



Abacus
Property
Group

Sustainability
Report 2019

About this report

This annual Sustainability Report for the year ended 30 June 2019 forms part of Abacus Property Group's FY19 reporting suite. This Report covers Abacus' Australian and New Zealand operations excluding Abacus Hospitality Fund. This Report has been prepared in accordance with the Global Reporting Initiative's (GRI) Standards: Core option.

For questions or comments on our sustainability performance, contact enquiries@abacusproperty.com.au

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FY19 highlights

Worker incident severity rate

Reduction in loss time due to injury



13% reduction in **energy intensity** across our operations compared to our FY16 baseline

83%



team member participation in philanthropic activities, up from 58% in FY18



435kW solar PV installed across the office and self storage portfolios with further PV installations being rolled out in FY20

Continued improvement in energy and water efficiency



Occupancy rate across commercial portfolio

91.9%

91.3%

90.5%

FY19

FY18

FY17



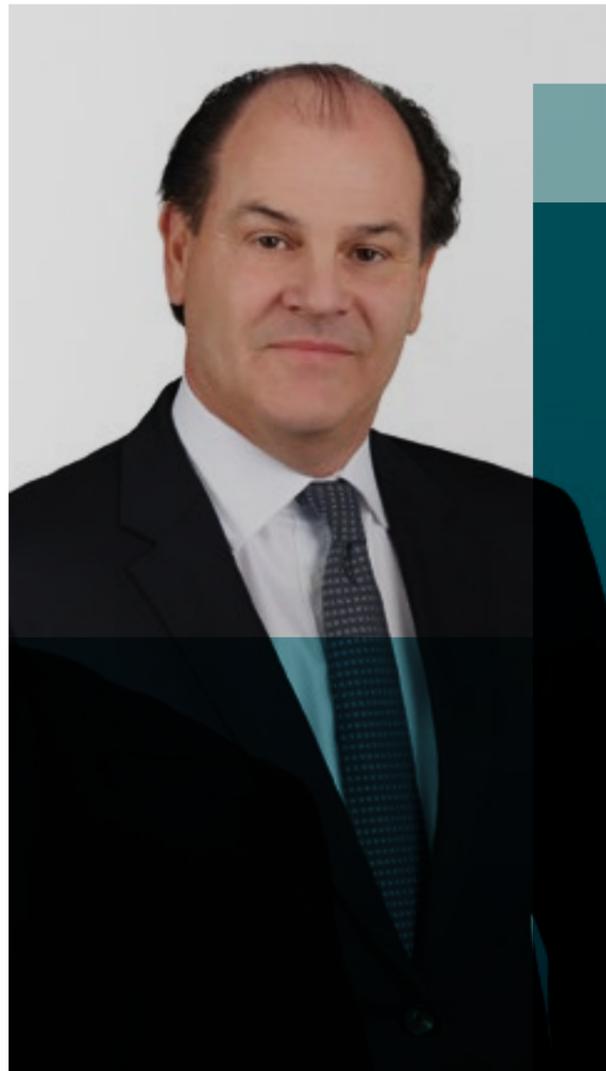
22.7% reduction in **water consumption** across our operations compared to our FY16 baseline

50% Female



representation on the Board
(3 females)

Managing Director's message



It is important that we conduct our business sustainably at Abacus. As a responsible corporate citizen, we have a duty of care to all our stakeholders and the environment in which we operate.

Our intention is to deliver sustainable, long-term value and we are focused on making ongoing improvements across the Abacus Group. We have set strong sustainability commitments across a range of functions for FY20 and beyond in order to meet this objective.

Image: Steven Sewell
Managing Director

Welcome to our FY19 sustainability report, highlighting our progress and achievements made over the year.

As Abacus transitions to a strong asset backed, annuity style business model, we continue to improve our systems and practices, ensuring our stakeholders understand our commitment and approach to sustainability. Sustainability is entrenched within the decision-making process across the Group, receiving appropriate focus at all levels of management. We are proud of our efforts and continue to strive for improvement.

This report demonstrates our commitment to the many facets of sustainability including: responsible resource management; employee engagement; governance, risk and transparency, stakeholder engagement; health and safety, and includes three new material focus areas - climate change risks and opportunities; responsible procurement; and technology and innovation. Our reporting framework has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

From an environmental perspective, we continue to reduce our consumption and have recorded a 13% reduction in energy intensity and a 22.7% reduction in water consumption across our operations compared to our FY16 baseline. To continue these reductions a solar PV program has been rolled out across the self storage and office portfolios with further installations to continue in FY20.

We remain committed to our people and focus on providing a safe, healthy and constructive work environment. Implementation of our Work Health and Safety Strategic Plan continues with key achievements including; zero fatalities or disabling injuries in FY19 and stabilisation of our Severity Rate at 1.0.

Corporate philanthropic initiatives continue to facilitate integration between Abacus and the wider communities in which we operate. Pleasingly, 83% of our people participated in philanthropic activities during the year up from 58% in FY18.

Feedback from our inaugural People Engagement Survey conducted in FY18 continues to shape the development of our People and Culture Strategy with key areas of focus being working flexibly and alignment of our vision, values and capabilities with the Abacus strategy.

Our commitment to diversity and inclusion, including gender diversity is demonstrated at our Board level. Abacus has a highly capable Board with diverse skills and experience and is currently comprised 50% females following a Board refresh program conducted during the year.

We continue to invest in our people, process and systems into FY20 including the addition of a dedicated Sustainability Manager. Development and implementation of a sustainability strategy for the business, including future targets with a focus on environmental performance, social impact and governance are underway and we look forward to updating you with our progress.

Steven Sewell,
Managing Director

-  Retail
-  Office
-  Industrial
-  Storage

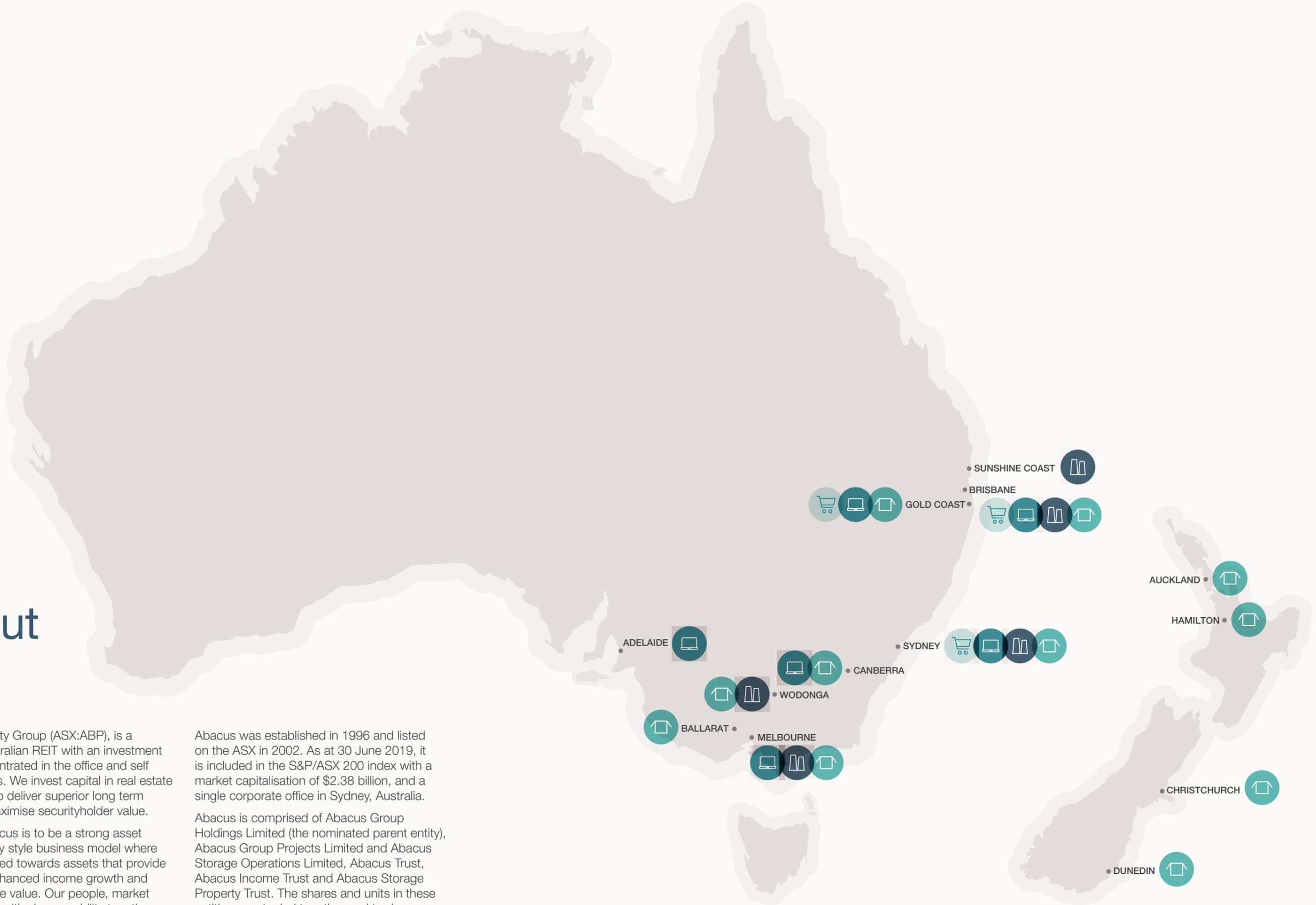
About us

Abacus Property Group (ASX:ABP), is a diversified Australian REIT with an investment portfolio concentrated in the office and self storage sectors. We invest capital in real estate opportunities to deliver superior long term returns and maximise securityholder value.

Abacus' key focus is to be a strong asset backed, annuity style business model where capital is directed towards assets 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.

Abacus was established in 1996 and listed on the ASX in 2002. As at 30 June 2019, it is included in the S&P/ASX 200 index with a market capitalisation of \$2.38 billion, and a single corporate office in Sydney, Australia.

Abacus is comprised of Abacus Group Holdings Limited (the nominated parent entity), Abacus Group Projects Limited and Abacus Storage Operations Limited, Abacus Trust, Abacus Income Trust and Abacus Storage Property Trust. The shares and units in these entities are stapled together and trade as one security in ABP.



Our approach

Sustainability and Environmental Policy

At Abacus, our approach to sustainability is underpinned by our Sustainability and Environmental Policy, which is focused on supporting growth across the business by recognising that we have responsibilities to all our stakeholders and the environment in which we operate.

