityholders.

Office Portfolio positioned for long-term growth

The Group's Office Portfolio recorded operating earnings of \$89.6 million in FY26, a 3.2% decrease on FY25. The result reflects the impact of positive leasing spreads of 5.5% and rent reviews of 3.6%, delivered by active asset management across the portfolio, offset by lower surrender fees received during the period.

The Group's \$1.4 billion Office Portfolio comprises 13 assets, representing 59% of total assets. The portfolio is largely concentrated in Australia's eastern seaboard markets, with a significant weighting to the Sydney market. Approximately 76% of the portfolio are A-grade assets, providing customers with high quality space in established commercial precincts.

During the year, the Group achieved an NPS score of +35 from our customers, highlighting strong customer engagement and satisfaction. This reflects the success of ongoing customer engagement and asset activation initiatives across the portfolio, supporting tenant retention, leasing activity and overall occupancy outcomes.

ABG's Office Portfolio appeals to small and medium enterprises (SMEs), representing approximately 59% of our customers. Growth in SME demand typically leads the first phase of recovery and demand growth in Office cycles and we are confident our portfolio is well positioned to benefit.

Pleasingly, 80% of surrendered space at 324 Queen Street, Brisbane was committed within six months and 50% of the space at 99 Walker Street, North Sydney was leased within three months. Despite ongoing Office market challenges, the portfolio continues to demonstrate the benefits of its focus on well-located, quality office assets that provide compelling value propositions for customers.

Overall this portfolio composition aligns with ABG's refined strategy to focus on selected East Coast commercial markets, A-grade office assets and SME customers seeking quality, well-located space at competitive occupancy costs.

Retail Portfolio delivers continued earnings growth

The Group's Retail Portfolio delivered like-for-like (LFL) operating earnings of \$30.0 million in FY26, an increase of 4.5% on FY25, supported by positive leasing outcomes, rental growth and continued high occupancy levels, particularly driven from its single mixed use asset at Oasis on the Gold Coast in Queensland.

The portfolio's Retail assets are valued at \$434 million in total and continues to benefit from its focus on well-located assets with strong customer demand. In FY26 the portfolio was 97.4% occupied with a WALE of 4.8 years, while net face leasing spreads of 8.4% and LFL rental growth of 4.4% reflected the demand strength in the period. The Retail sector continues to experience positive momentum with ABG's Retail Portfolio WACR contracting 21 basis points to 6.25% (FY25: 6.46%).

Self Storage investment

Abacus Group's 19.7% stake in ASK delivered investment earnings of \$16.1 million in the period, down 4.2% on FY25, driven by lower ASK FFO. ASK maintained sector leading operating metrics in FY26 with established portfolio RevPAM of \$341psm, up 0.7% on FY25 and strong occupancy of 90.2% (FY25: 91.2%).

Simplifying the business and strengthening the platform

The Group maintained a solid balance sheet throughout FY26, with gearing of 36.2% as at 30 June 2026, within the Group's target range of up to 40%. ABG also retains more than \$150 million of funding capacity, providing flexibility to execute on its strategic initiatives.

ABG Chief Financial Officer Evan Goodridge commented, "The Group continues to maintain a disciplined approach to capital management. With gearing within the target range, strong liquidity and the benefits of a strong annuity income stream, we are focused on improving free cash flow, strengthening the balance sheet and supporting the Group's disciplined capital allocation priorities as a focused Commercial REIT."

Outlook and guidance

Following the internalisation of ASK, ABG has confirmed its strategic priorities and enters FY27 as a focused Commercial REIT, namely

- Simplifying the business model through a pure-play Commercial REIT structure, focused management of the core portfolio, sector specialisation and a more efficient operating platform.
- Strengthening the platform through disciplined non-core asset sales, capital recycling, gearing reduction, improved free cash flow and resetting the distribution to a payout ratio that is more sustainable through the cycle.
- Positioning for growth through selected East Coast commercial markets, an A-grade Office focus and targeted higher growth opportunities.

ABG Managing Director Steven Sewell commented, "We expect delivery of our strategy to drive value creation through active asset management, disciplined capital allocation and a focused approach to investing in our chosen markets and sectors."

The Group is pleased to provide FY27 distribution guidance of 6.70 cents per security, targeting a full year payout ratio of 80%-90% of FFO, predicated on no material decline in current business conditions. In FY27, 67% of the distribution is expected to be fully franked, up from 50% in FY26.

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Market Briefing

Abacus Group will host a market briefing on Tuesday, 25 August 2026 at 10:00am AEST. Access will be via webcast at: <https://abacusgroup.com.au/investor-centre/key-dates-events/>

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INVESTOR & MEDIA ENQUIRIES

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