This approach is aligned to six guiding principles that are at the core of what we do:

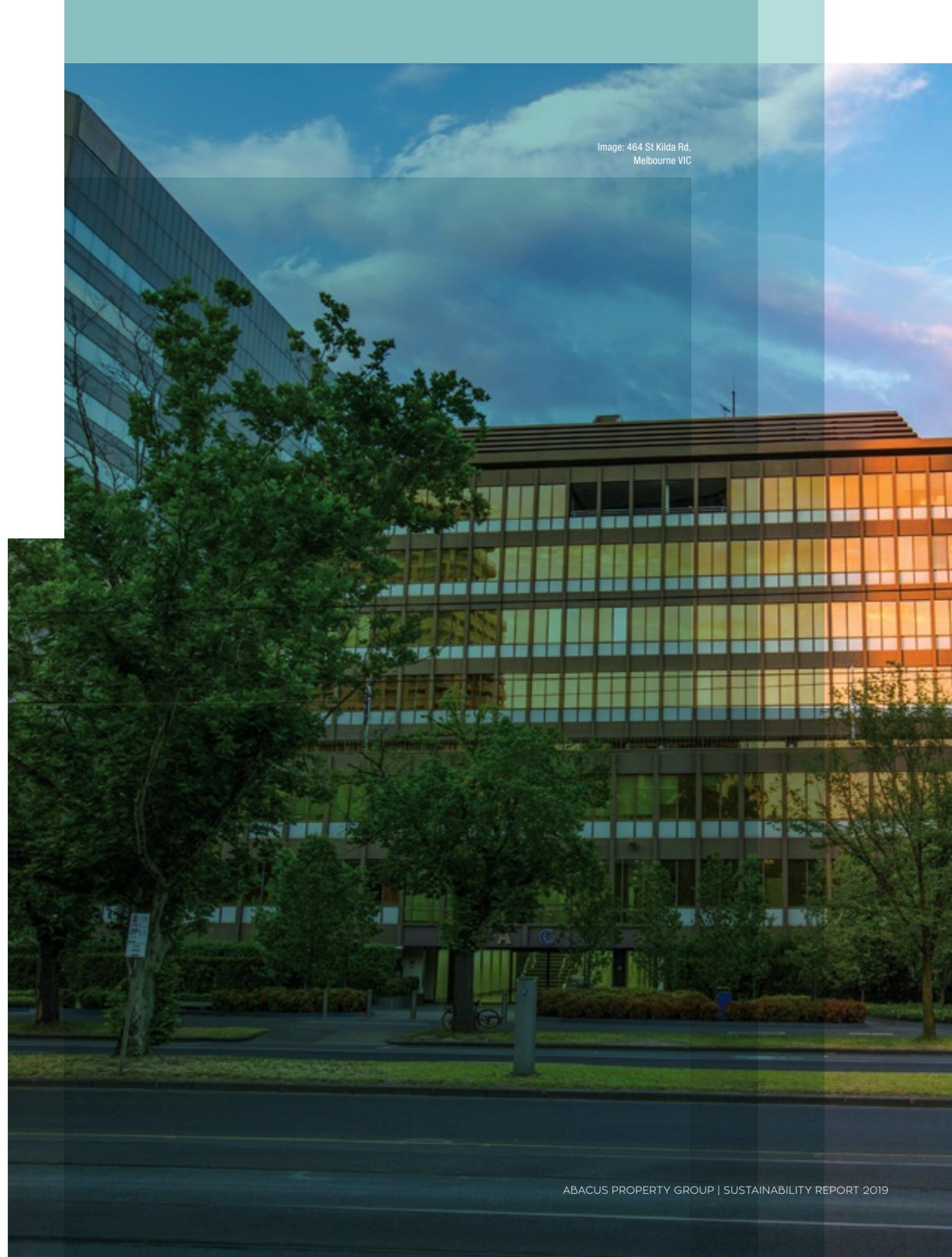
- Ongoing communication with our stakeholders on environmental, social and governance issues.
- Facilitating the identification and implementation of environmental, social and governance legislative requirements as well as ongoing compliance with relevant legislation and regulation.

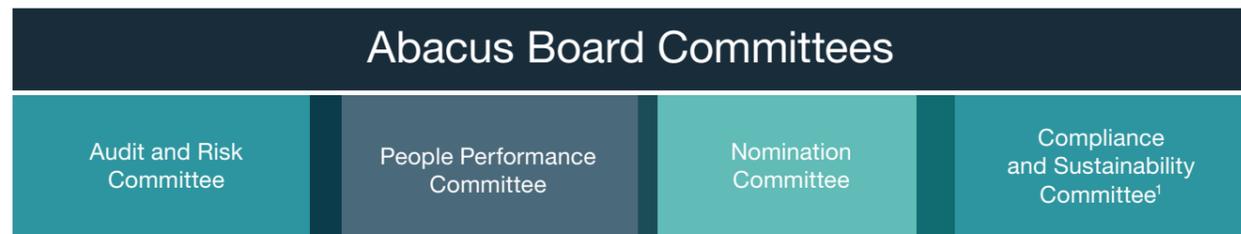
- Incorporating environmental issues including climate change in our decision-making processes to reduce our environmental impact across our portfolio as appropriate.
- Managing our buildings efficiently to conserve the use of limited natural resources .
- Supporting and developing our employees to use their skills and expertise to respond to the sustainability challenges.
- Maintaining a safety-aware culture ensuring proper standards of workplace health and safety for our employees and other key stakeholders visiting, or working, at our properties.
- Using our influence where we do not have control by collaborating with key stakeholders (for example, tenants and co-investors) to optimise sustainable outcomes and environmental benefit as appropriate.

Governance

Our robust governance policies and procedures provide the framework for managing sustainability across the business. Abacus recognises that risk management, including environmental, social and governance risks, is the responsibility of our Board, Sustainability Committee, management and all team members. We acknowledge that sustainability leadership at the Board and Executive team level is critical to integrating sustainability management and performance into our business.

Image: 464 St Kilda Rd,
Melbourne VIC





Given the increased focus on sustainability at Abacus the Compliance Committees activities were expanded to include sustainability from 23 October 2019. The Compliance and Sustainability Committee charter was approved by the Board to reflect expanded priorities. In early FY19, we enhanced sustainability governance within Abacus Management Committees in order to facilitate and prioritise effective and prudent management of sustainability issues. Strengthened governance was achieved through, a refreshed Sustainability and Environmental Policy, and reforming the management Sustainability Committee with members of the Executive Team to include a broad range of management expertise across sustainability, people & culture, investor relations, property, self storage and risk and compliance.

The Sustainability Committee report as necessary but as a minimum twice per year to the Compliance

and Sustainability Committee (which is a Board delegated Committee) on sustainability matters including; material issues, sustainability reporting, and strategic direction and plans.

Continuing our investment into people, processes and systems, we have on-boarded a dedicated sustainability manager and are developing a sustainability strategy to be approved by the Compliance and Sustainability Committee in FY20.

Further information on our governance and risk processes, including our approach for managing sustainability risks is discussed within 'Our Material Issues – Governance, Risk and Transparency'.

Commitments

- Identifying, managing and monitoring potential risks and opportunities presented by environmental risks across our portfolio.

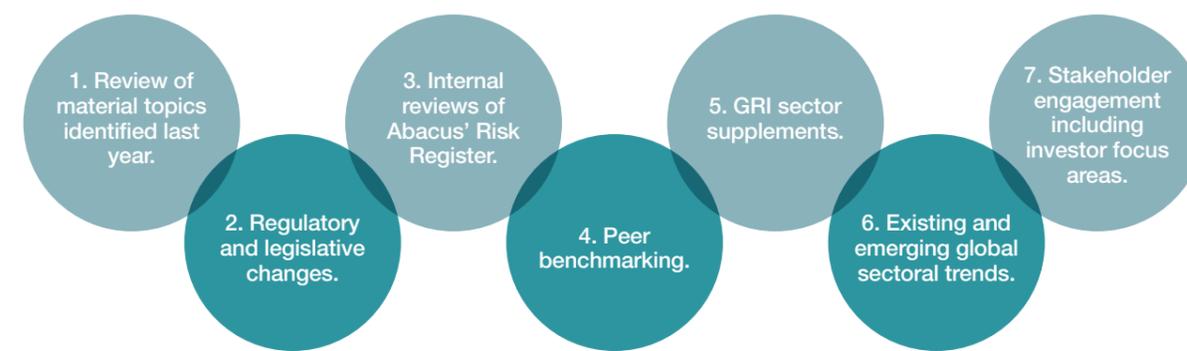
- Developing and implementing baseline measures to monitor and benchmark the sustainability performance of our assets.
- Pursuing cost effective and efficient use of energy, water and waste reduction and invest in alternative energy supplies to reduce our emissions where appropriate.
- Adopting sustainable design practices in our asset improvement and development projects where appropriate.
- Reporting on our sustainability progress and performance.
- Implementing our commitment to sustainability in a practicable manner.
- Influencing our employees and other stakeholders to operate in a manner that supports our sustainability commitments.

Defining our material issues

At Abacus, we report on those risks and opportunities that have relevant economic, environmental, social and governance impacts within our sector therefore influence the decisions of stakeholders. To refresh our material topics for the FY19 Sustainability Report, we undertook a process of identification, prioritisation and validation through a workshop with the Sustainability Committee that was independently facilitated by Deloitte.

Step 1: Identification

We identified the economic, environmental, social and governance topics that could impact Abacus and our stakeholders, using a range of inputs including:



Step 2: Prioritisation

A materiality workshop was held with the Sustainability Committee to discuss identified topics and to strengthen and refresh existing reporting. These topics were prioritised by rating the significance of economic, environmental, governance and social impacts and substantive influence on the decisions of stakeholders. Following prioritisation, the initial list of 12 topics was consolidated to 9 topics to streamline the number of issues disclosed in the sustainability report. The graph below indicates which topics were consolidated together.

Key outcomes of our FY19 materiality refresh

Our material topics remained largely consistent with the previous year, which aligns with the nature, scale and complexity of our ongoing business operations, however the refresh helped us broaden and

strengthen several of our material topics to capture emerging issues.

Key changes include:

- The reframing of the **'Tenant attraction, engagement, satisfaction and retention'** material topic to **'Customer attraction, satisfaction and retention, coupled with changing expectations'** to reflect changes in customer expectations and customer demand.
- The broadening of **'Governance and risk'** to include transparency, reflecting emerging reputational issues such as trust and transparency.
- The introduction of **'Climate-related risks and opportunities'** to reflect growing requirements for organisations to disclose how they manage climate-related risks and opportunities over the short, medium and long-term.

- The introduction of **'Responsible procurement'** to reflect our focus on further strengthening our approach to responsible procurement and preparedness for complying with the new legislative requirements following the introduction of the Modern Slavery Act 2018.
- Informed by the peer benchmarking, **'Technology and innovation'** is recognised as an increasing importance topic for the sector, including Abacus, and has therefore been included as a material topic.

¹ Given the increased focus on sustainability at Abacus the Compliance Committees activities were expanded to include sustainability from 23 October 2019.

Step 3: Validation

Following the materiality workshop, the refreshed material topics were approved by the Sustainability Committee and Compliance and Sustainability Committee.

The table below outlines our material topics against corresponding GRI Material Topics (where appropriate) and lists the key stakeholders impacted.

MATERIAL TOPIC	DEFINITION	GRI MATERIAL TOPIC	KEY STAKEHOLDERS IMPACTED	RELEVANT SECTION IN THIS REPORT
Health, safety and security of our people and customers	Relates to policy and management systems to ensure the health and safety of employees, contractors and customers.	Occupational Health & Safety	Employees and contractors Customers including tenants	Our Material Issues – Health, Safety and Security of our People and Customers.
Customer attraction, satisfaction and retention, coupled with changing expectations	Relates to the ability to attract and retain customers as a result of high levels of customer satisfaction due to the value for money of the physical infrastructure coupled with the quality of service received.	Organisation-specific	Customers including tenants Securityholders and investment community	Our Material Issues – Customer Attraction, Satisfaction and Retention, coupled with changing expectations.
Governance, risk and transparency	Relates to the compliance with relevant legal requirements and regulations, governance structure and composition of the organisation to maintain a reputation of ethical conduct and ensure transparency in the way the organisation operates and conducts itself with both internal and external stakeholders (including the wider community).	Compliance; Environmental Compliance; Anti-corruption; Customer privacy	Government and regulators Customers including tenants Securityholders and investment community	Our Material Issues – Governance, Risk and Transparency.
Responsible procurement	Relates to engaging with suppliers to ensure they operate in a manner consistent with our Supplier Code of Conduct, and ensuring the procurement process respects, international standards against criminal conduct and human rights abuses, our obligations under the Modern Slavery Act.	Procurement Practices; Child Labour; Forced or Compulsory Labour; Human Rights Assessment	Employees and contractors Suppliers Government and regulators	Our Material Issues – Responsible Procurement.
Responsible resource management	Relates to the consideration of risks, opportunities and impacts of energy consumption, direct and indirect emissions (Scope 1, 2 and 3), water use and waste management.	Energy; Emissions; Water; Waste	Community Government and regulators Securityholders and investment community Customers including tenants and contractors	Our Material Issues – Responsible Resource Management.
Climate-related risks and opportunities	Relates to the risks and opportunities arising from physical and transition impacts of climate change.	Emissions	Customers including tenants Government and regulators Securityholders and investment community Community	Our Material Issues – Climate-related Risks and Opportunities.
Employee engagement and motivation	Relates to investment in motivation strategies to ensure employee satisfaction and contribution, while also managing employee turnover rates. This includes employee training, development, diversity and inclusion strategies.	Employment Diversity & equal opportunity	Employees and contractors	Our Material Issues – Employee Engagement and Motivation.
Financial Performance	Consideration of broader economic, social and governance principles in the context of financial performance and the investment process.	Economic Performance	Employees and contractors Customers including tenants Government and regulators Securityholders and investment community Community	Refer to the Abacus Annual Financial Report .
Technology and Innovation	Relates to organisational capacity to innovate and integrate technological advancements into business processes.		Customers including tenants Employees and Contractors	Incorporated into Our Material Issues - Customer Attraction, Satisfaction and Retention, coupled with changing expectations, Governance, Risk and Transparency; Responsible Resource Management; and Climate Change Risks and Opportunities.

Engaging with our stakeholders

Why is this important to Abacus?

At Abacus, we regard stakeholder engagement as fundamental in the process of understanding the breadth and depth of our impacts both within and outside our business. We are committed to engaging openly, honestly and at regular intervals with our stakeholders to understand their expectations and concerns.

Abacus' key stakeholders are considered as those that are affected by, or have the ability to

effect the Abacus business, as well as stakeholders that are interested in our business. The method and frequency of engagement will vary depending on the stakeholder, the issues of concern and the purpose of engagement, and will be best selected to meet the needs, capacity and expectations of the relevant stakeholders. Our stakeholders will typically include the following groups:



STAKEHOLDER GROUP	WHY EACH STAKEHOLDER GROUP	METHOD OF ENGAGEMENT
Securityholders, Major Shareholder and the Investment Community	Given our diversified business, we have a range of securityholders with diverse concerns. We aim to ensure that Abacus are trusted partners to all securityholders and investors, and they are transparently informed with the changes or developments that are likely to materially affect the business. We are committed to providing access to the most up to date and relevant information that we believe securityholders require to manage and evaluate their investment in Abacus.	We engage regularly with our investment community via access to the Investor Relations team for enquiries; ongoing investor briefings; Annual General Meetings; ASX announcements; half yearly and annual financial results announcements; investor days incorporating property roadshows with investors locally, regionally and internationally and face-to-face meetings.
Customers	We encourage two-way communication with our customers, including tenants. Understanding and responding to our customers' is critical to the sustainability of our and development of our business. Our key customers include: – Office and industrial tenants across our commercial assets. – Shoppers and retailers in our shopping centres. – Storage King, our self storage business operator.	We engage with our customers in the following ways: – Office tenant customer surveys for key assets (frequency dependent on the asset, larger assets to be annual). – Face to face meetings and/or phone calls with tenants as required – Regular meetings and reporting from Storage King our self storage operator to understand how business objectives are achieved. – Retail developments: engagement with existing tenants with regards to a redevelopment includes hosting information evenings, focus groups and face to face meetings.
Abacus People	We have a strong commitment to our people and focus on providing a safe, healthy and engaging work environment that supports their personal and professional aspirations. We understand that creating a diverse and inclusive environment which ensures collective perspectives are valued and achieved with the objective of enhancing informed judgement and high-quality decision making is essential to attracting and maintaining talent.	We engage with our people through feedback surveys, focus groups, team and post-results presentations; internal training sessions; new starter orientation; regular 1:1 catch-ups; annual performance assessment, development and succession planning. Our intranet and company-wide email updates provide business news, team updates and a further means of communicating to each other.
Non-Executive Board Members	The Board has the responsibility for promoting the success of Abacus in a way which ensures that the interests of security holders and stakeholders are promoted and protected.	We have ongoing dialogue with our Non-Executive Board members via regular reporting, workshops, strategy sessions and scheduled meetings.
Contractors and Supply Chain	We have a diverse supply chain which ranges from the builders and contractors on our development projects, to the managing agents and operational contractors on our property portfolio.	We have ongoing engagement with our managing agents and suppliers through regular correspondence, meetings, reporting and project updates. We have a Supplier Code of Conduct which communicates Abacus' expectations of our suppliers, including throughout their own supply chains, in providing products and services to us. We work proactively with our suppliers to ensure compliance with legislation (including the Modern Slavery Act) and to enhance productivity and efficiencies in our operations and developments.
Capital Partners (Investment and Development Partners)	A key part of the Abacus strategy is to develop long term, strategic partnerships with like-minded partners. A core ingredient in Abacus' investment strategy is utilising its Third Party Capital platform to leverage our balance sheet capacity and allow Abacus to access and manage a larger number of quality assets.	We engage regularly with our capital partners via access to the corporate development and client reporting teams for investment opportunities, acquisition analysis, general enquiries, reporting obligations on a monthly, quarterly, half yearly and annual basis, asset inspections and face-to-face meetings.
Government and Regulators	We acknowledge that political and regulatory changes can affect our business and are appropriately resourced to monitor and manage regulatory change.	We have ongoing dialogue with Local, State and Federal Government in all jurisdictions in which we operate and are an active member in industry associations and working groups including the Property Council of Australia; Shopping Centre Council of Australia, and the Self Storage Association of Australasia.
Local Community	Our assets are located within communities and it is important we have a level of engagement to ensure we meet expectations and enhance our corporate reputation.	We engage with our local community, on an ongoing basis via: – The Abacus Corporate Philanthropic Committee which includes both giving and volunteering initiatives – Provision of space at our retail centres to local charities, community groups and council Where we undertake development activities, we engage with the local community via focus groups, information evenings, community consultation with an external provider and other forms of engagement as relevant for the project.

FY19 priorities and performance

COMMITMENTS	STATUS	FY19 PERFORMANCE
To emphasise the importance of our stakeholder engagement approach across our business, we will consider the benefit of a formal Stakeholder Engagement Framework to set out how we ensure our stakeholders are engaged in a meaningful way	✓	We developed a Stakeholder Engagement framework for the Abacus business which outlines: <ul style="list-style-type: none"> – How we identify and prioritise our stakeholders; – The mechanisms we use for engagement; – How we measure the success of stakeholder engagement; and – How we communicate with our stakeholders on a regular basis on our performance in meeting their information needs.
Feedback gained from our employee engagement survey is shaping the development of the Abacus' People and Culture Strategy and initiatives, with key areas of focus being working flexibly at Abacus; and alignment of our vision, values and capabilities with the Abacus strategy	✓	Development of the People and Culture Strategy including internal launch of Abacus Vision and Values and ongoing alignment as the strategy of the business evolves. All roles are now flexible at Abacus to support work life quality and balance.

✓ Achieved ⚙️ Progressed ○ Ongoing

Health, safety and security of our people and customers

Key achievements in FY19

- Zero fatalities or disabling injuries.
- Severity Rate maintained at 1.0.
- 100% workplaces and service providers independently audited.
- Implementation of Work Health and Safety Strategic Plan remains on-track.

Why is this important?

At Abacus, the health and safety of our people and those affected by our undertakings are of high importance to us. Our commitment to health and safety was validated

again this year by our materiality assessment, which rated 'health and safety' as our number one material issue. We consciously recognise the fundamental right that each member of our team and visitors to any of our workplaces are entitled to return home in the same condition that they arrived in. Through the application of our WHS principles, we are committed to provide, so far as reasonably practicable, a safe and healthy working environment for all team members, contractors, customers and visitors.

Our approach to managing

Our FY15-FY20 Work Health and Safety Strategic Plan provides a planned and quantifiable approach for the management of WHS across Abacus' operations. In line with this plan, we have undertaken ongoing monitoring and improvement activities to continuously improve our safety performance. Our WHS risk profile remains primarily unchanged and is a result of:

- A large specialised and mostly outsourced labour base
- Complex consortia and structures in asset management
- A diverse portfolio and geographic composition
- Assets with large public areas or significant interface with other parties
- An evolving industrial and statutory landscape

To ensure our objectives and targets remain relevant with the changing business environment and shift in asset portfolio, we will review and develop our Work Health and Safety Strategic Plan for FY21-25 in FY20, including a refresh of our metrics.

Image: 464 St Kilda Rd, Melbourne VIC



Our WHS vision is simple:

“We aim to achieve zero harm in the workplace through the application of risk management principles, effective stakeholder engagement, and continuously improving our systems of work and organisational practice to empower all to work safely”.

FY19 Performance

In FY19, Abacus had no major incidents, crises, disasters, or fatal/disabling injuries/illnesses occurring at any of our properties. Abacus' total safety performance continues to improve year-on-year as evidenced by both a significant reduction in harm occurring and a continued increase in positive intervention activities.

We have seen a continual decline in both incident severity as well as average cost per claim. Proactive risk management activities undertaken at workplaces as well as the earlier reporting of workplace incidents (especially those of low severity) has enabled the business to further limit exposures in our workplaces and implement targeted control programs.

Critical to our success has been the continuing enhanced focus upon the performance of our total supply chain. Changes to the contractual obligations placed upon all of our partners has improved disclosure and reporting from all partners in supply chain, enabling a more accurate and detailed "look through" of our wider risk profiles.

Worker Health and Safety Highlights

	FY19	FY18	FY17	FY16
Number of worker fatalities as a result of a work-related injury	0	0	0	0
Worker Incident Severity Rate	1.0	1.0	1.2	1.5
Number of safety and environmental training hours completed	5,388	3,672	622	508

Increase in reported training hours in FY20 was due primarily to the transfer of management of retail workplaces to an external third party

Work related injuries for all employees

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE	FY18 PERFORMANCE	FY17 PERFORMANCE	FY16 PERFORMANCE
Number of fatalities as a result of a work related injury	0	0	0	0
Rate of fatalities as a result of a work related injury	0	0	0	0
Number of high consequence work-related injuries (excluding fatalities)	0	0	N/A	N/A
Rate of high consequence work-related injuries (excluding fatalities)	0	0	N/A	N/A
Number of recordable work-related injuries	0	0	N/A	N/A
Rate of recordable work-related injuries	0	0	N/A	N/A
Number of first aid incidents	1	2	2	2
Number of medically treated incidents	0	0	0	1
Number of lost – time incidents	0	0	0	1
Total employee hours worked:	138,624 ²	195,520	185,744	181,792
Standard employee hours worked	138,624	195,520	185,744	181,792

² Decrease in employee hours worked in FY19 compared to FY18 due to the transfer of retail site management to an external party in FY19.



For all workers (excluding employees)

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE	FY18 PERFORMANCE	FY17 PERFORMANCE	FY16 PERFORMANCE
Number of fatalities as a result of a work related injury	0	0	0	0
Rate of fatalities as a result of a work related injury	0	0	0	0
Number of high consequence work-related injuries (excluding fatalities)	0	0	N/A	N/A
Number of recordable work-related injuries	7	5	N/A	N/A
Number of first aid incidents	40	57	54	78
Number of medically treated incidents	7	11	4	15
Number of Lost – time incidents	5	5	6	15

Work-related hazards that pose a risk of high-consequence injury

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE	FY18 PERFORMANCE
How these work-related hazards that pose a risk of high-consequence injury have been determined	Critical Risks are identified per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of ISO31001 and ISO45001.	Critical Risks are identified per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of ISO31001 and ISO45001.
Which of these hazards have caused or contributed to high-consequence injuries during the reporting period	Nil occurrences.	Nil occurrences.
Actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls	Risk Control is undertaken per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of ISO31001 and ISO45001.	Risk Control is undertaken per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of ISO31001 and ISO45001.

Other work-related hazards

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE	FY18 PERFORMANCE
Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls	Risk Control is undertaken per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of ISO31001 and ISO45001.	Risk Control is undertaken per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of ISO31001 and ISO45001.

FY19 Priorities and Performance

COMMITMENTS	STATUS	FY19 PERFORMANCE
In line with our WHS vision, we aim to achieve a zero harm target in the workplace	○	Ongoing
Review our FY15-FY20 WHS Strategic Plan to ensure our objectives and targets remain relevant	○	Ongoing

✓ Achieved 🔄 Progressed ○ Ongoing

Future priorities

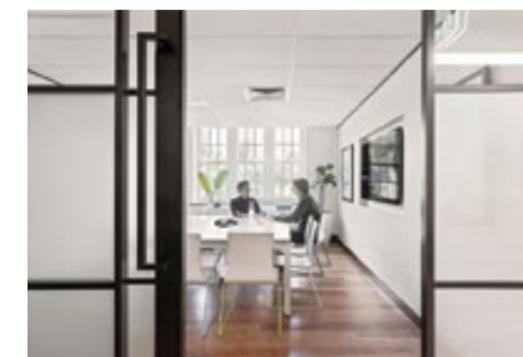
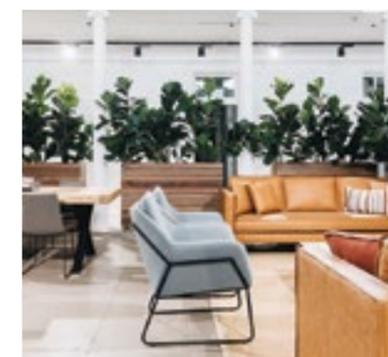
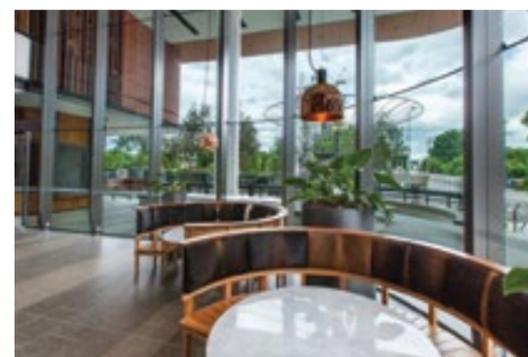
We recognise the importance of ensuring our approach to the health and safety of our people and customers continues to evolve with changing stakeholders expectations. In addition to further improving our core safety metrics, our focus in FY20 will be developing the next iteration of our WHS Strategic Plan for the next five year period and developing further our approach to employee wellbeing.

- Develop the Work Health and Safety Strategic Plan for FY21-FY25 and associated business plans
- Review and refresh the Abacus WHS governance framework
- Develop and implement a formal employee wellbeing program
- Develop and implement strategies, programs, and actions targeted at high-consequence risks

Customer attraction, satisfaction and retention, coupled with changing expectations

Key achievements in FY19

- Commenced our first Green Star office development in partnership with Salta. The building is designed to achieve 5 star Green Star Design and As Built v1.2, and will include implementation of the ‘Fitwel’ building certification designed to improve the health and wellbeing of building occupants.
- Ongoing improvements in energy and water efficiency to ensure our buildings are minimising costs and environmental impact as far as possible.



Why is this important?

Abacus is transitioning to a strong asset backed, annuity style business model, pursuing long term value enhancing investments with a focus on the office and self storage sectors. At the core of our strategy for our portfolio is to create value through customer attraction and retention. We understand that customer attraction and retention contribute to:

- Sustainable cashflow for security holder distributions
- Reduced cost of leasing fees and new customer incentives
- Higher recovery of outgoings and lower outgoing costs

- Reduced vacancy losses
- Improved valuations where vacancy is reduced, and/or the calibre of customer is improved
- Lower turnover of customers generally means lower costs of refurbishment

We recognise that customers are constantly evolving in terms of how they use space and their expectations of property.

In **office**, customer expectations regarding the use of space, wellness considerations and end-of-trip facilities continue to evolve. Ensuring we respond to these expectations will enable us to attract and retain our customers

and maximise financial performance with high occupancy rates and longer WALE's. In addition, technologies that can reduce costs and optimise building performance such as on-site renewable energy and smart building automation are increasingly becoming standard for high-performing buildings. Many customers are now expecting a level of building efficiency and sustainability as it aligns with their own corporate governance requirements. Our first Green Star registered office development, located in Richmond, Victoria, will incorporate several initiatives that respond to environmental sustainability, as well as customer satisfaction and wellbeing including:

- High levels of energy and water efficiency
- Energy and water metering for ongoing monitoring
- Building tuning and an Independent Commissioning Agent
- Access to daylight and views
- A Fitwel rating to support customer health and wellbeing
- Low chemical paints, carpets and sealants in base building
- End of trip facilities
- Outdoor space amenity with garden beds and seating

In **self storage**, we recognise that increased density in metropolitan areas and changes in the housing market are driving changes in how customers use self storage and how they prioritise location, access, and convenience. Moving, downsizing and renovating are all factors that are driving demand for off-site storage. During FY19, Abacus acquired seven new self storage facilities as well as one site for development and we remain committed to growing our presence in metropolitan areas while ensuring the portfolio is operating as efficiently and profitably as possible.

Good levels of security are a minimum expectation for our customers. CCTV and alarms for units are valued given the nature of the business in storing their valuable items. It also allows after-hours access so customers can access goods if required, and we are able to monitor who has been on site. This after-hours access is particularly desirable to our commercial customers such as small businesses and trades.

In **retail**, we understand the importance of ensuring our centres continue to reflect the changing needs of the surrounding communities. This includes ensuring accessibility to the centre, convenient parking, and the appropriate combination of retail options. We recognise the experience that customers are seeking from shopping centres are continuing to evolve as well and reflect this understanding in our centre upgrades and retail selections.

In FY19 we reduced our exposure to retail with the divestment of two centres (Bacchus Marsh and Liverpool³) and the divestment of 50% of Ashfield Mall and Lutwyche City to ISPT. We remain invested in ensuring that our existing

portfolio is responding to the needs of the community as well as looking at more sustainable ways of operating. The Abacus' retail portfolio has undergone a number of redevelopments this year, with a heavy focus on food and services, and minimal exposure to discretionary retail tenancies, to limit the impact from shifting trends in shoppers activities highlighted by an increase in online shopping.

Our approach to managing

At acquisition and on an ongoing basis, Abacus considers the lease up required of the building and determines what strategies will be applied to achieve optimal outcomes. This may range from a combination of refurbishment opportunities (tenant floors, bathrooms, lobby, end of trip facilities), improving environmental standards, upgrade of mechanical services or changes to marketing approach.

Our 91.9% occupancy rate across our commercial portfolio demonstrates a strong demand for well-located assets, particularly within the CBD office sector.

Customer Attraction, Satisfaction and Retention Highlights

	FY19	FY18	FY17
Occupancy (Commercial)	91.9%	91.3%	90.5%
Occupancy (Self Storage)	88.5%	89.4%	89.1%
WALE (Commercial & Industrial)	3.7	4.1	4.1

³ Liverpool to settle December 2019.

FY19 Performance

Key outcomes from our capital works programme

As our value proposition is specific to each property, capital works undertaken are tailored to each asset to attract and retain tenants. Some highlights of our works undertaken to improve or reposition our assets across our FY19 portfolio include:



LUTWYCHE CITY SHOPPING CENTRE, BRISBANE (Abacus share 50%)

Improvements made

Lutwyche City, in Brisbane's inner north, is a neighbourhood-style shopping centre, integral to the local community.

Centre-wide redesign began in early FY18 and is expected to finish in early FY20. The redesign includes all public realm and landscape improvements, such as a new fresh food marketplace, additional office tenancies, updated retailer fit outs, new amenities, improved car park lighting and signage, installation of controlled parking and new travelators and lifts. In addition, the façade and exterior of the building will be refreshed.

Sustainability initiatives include LED lighting with lux sensors in the mall and street, Power Factor Correction, BMS control and optimisation improvements, a new chilled water HVAC system, solar reflective roof paint and a new sub-metering system which will provide energy and demand tracking as well as seamless tenant billing.

Impact on tenant attraction, engagement, satisfaction and retention

Eight current tenants have been relocated with tenancies refurbished and redesigned, and seven new tenants have already been confirmed. When the redevelopment is complete, almost 4,000sqm will be added, making the new footprint 22,200sqm.

WALE by income

4.41

Total lettable area (sqm)

22,200 (when redevelopment completed)

Major tenants

Woolworths, Aldi, Coles, Papilio, Maven Dental, Smart Clinics Medical Centre, QML, Curves



444 QUEEN STREET, BRISBANE
(Abacus share 67%)

Improvements made

In recognition of the growing importance of tenant customer amenity and providing opportunities to enhance health and wellbeing in the workplace, we installed 4 showers on the ground floor, 45 lockers for each male and female bathroom, and a bike storage room with space for 30 bikes. In addition to the end of trip facilities, the building has had ongoing refurbishments including lift lobbies, ceilings and LED lighting.

Impact on tenant attraction, engagement, satisfaction and retention

Since initiating the leasing campaign some fifteen months ago we have managed to secure approximately 6,000sqm of new leases with another 1,000sqm in negotiation. This level of activity is exceeding the average for buildings of this class.

WALE by income
2.49

Total lettable area (sqm)
14,238

Major tenants
Public Trustee of QLD, Telco Services Australia Pty Ltd



FRENCHS FOREST SELF STORAGE
(Abacus share 100%)

Improvements made

Development approval was issued for the change of use of an existing commercial building to a self storage facility and the construction of a new self storage building.

Stage 1 of the redevelopment was completed in September 2018 and comprised the self storage fitout of the commercial building and included LED lighting with controls. Stage 2 will be completed in FY20 and will comprise the construction of a three-level, purpose built self storage building at the rear of the existing Storage King plus a 32kW solar PV system.

Impact on tenant attraction, engagement, satisfaction and retention

The facility commenced trading in September 2018 and provided 2,000sqm of net lettable area. Stage 2 will be completed in FY20 and take the facility to 5,500sqm lettable area.

WALE by income
n/a

Total lettable area (sqm)
5,500sqm (stages 1 and 2)

Major tenants
n/a



“Knight Frank (managing agent for 91 King William Street) has shown leadership in the commercial property sector in undertaking the NABERS Co-Assess pilot in South Australia. The level of tenant engagement was impressive, with 15 out of 17 tenancies participating, forming the foundation for vertical community. The project paves the way for continued uptake of Co-Assess in South Australia commercial buildings’. CitySwitch state judging panel”

Customer engagement on energy efficiency via NABERS Co-Assess, 91 King William Street, Adelaide

In FY19, the tenants at 91 King William Street were invited to participate in a ‘NABERS Co-Assess’ program by Abacus managing agents Knight Frank. This initiative, run by the Office

of Environment and Heritage, is designed to encourage office tenants to rate the energy efficiency of their office space using the NABERS tool, at the same time the base building is being rated.

Through providing a simpler and more cost-effective way of rating an office space, the initiative aims to generate conversations around improving customer energy efficiency via both operational

initiatives and capital upgrades. It is also a valuable tool to help ensure that the energy efficient design of a new fitout is being achieved in operations.

15 out of 17 tenants participated in the rating and their collaboration won a ‘Partnership of the Year’ award with the CitySwitch program, which recognises outstanding environmental leadership.

FY19 Priorities and Performance

COMMITMENTS	STATUS	FY19 PERFORMANCE
In line with our current strategy, maintain at or above 4.1 year WALE for our office, retail and industrial assets		FY19 WALE of 3.7 years. This priority was not achieved due to the divestment of long WALE non-core assets as per our Abacus strategy, plus natural progression of time on single/dominant tenant assets.
In line with our current strategy, maintain an occupancy rate of at least 90% over commercial portfolio		Achieved an occupancy of 91.9%. This was due to a slight increase in the office portfolio primarily due to increase in occupancy in Brisbane CBD office assets.
Continue implementing a targeted approach to tenant engagement to ensure the mode and frequency of activities are aligned with the needs of our diverse tenants		Developed the Abacus Stakeholder Engagement Framework, which includes tenant engagement.

✓ Achieved Progressed Ongoing

Future priorities

Understanding and responding to our customers' changing needs and improving the customer experience is a key focus across the Abacus business. Ensuring we respond to these expectations will enable us to develop strong and value-add partnerships with our stakeholders and enhance our reputation, which will in turn increase our occupancy and WALE. Priorities for the year ahead include:

- Undertake biennial tenant customer engagement survey with findings used to inform strategic decision-making.
- Maintain an occupancy rate of at least 90% for the commercial portfolio.
- Maintain an occupancy rate of at least 88% for the self storage portfolio.
- Maintain a WALE of at least 3.7 years for the commercial portfolio.

Responsible resource management

Key achievements in FY19

- 13% reduction in energy intensity across our operations compared to FY16 baseline.
- 22.7% reduction in water consumption across our operations compared to FY16 baseline.
- Improvements in our office NABERS Energy and Water ratings with a 30 June FY19 portfolio average of NABERS Energy 4.1 stars and NABERS Water 3.2 stars.

Why is this important?

As the owner of a diversified property investment portfolio of office, self storage, industrial and retail properties, Abacus acknowledges the built environment impacts Australia's emissions and wider resource consumption profile. We recognise that we are well positioned to positively impact the resource consumption of our buildings through efficient property management and the development and upgrade of buildings which incorporate more efficient plant and equipment. Responsible management of our buildings will also contribute to the capital appreciation of those buildings over time and with the rising costs of energy, we recognise the importance of ensuring our buildings are operating as efficiently as possible to reduce operating costs for our customers.

In addition to energy and water consumption, waste management is a critical issue identified by our stakeholders and management. The construction and operation of buildings produces waste, which we can manage to minimise negative impacts. The costs to remove waste and send to landfill are increasing

and as a responsible business and property owner, we have the responsibility to ensure that the waste produced in our buildings is being responsibly dealt with.

Our approach to managing

When Abacus invests in properties, we have traditionally sought to balance the short term and long term interest of our building strategies. We are strengthening our focus on energy, water and waste efficiency, as well as carbon emission reductions across our property portfolio, including looking at opportunities which may have a longer payback.

In FY19, Abacus developed an asset risk matrix which includes sustainability considerations such as NABERS Energy and Water, Green Star as well as climate resilience in order to determine overall risk for the building. This enables the business to look at our buildings in a more holistic way, capturing metrics which may have a material impact on a building's risk such as energy and water efficiency as well as resilience to extreme weather events as a result of climate change.

In FY19 we commenced the move towards developing larger and greener commercial office buildings, with an office development underway at Church St, Richmond with our JV partner Salta. This is an A Grade facility designed to achieve 5-star Green Star Design and As Built v1.2.

The development of our sustainability strategy in FY20 will include resetting the reporting baseline year, developing future targets, and reporting on like-for-like assets so we can track and report on ongoing improvements within our portfolio.

FY19 Performance

Energy efficiency in operations

Energy consumption and the resultant carbon emissions are an inherent by-product of Abacus' operations. As a result, we are focusing on a number of areas across the business in order to reduce our impact, primarily through energy efficiency upgrades and on-site renewables.

The increasing cost of electricity means that on-site renewable energy options such as solar

have become a much more cost-effective option for our electricity requirements. In FY19 we installed 165kW of solar PV across ten self storage facilities as well as a 100kW system on our office asset at 11 Bowden Street, Alexandria and have more projects underway for completion in FY20. We also

acquired 2 King Street, Fortitude Valley, which has a 100kW solar system. We consider such acquisitions to be in line with our desire to manage our resources efficiently.

Other forms of lower carbon options such as co-generation are becoming more prevalent in

our portfolio. We have two office buildings with a co-generation system installed to generate on-site electricity from gas. Whilst increases in the price of gas has made these systems less cost effective than in previous years, they still play an important role in reducing the overall carbon emissions of our buildings.

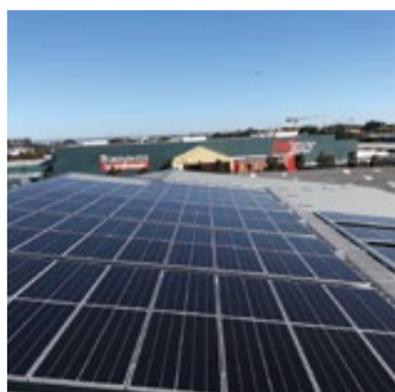
Improving the energy efficiency across our portfolio (owned and managed assets under operational control)

During the year, in line with our commitment to upgrading the resource efficiency of our assets across our portfolio where sustainable and commercial outcomes can be achieved, we implemented upgrades across several of our assets. Key highlights from these activities are outlined below:



444 QUEEN STREET, BRISBANE Chiller Upgrade

Two existing chillers in the property had reached the end of their economic life and were replaced with two 1,100kW energy efficient Powerpax units. The upgrade has led to reductions of more than 25% in electricity consumption year on year, and, coupled with an increase in occupancy from 70% to over 90%, the NABERS rating has gone from 0 stars to a 3-star NABERS Energy rating⁴.



11 BOWDEN STREET, SYDNEY Solar Installation

While the base building already had an energy efficient 5-star NABERS Energy rating, Abacus had a desire to take advantage of the large footprint and install solar panels that would further enhance the NABERS rating of the building.

Installed in June 2019, the system is expected to provide a 35% reduction in annual grid electricity consumption, savings of approximately 117 tonnes of CO2e per annum and an improved NABERS Energy rating of 5.5 stars. A STC discount has brought the ROI down to less than 6 years.



CHALLIS HOUSE, 4 MARTIN PLACE, SYDNEY

An 860kW central chilled water plant had reached end-of-life and was replaced with two 430kW magnetic bearing chillers, two high efficiency chilled water pumps, and condenser water pumps with integrated Variable Speed Drives. This upgrade led to savings of over 130MWh of electricity in the first year of operation, a CO2e reduction of over 100 tonnes and contributed to a 20% reduction in electricity consumption when comparing FY19 to FY18.

Water efficiency in operations

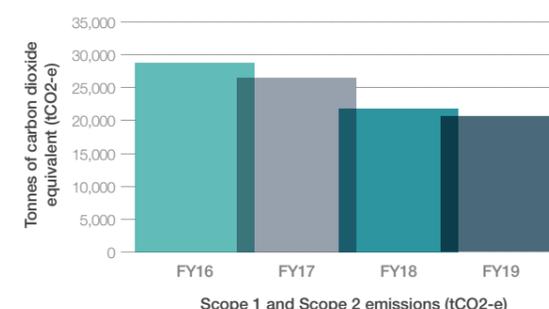
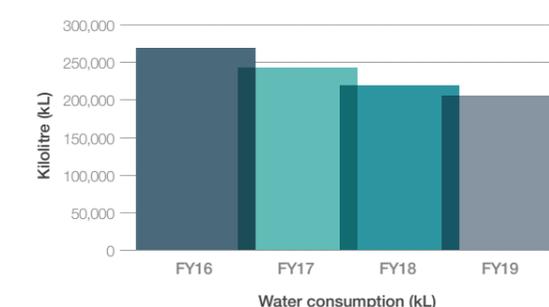
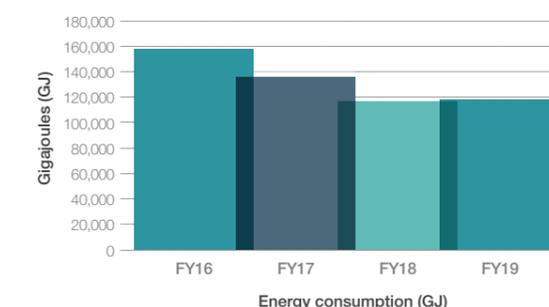
Water is an increasingly scarce resource for Australia and as managers of a large property portfolio, it is Abacus' responsibility to use it responsibly.

Water management in operations consists of monitoring water usage in our buildings and identifying any areas for reductions where possible. In FY19 our office portfolio decreased its water consumption by 22.7% compared to our FY16 baseline.

We are in the process of undertaking water audits and implementing water sub-metering for our buildings, focusing on those that have poor NABERS Water performance. Sub-metering assists in detecting hidden leaks that may not otherwise be discovered until the next quarterly and six-monthly utility bill.

Responsible resource management highlights

	FY19	FY18	FY17	FY16
Energy consumption (GJ)	118,562	118,519	139,392	158,805
Scope 1 and Scope 2 emissions (tCO2-e)	20,997	21,240	26,297	28,634
Water consumption (kL)	201,909	218,643	244,475	261,298
Total waste generated (tonnes)	3,550	N/A	N/A	N/A
Total recycled (tonnes)	1,310	N/A	N/A	N/A



⁴ 3 star NABERS Energy rating achieved 3rd July 2019.

Energy consumption

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE	FY18 PERFORMANCE	FY17 PERFORMANCE	FY16 PERFORMANCE
Stationary energy – Natural Gas (GJ)	25,697	21,217	23,395	42,478
Stationary energy – Diesel (GJ)	0	47	3,338	0
Stationary energy – LPG (GJ)	0	0	0	208
Energy Produced (GJ)*	4,575	N/A	N/A	N/A
Total Energy Consumption – Fuels (GJ)	25,697	21,263	26,733	42,686
Energy consumption – Electricity (GJ)	92,865 ⁴	97,256	112,659	116,119
Total energy consumption (GJ)	118,562	118,519	139,392	158,805
Energy use per square metre of gross lettable area (MJ/m ²)	405	404	462	466

⁴The total electricity consumption (90,873 GJ) includes purchased electricity (86,298 GJ) and electricity from the co-generation at 91 King William St (4,575 GJ).

*Energy produced from gas fired co-generation system at 91 King William Street, Adelaide.

On-site renewable energy production

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE
Solar Electricity Production* (kWh)	115,818

* 2 King Street, Fortitude Valley.

Emissions

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE	FY18 PERFORMANCE	FY17 PERFORMANCE	FY16 PERFORMANCE
Carbon emissions (scope 1) associated with energy consumed (t CO ₂ -e)	1,897	1,668	2,103	2,656
Carbon emissions (scope 2) associated with energy consumed (t CO ₂ -e)	19,100	19,572	24,194	25,978
Carbon emissions (scope 3) associated with energy consumed (t CO ₂ -e)	9,008 ⁵	N/A	N/A	N/A

⁵ Scope 3 emissions includes emissions from energy, water, waste and corporate travel.

Water consumption

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE	FY18 PERFORMANCE	FY17 PERFORMANCE	FY16 PERFORMANCE
Water consumption (KL)	201,909	218,643	244,475	261,298

NABERS rating across our properties

Our office portfolio is rated annually under the National Australian Built Environment Rating System (NABERS) for energy and water. Abacus uses NABERS to benchmark energy and water efficiency, developing improvement strategies to improve or maintain our buildings to high NABERS performance. By creating and maintaining high-performing, environmentally efficient assets, we can not only minimise our carbon emissions and environmental impacts, we can pass on valuable cost-savings and emissions reductions to our customers.

NABERS Sustainable Portfolios Report

This year, commercial real estate owners who have rated their office and retail assets with the NABERS tool were able to participate in the first 'NABERS Sustainable Portfolios Report'. Our initial portfolio averages at 31 December 2018 were 3.9 stars NABERS Energy and 2.9 stars NABERS Water however our 30 June 2019 scores saw a small improvement with 4.1 star NABERS Energy and 3.2 stars NABERS Water. Our ongoing participation will enable us to benchmark our average performance every 6 months and assist with setting targets and developing improvement pathways going forward.

PROPERTY	ENERGY FY19	ENERGY FY18	ENERGY FY17	WATER FY19	WATER FY18	WATER FY17
21/27 Grant Street, Port Macquarie NSW	4.5	4.5	4.5	4.0	4.0	4.0
4 Martin Place, Sydney NSW	3.5	3.5	3.5	2.0	2.5	2.5
14 Martin Place, Sydney NSW	4.0	3.5	3.5	2.5	2.5	2.5
11 Bowden Street, Alexandria NSW	5.0	4.5	N/A	4.0	N/A	N/A
63 Ann Street, Surry Hills NSW	4.5	4.5	4.5	4.0	4.0	N/A
5-6 Grevillea Street, Eagle Farm QLD	3.5 ⁵	4.5	N/A	3.5	3.5	N/A
12 Short Street, Southport QLD	0 ⁶	0	0	4.5	5.0	5.0
1 Bellevue Drive, Varsity Lakes QLD	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
33 Queen Street, Brisbane QLD	3.0	2.5	3.0	0	0	0
444 Queen Street, Brisbane QLD ⁷	3.0	0	1.5	2.0	0	N/A
324 Queen Street, Brisbane QLD	3.5	3.0	3.0	3.5	3.5	N/A
2 King Street, Fortitude Valley QLD	6.0	N/A	N/A	4.5	N/A	N/A
51 Allara Street, Canberra ACT	4.0	4.0	5.0	2.0	2.0	4.5
91 King William Street, Adelaide SA	4.5	4.5	4.5	2.0	3.0	2.5
710 Collins Street, Melbourne Vic	5.0	5.0	Exempt	3.0	4.0	Exempt
187 Todd Road, Port Melbourne Vic	3.0	3.5	N/A	4.0	3.5	N/A
464 St Kilda Road, Melbourne Vic	4.0	3.0	N/A	N/A	N/A	N/A
452 Johnston Street, Abbotsford Vic	4.0	4.0	N/A	4.0	N/A	N/A

⁵ Drop in NABERS rating partially attributed to vacancy.

⁶ 0 star due to vacancy.

⁷ NABERS ratings certified 3 July 2019.

Waste efficiency in operations

The development and operation of buildings produces large quantities of waste which can impact negatively on the environment if not disposed of properly. As outlined in our Future Priorities, Abacus commenced collecting and

reporting on its waste and recycling data for buildings in our operational control in FY19. We collected data from 16 of our 18 buildings under operational control, where we manage the waste and recycling. Waste contracts were renewed on the remaining two sites, both of which will commence reporting in FY20.

Having set benchmark year to report against, we can commence setting targets for improvements and working with our waste contractors, tenants and managing agents to improve the waste diversion from landfill.

FY19 Priorities and Performance

COMMITMENTS	STATUS	FY19 PERFORMANCE
In order to measure and monitor our waste management processes, we will commence collecting and disclosing waste data.	✓	We commenced collecting waste and recycling data on our assets under operational control and have included the results in this report.
Abacus is cognisant that creating low impact investments streams can benefit the environment and investors alike, as such a scoping exercise is being conducted to assess the feasibility of integrating solar energy generation across the Australian storage, retail and commercial portfolio throughout FY19.	✓	Commenced large-scale rollout of solar PV across self storage portfolio which will ultimately cover more than 40 sites. Ten installations were completed in FY19. A 100kW PV system was also installed at our office building located at 11 Bowden Street, Alexandria.
Given our renewed strategy of developing, expanding and repositioning assets for longer term growth, we will seek to maintain or improve overall energy and water NABERS rating across the office portfolio by investing in initiatives such as LED lighting, solar energy and other resource reduction opportunities.	✓	Completed LED, HVAC upgrades and solar PV installations across our portfolio. Refer to case studies under 'Material Topic - Responsible Resource Management' and 'Material Topic - Climate Change Risks and Opportunities'
To enhance the completeness of our NABERS disclosure, we will commence collecting and disclosing NABERS data for our retail assets.	✓	Commenced the NABERS rating process for Ashfield Mall in June 2019. The results will be used to benchmark the mall before the redevelopment taking place in FY20.
To understand our indirect emissions impacts, we will commence collecting, measuring and disclosing on our Scope 3 emissions for a selection of Scope 3 emissions activities.	✓	Commenced collecting and measuring our Scope 3 emissions for a selection of Scope 3 emissions activities. Scope 3 emissions being reported this year include corporate travel, electricity, water and waste.

✓ Achieved 🔄 Progressed ○ Ongoing

Future priorities

Abacus will be formalising its approach to responsible resource management with the development of a sustainability strategy which will include future targets and focus areas to improve environmental performance and measure progress in a consistent and meaningful way.

- Develop energy and water targets for each asset as well as portfolio average targets
- Develop energy and water improvement pathways for poorer performing assets
- Develop waste and recycling targets for the office and retail portfolios
- Continue to implement on-site solar PV where it makes good financial sense
- Benchmark our retail assets using NABERS

Climate-related risks and opportunities

Key achievements in FY19

- Commencement of on-site solar PV program across self storage with ten installations completed in FY19 and further sites identified for future installations.
- 100kW of solar PV implemented at 11 Bowden Street, Alexandria with further feasibilities undertaken for FY20 installations in the office and retail portfolios.

Why is this important?

Abacus may be exposed to unforeseen material environmental risk and the impacts of climate change over time. Environmental and climate change related events have the potential to damage our assets, disrupt operations and impact the health and wellbeing of our people, customers and visitors. We recognise that investors, regulators and stock exchanges are increasingly focused on how companies manage climate-related risks and require disclosures on how organisations are managing climate-related risks and opportunities over the short, medium and long term. In response to this, Abacus identified climate change as its own material topic this year and it will form a key component of our sustainability strategy, which will be formalised in FY20.

Our approach to managing

Environmental issues, including that of climate change, have been identified as a material issue to Abacus. We believe that integrating sustainability issues into our investment decision making and business operations is congruent with the responsibility we have to our stakeholders and is critical to Abacus achieving its long-term goals. This includes the consideration of climate-related risks and opportunities across the lifecycle of our investment decisions – from acquisitions, developments and capex, and leasing and asset management. We continue to develop the appropriate strategies to protect our properties and mitigate the risks of climate change. Environmental and climate change risks are included on the Board approved key risk register and are incorporated into our decision-making process when acquiring properties and as part of the ongoing management of each property. We manage this risk

through the due diligence process undertaken with each acquisition as well as the asset risk matrix for each property, which are updated every six months. Key environmental concerns are reported to the Investment Committee and the Board as part of the governance framework.

Abacus will consider alignment with the Taskforce for Climate Related Financial Disclosures (TCFD) Recommendations to further formalise its approach for the identification and management of climate related risks and opportunities in FY20.



FY19 Performance

Investment in renewable energy

Energy savings and emission reductions with our self storage solar PV program

In the last 12 months, Abacus' self storage portfolio commenced a large-scale rollout of solar PV across which will ultimately cover more than 40 sites.

Due to rising electricity prices, on-site solar PV was a logical solution for the Abacus self storage portfolio and aligned with our commitments to reduce emissions as outlined in our Sustainability Policy. Large roof areas, coupled with the fact that Abacus pays for the electricity consumption outright, meant that excellent paybacks could be achieved.

The solar program was developed for Abacus-owned Storage King facilities across ACT, NSW, VIC & QLD, commencing with ten installations incorporating 165kW of solar PV by 30 June 2019. The rollout will continue in FY20, with additional sites being analysed for their solar potential, including new developments. The overall project

will offset over 580 MWh of grid electricity and approximately \$140k pa in grid electricity.

Going forward, Abacus will continue to install solar PV and LED lighting on new sites acquired and developments as part of a continued focus on responsible resource management.

Future priorities

Abacus is committed to the appropriate management and oversight of material climate-related risks and opportunities to our business and developing appropriate strategies to manage these issues. Our approach to climate change will form a key component in the development of our sustainability strategy and will include the following:

- To enhance our understanding of the range of climate-related risks and opportunities across our portfolio, we will evaluate the TCFD Recommendations in the context of our business. Informed by the outcome of this exercise, we will consider aligning our disclosures in this area with the TCFD Recommendations.

- To inform our understanding of the physical climate parameters relevant to our portfolio across divergent future scenarios, we will undertake a portfolio-wide risk assessment of exposure and vulnerability based on asset location and type. The output of this analysis will be used to develop appropriate climate change adaptation and resilience plans for relevant assets.

- Abacus is cognisant that creating low impact, sustainable investments streams can benefit the environment and investors alike. As such, we will continue investing and conducting feasibility analysis for on-site renewables and integration of solar energy across the Australian storage, retail and commercial portfolio through FY20.

Governance, risk and transparency

Key Achievements in FY19

- Refresh of the Abacus Board with the appointment of two new directors following retirements. Mrs Myra Salkinder has been appointed as Chair (effective 1 September 2019), improving gender diversity with now 50% female representation.
- Continued strengthening of the governance framework through refresh of the management led Sustainability Committee, review of the composition of the Nomination Committee and People Performance Committee, and enhancements to cyber security governance.
- Internal Board and Executive led program which actively promotes and encourages a commitment to honesty, integrity and trust.

Why is this important?

Corporate governance influences how our objectives are set and achieved, how risk is monitored and assessed, and how performance is optimised. We conduct our operations in a manner that ensures risks are identified, assessed and appropriately managed in order to promote investor confidence and to meet stakeholder expectations.

Abacus recognises that there is increasing focus on broader reputational issues such as trust and transparency. Our Code of Conduct articulates our commitment to honesty, integrity and trust and is our guide to employee and Board support of our commitment to deliver value and service to our stakeholders. Reflecting this, we have broadened this material topic to include a focus on transparency.

Our approach to managing

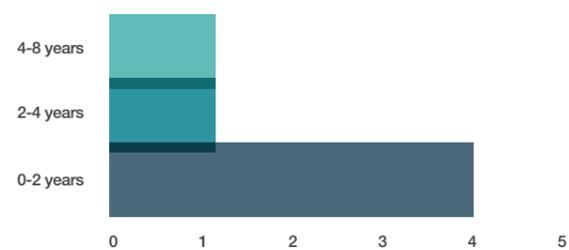
Abacus' approach to the management of governance and risk matters is underpinned by our corporate governance framework and risk management framework which are aligned to the ASX Corporate Governance Council Principles of Good Corporate Governance. Further information on our compliance with the ASX Corporate Governance Council Principles of Good Corporate Governance is included in our FY19 Corporate Governance Report within our Annual Reporting Suite.

In line with our commitment to continually strengthen governance following our Board refresh, the composition and responsibility of the Nomination and Remuneration Committee was reviewed, and a People Performance Committee and Nomination Committee were formed to allow an increased focus on diversity, accountability and remuneration.

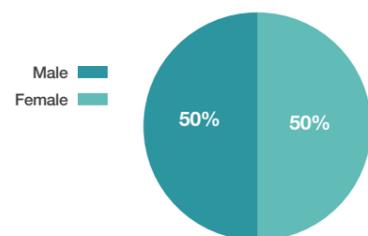
Abacus board diversity and tenure

A refresh of the Abacus Board, with the appointment of two new directors following retirements, has the Abacus Board diversity and tenure as per below.

Board Directors – Tenure (years)



Board Directors – Gender



Given the increased focus on sustainability at Abacus the Compliance Committees activities were expanded to include sustainability from 23 October 2019. The Compliance and Sustainability Committee charter was approved by the Board to reflect expanded priorities. In early FY19, we enhanced sustainability governance within Abacus Management Committees in order to facilitate and prioritise effective and prudent management of sustainability issues. Strengthened governance was achieved through, a refreshed Sustainability and Environmental Policy, and reforming the management Sustainability Committee with members of the Executive Team to include a broad range of management expertise across sustainability, people & culture, investor relations, property, self storage and risk and compliance.

We believe that integrating sustainability issues into our investment decision making and business operations is congruent with the responsibility we have to our stakeholders. We manage environmental risk through the due diligence process undertaken with each acquisition. Key risks are reported to the Audit and Risk Committee and the Board as part of the governance framework and risks associated with each property are monitored as part of the Group’s asset management process and reported to the Investment Committee.

Our key charters and policies include:

- Code of Conduct
- Performance Evaluation Policy
- Business Risk Management Policy
- Continuous Disclosure and Securityholder Communication Policy
- Trading Policy
- Privacy Policy
- Sustainability and Environmental Policy
- Diversity and Inclusion Policy
- Work Health and Safety Policy
- Board Charter
- Nomination and Remuneration Committee Charter
- Audit and Risk Committee Charter
- Whistleblowing Policy
- Human Rights Policy
- Supplier Code of Conduct

Our suite of publicly available policies are available at our Corporate Governance page on the Abacus Property Group website at www.abacusproperty.com.au

Non-compliance with laws and regulations

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE	FY18 PERFORMANCE	FY17 PERFORMANCE	FY16 PERFORMANCE
Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms	Nil	Nil	Nil	Nil
Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms	Nil	Nil	Nil	Nil

Substantiated complaints concerning breaches of customer privacy and losses of customer data

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE	FY18 PERFORMANCE
Number of substantiated complaints received concerning breaches of customer privacy categorised by i) complaints received from outside parties and substantiated by the organization; ii) complaints from regulatory bodies	Nil	Nil
Number of identified leaks, thefts, or losses of customer data	Nil	Nil

Confirmed incidents of corruption and actions taken

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE	FY18 PERFORMANCE
Total number and nature of confirmed incidents of corruption	Nil	Nil
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	Nil	Nil
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	Nil	Nil
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	Nil	Nil

FY19 Performance

Risk management framework

Abacus is committed to maintaining a sound system of risk oversight and management and internal control to identify, assess, monitor and manage material risks related to the conduct of Abacus' activities. All employees are responsible for managing risks within their areas of responsibility and ensuring they comply with all legislative, regulatory and company policy requirements. This includes reporting any identified risks to an appropriate level of management in a timely manner.

We are continually working to improve our risk management practices to drive a proactive risk culture. Our Risk Management Framework guides our approach to identifying, assessing and managing risk. The key risk register, risk management framework and risk appetite statement are reviewed annually by the Audit and Risk Committee and Board with the last review in February 2019. Following this year's annual review, a risk workshop with our Executive Team was facilitated by an external consultant to review, discuss and confirm the Group risk profile based on the likelihood and consequence of the risks and Abacus' appetite for risk aligned to Abacus strategy. The outcomes of this workshop will be reported to the Board in September 2019 and are consistent with our objective to ensure accountability for risk at all levels.

Our commitment to honesty, integrity and trust

We are committed to acting honestly and with integrity, so that we gain the trust of all stakeholders – an essential element of our success. With our commitment to raising awareness, and the need to encourage, protect and support responsible reporting of wrongdoing, we continue to build a supportive work environment which aligns to our Code of Conduct and values. This program is actively promoted and encouraged by the Board and Executive Team.

Our Code of Conduct is our guide to upholding our commitment to honesty, integrity and trust. In 2019, the Code of Conduct was refreshed and strengthened, with face to face employee training delivered to ensure the fundamental principles and behaviours within Abacus remain in line with the spirit of the Code of Conduct.

In FY19, we chose 'Your Call' to enhance the integrity and transparency of our operations and to allow team members and our customers to confidentially and anonymously report in the event of misconduct. We further strengthened our suite of policies to include a Whistleblowing Policy which is compliant with the requirements of the Treasury Laws Amendment (Enhancing Whistleblower Protections) Bill 2018.

Cyber security governance

In FY19, we commenced the development of an Abacus Digital and IT Strategy which will strengthen cyber security governance in line with industry best practice. Continuing our investment into people, processes and systems, we have on-boarded a dedicated Executive Manager, Digital and Technology who will lead our digital and IT Strategy.

In consultation with an external consultant a detailed review of IT governance and disaster recovery was completed which resulted in a formalised suite of policies which articulate key IT controls with the aim of reducing cyber security risk at Abacus. IT governance at Abacus includes documented policies and processes covering information systems incident response, network security, business continuity and disaster recovery, user access control and acceptable use. This includes documented policies and processes covering information systems incident response, network security, business continuity and disaster recovery, user access control and acceptable use with aim of appropriately managing cyber security risk. IT and cyber security training for our people will be delivered in FY20, which will include acceptable use of IT.

FY19 Priorities and Performance

COMMITMENTS	STATUS	FY19 PERFORMANCE
Zero tolerance for non-compliance with laws and regulations.	✓	None
In line with our commitment to further strengthening our governance framework, completion of an independent Board Performance review.	✓	Independent Board Performance review completed
Enhance Sustainability Governance through a Board approved Sustainability Charter and re-forming the Sustainability Committee with members of the Executive Team.	✓	Completed. Details above.
To understand and respond to the cyber threat landscape, completion of an independent cyber security assessment to identify key cyber threats facing Abacus.	✓	Completed. Details above.

✓ Achieved 🔄 Progressed ○ Ongoing

Future priorities

In line with our commitment to continually strengthen governance in order to influence how objectives are set and achieved, how risk is monitored and assessed and how performance is optimised we will:

- Aim to maintain gender diversity on the Board at 50% throughout FY20.
- Complete a detailed gap analysis and implementation plan to align and transition to the ASX Fourth Edition of the Corporate Governance Principles and Recommendations
- Implement an online integrated compliance system to create efficient processes.

Responsible procurement



Key achievements in FY19

- Developed and commenced implementation of our Modern Slavery Action Plan.
- Member of a collective of 15 AREITS actively working with the Property Council to implement an industry wide supplier engagement platform in line with our Modern Slavery Action Plan that identifies and address key risks in our supply chains and creates efficiencies in data collection and analysis.

Why is this important?

Responsible Procurement means considering the ethical, environmental and social impacts of purchasing decisions and looking for opportunities where outcomes can be enhanced. As a large property company with an extensive supply chain we can have a positive influence and we are committed to ensuring high standards in our operations and throughout our supply chain.

Our approach to managing

The Abacus supply chain encompasses a broad range of products and services across our operations, development and corporate business units and includes contractors, sub-contractors, consultants as well as suppliers of products and services. Respecting and pro-actively promoting human rights and reducing our impact on the environment is an integral part our business, forms a key component of our sustainability commitment and is outlined in our Supplier Code of Conduct and Human Rights

Policy. Abacus operates wholly within Australia and New Zealand, countries which have democratic governments with high standards of governance and strong legislative systems that support human rights, national employment standard, privacy, anti-corruption and non-discrimination. Abacus is committed to implementing and monitoring ongoing practices which support human rights with reference to the UN Guiding Principles on Business and Human Rights and the Australian Modern Slavery Act 2018.

Abacus guiding principles include:

- The expectation that our employees, contractors, sub-contractors, consultants and suppliers will conduct business in a safe, responsible and equitable manner and in compliance with all applicable laws, regulations and standards;
- Our employees, customers, suppliers, and investors to be treated fairly and respectfully;
- Diversity and inclusion, which is about our commitment to ensure collective perspectives are valued, and respected, with the objective of enhancing informed judgement

and high-quality decision making. Diversity includes, but is not limited to, gender, age, ethnicity, sexual orientation, religious and cultural background;

- The right to just and fair remuneration;
- The fundamental right of all workers and those affected by our undertaking to a safe and healthy working environment; and
- Allowing freedom of association and collective bargaining.

FY19 Performance

Participation in the Property Council of Australia's Modern Slavery Working Group

Recognising that these systemic issues cannot be solved in isolation, we place high value on collaborating with our industry peers to collectively understand and manage the risk of modern slavery across our direct and indirect supply chain. We are working with a collective of 15 A-REITS to develop a leading industry platform which will provide

our suppliers with a consistent framework for reporting and reduce the reporting burden across the industry, creating efficiencies for each A-REIT in data collection and analysis. The portal allows Abacus to gain insights and transparency into our supply chain and support informed decision-making around supply chain management. In FY20 will use this portal to conduct due diligence of our 'high risk' suppliers and continue its use as a screening tool for new suppliers.

Further Abacus led activities included:

- Developing a Board approved action plan to focus our efforts on the modern slavery risks and potential impacts that are most relevant to our business. Completion of this action plan will allow Abacus to be prepared to submit our inaugural modern slavery statement by December 2020.
- Development of key policies to enhance governance throughout our supply chains including a Board approved Human Rights Policy and Supplier Code of Conduct.

- Undertaking a supply chain mapping exercise to gain an understanding of potential high risk suppliers and to ensure we fully understand and respond to supply chain risk in order to meet our guiding principles.
- Working with our legal counsel to develop Modern Slavery clauses in our property management and development contracts.

Future Priorities:

Recognising the global challenge of addressing modern slavery and our obligations under the Australian Modern Slavery Act, Abacus will continue to incorporate human rights and supply chain due diligence into our business practices and commit to the following priorities:

- Implement the Property Council of Australia's modern slavery due diligence tool and target 'high risk' suppliers where Abacus have a direct relationship to be vetted using this tool.

- Communicate our Human Rights Policy and Supplier Code of Conduct to our suppliers to ensure their alignment with our values and expectations.
- Finalise our Modern Slavery Action Plan in preparation for completion of our inaugural Modern Slavery Statement.

Employee engagement and motivation

Key achievements in FY19

- Development of the Abacus internal vision and values.
- 83% employee participation in philanthropic activities (up from 58% in FY18).
- Introduced all roles are flexible at Abacus to support achieving work life quality and balance. Open plan office format achieved as part of Sydney office upgrade.

Why is this important?

Building a collaborative and engaging environment that enables people to excel and contribute is critical to the delivery of our business strategy and objectives. At Abacus, we empower our team members to take initiative, and attract people who are motivated by accountability and making a difference. Our flat organisational structure and open-door culture supports this and allows us to respond to change, adapt quickly and rise to opportunities as they present.

Abacus recognises the benefits of creating an inclusive environment and encouraging team member and Board diversity. Inclusion and diversity at Abacus is about our commitment to ensuring collective perspectives are valued and achieved, with the objective of enhancing informed judgement and high-quality decision making.

Our approach to managing

In FY19, we refreshed the Abacus internal vision and values to

align with Abacus' Strategy and objectives. Using feedback gained from our employee engagement survey, focus groups, and culture mapping across the company we developed an Abacus People and Culture Strategy which has been communicated company-wide and supported with an employee handbook and new on-boarding and orientation process.

We have a continuous improvement and feedback mindset in relation to further promoting employee engagement and motivation. Building on from the people and culture initiatives started last financial year, in FY19 we strengthened our approach through formalising and standardising key people and culture mechanisms and processes.

FY19 Performance

Improving our performance management processes

In FY19, we developed, centralised, and documented KPIs. Information sessions about the annual remuneration process were held for team members, introducing self-assessments

and weighted KPIs. As part of these sessions, we introduced the concept of calibration panels to review performance assessments for consistency, fairness and links to company performance. Moving forward, we are reviewing the communication included in remuneration letters, which will enable us to continue strengthening the link between remuneration and performance. New organisation tiers and position titles were also implemented following a benchmark of ASX 200 REITS to establish a simple and cohesive framework ensuring company wide consistency in position status, tiers and title.

Developing orientation and on-boarding processes

Reflecting Abacus' commitment to attract and retain high-performing team members, we developed a process and program for orientation to support new-starters through their first day, week and the thirty days after stepping in, in addition to a new peer support program. In addition, we developed behavioural interview guides and exit interview processes to support the broader team member life-cycle process.

In the coming year, we seek to introduce talent mapping, as well as increased access to learning and development opportunities.

New Abacus office fitout

In FY19, Abacus upgraded its Sydney office with a new fit-out that reduced segregation between business units with an open flow floorplan, more breakout space, meeting rooms, and areas for collaboration.

Aligning with our strategy of creating sustained value while optimising efficiency and employee engagement and wellbeing, we sought to create the new fit-out with minimal environmental impact. The existing carpet and energy efficient lighting was kept, with workstations, office, reception and breakout room furniture sourced from an existing display office. The removal of office partitions, cubicles and individual offices meant that natural daylight and 360 degree views of Sydney could now be enjoyed by all employees. Plants and more energy efficient computers and equipment were also sourced. The air conditioning was also rebalanced to cater for the new open plan

layout and to ensure a better indoor air quality for employees.

A NABERS tenancy rating will be sought after one year of occupancy to rate the energy efficiency of the fitout and ensure that the sustainable design is leading to enhanced energy performance and operational cost savings.

Diversity and Inclusion at Abacus

Building a diverse and inclusive environment at Abacus is critical to supporting people engagement and motivation. In FY19, our efforts have been focused on initiatives improving gender diversity, including:

- Diversity forums focusing on women, which will be reinstated in the coming year
- A presentation from Holly Kramer (Abacus Non-Executive Director) on diversity to the Shared Services team
- Supporting International Women's Day celebrations
- Improved gender diversity on the Abacus Board of directors, with increased female representation to 50% (3 females)

– Implementing flexible working arrangements for all team members to support work life quality and balance

Several leave policies are currently under review, including parental and carer's leave to support a more flexible approach to work. Through conducting more in-depth analysis of the organisation, we seek to improve our understanding of the unique needs of our people demographics.

This will enable us to extend our focus on diversity and inclusion into a more integrated and holistic view, supporting the development of a diversity and inclusion strategy in FY20.

Employees by employment type and gender

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE		FY18 PERFORMANCE		FY17 PERFORMANCE		FY16 PERFORMANCE	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of full time employees	20	35	34	42	35	41	44	33
Number of part time employees	9	0	5	0	5	4	5	4
Number of temporary employees	1	0	0	0	2	8	2	8
Total number of employees ⁸	30	35	39	42	42	53	51	45

Employee turnover by gender, age group and region

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE		FY18 PERFORMANCE		FY17 PERFORMANCE		FY16 PERFORMANCE	
	Number	Rate (% of total workforce)						
Employee turnover by gender								
Female	7	12	7	18	3	7	11	24
Male	5	29	5	11	3	7	9	22
Employee turnover by age group								
Under 30 years old	2	-	2	-	1	-	5	-
30-50 years old	4	-	9	-	5	-	13	-
Over 50 years old	9	-	1	-	0	-	2	-
Employee turnover by region								
Australia	15	21	12	14	6	7	20	23

New starters by gender and age and region

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE		FY18 PERFORMANCE		FY17 PERFORMANCE		FY16 PERFORMANCE	
	Number	Rate (% of total workforce)						
Employee new starters by gender								
Female	6	21	6	15	11	28	5	10
Male	7	20	2	5	8	18	3	8
Employee turnover by age group								
Under 30 years old	3	-	2	-	10	-	3	-
30-50 years old	10	-	6	-	7	-	5	-
Over 50 years old	0	-	0	-	2	-	0	-
Employee turnover by region								
Australia	13	23	8	10	19	22	8	9

⁸ Drop in numbers partially attributed to the transfer of retail management to an external third party.

Percentage of individuals within Abacus' governance bodies by gender

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE		FY18 PERFORMANCE		FY17 PERFORMANCE		FY16 PERFORMANCE	
	Number of females	Percentage of total body (%)	Number of females	Percentage of total body (%)	Number of females	Percentage of total body (%)	Number of females	Percentage of total body (%)
Board of Directors	3	50	2	33	1	17	1	17
Audit and Risk Committee	1	33	1	33	0	0	0	0
People performance and nominations Committees	2	67	1	33	1	33	1	33
Compliance and Sustainability Committee	2	67	2	67	1	33	1	25

Percentage of individuals within Abacus' governance bodies by age group

KEY PERFORMANCE INDICATOR	FY19 PERFORMANCE		FY18 PERFORMANCE		FY17 PERFORMANCE		FY16 PERFORMANCE	
	Number of females	Percentage of total body (%)	Number of females	Percentage of total body (%)	Number of females	Percentage of total body (%)	Number of females	Percentage of total body (%)
Under 30 years old	0	0	0	0	0	0	0	0
30-50 years old	1	17	1	17	0	0	0	0
Over 50 years old	5	83	5	83	6	100	6	100

Female salaries as a percentage of male salaries / number across divisions

	FY19 PERFORMANCE			FY18 PERFORMANCE			FY17 PERFORMANCE			FY16 PERFORMANCE		
	No. of females	No. of males	% of total body	No. of females	No. of males	% of total body	No. of females	No. of males	% of total body	No. of females	No. of males	% of total body
Executive	0	8	N/A	1	8	92	1	8	90	1	8	75
Senior Management	2	7	90	2	6	93	1	7	94	1	6	103
Other Management	1	1	122	5	6	79	5	6	84	3	6	82
Professional & Technical	7	16	84	9	19	89	12	19	104	22	14	104
Administration & Operations	14	2	141	22	3	132	23	13	133	24	11	103
TOTAL	24	34		39	42		42	53		51	45	

Community investment at Abacus

At Abacus, investing in the communities in which we operate is a core component of our culture and a key way in which we engage our people. Our current philanthropic program includes employee volunteering days, dollar for dollar matching on team members donation drives, corporate sponsorships with charitable organisations and providing vacant space/casual leasing at retail shopping centres or office buildings to charitable organisations at minimal or no cost. In addition to our Group-level philanthropic program, Abacus support division-specific initiatives aimed at building and fostering strong local community relationships.

During the year, as part of a move towards formalising our corporate philanthropic strategy, we asked our employees which areas they wanted to focus their giving and volunteering activities on. Four areas of interest were chosen and will form the basis for our strategy moving forward.

- Youth
- Disabled
- Education
- Environment

Key highlights include:

Volunteering

Abacus actively supports the local communities where we operate and encourages all employees to participate in volunteering activities by providing one day's volunteering leave to all employees.

This year, Abacus achieved an 83% employee participation rate, up from 58% in FY18. Employees volunteered their time to support a number of non-profit organisations and/or charities, including,

- Infant's Home at Ashfield
- RSPCA NSW Corporate Support Day
- Good360 at Smithfield
- Royal Institute for Deaf and Blind Children

Showcase: Nominated for best corporate volunteer team of the year

A team of 20 Abacus volunteers provided on-site assistance to the Royal Institute for Deaf and Blind Children at the Alice Betteridge School, assisting the school with running activities for Harmony Day in March and their Sports Open Day. Our efforts were recognised through a nomination for "Best Corporate Volunteer Team of the Year" in the 2019 NSW Volunteer of the Year Awards.

Donations and dollar-matching:

Abacus matched dollar for dollar on team member donations for employee volunteering events which were embraced by the wider Abacus community. Donations raised by team members and Abacus for events including the Cancer Council, Wings for Life, The Royal Institute for Blind and Deaf Children, The RSPCA and MS Australia.

Self storage

Abacus' self storage properties with its manager Storage King, actively supports the following charities across its portfolio:

1. **McGrath Foundation (AU only)** - \$1.00 from every Tea Chest & Carry Box sold during October is donated to the McGrath foundation to support the work of Breast Cancer care nurses
2. **Garage Sale Trail (AU only)** - Garage Sale Trail is one weekend of garage sales that happens across Australia late October. The trail is an idea to help encourage reuse, reduce waste and minimise our impact on the environment. Garage Sale Trail is supported by over 120 Local Council partners across the country and nearly 400,000 Australians shopping and selling at more than 18,000 garage sale events. The cost of sponsoring this initiative is \$55K
3. **Blue September (NZ only)** - \$1.00 from every Tea Chest & Carry Box sold during September is donated to the Prostate Foundation to support prostate cancer research.



"At Abacus Property Group we like to align ourselves with organisations that share our values of striving to deliver results of the highest quality. In RIDBC we have found the perfect partner that allows us to support an organisation that gives back to the community."

Steven Sewell
Managing Director

FY19 Priorities and Performance

COMMITMENTS	STATUS	FY19 PERFORMANCE
Development and communication of the Abacus People and Culture Strategy.	✓	Developed and communicated People and Culture Strategy to the Abacus Executive Committee and the Board. Employee communication to be rolled out during FY20. This will include updates to the employee handbook, on-boarding process, orientation, and other areas as part of the employee lifecycle.
Refresh the Abacus Vision and Values to achieve alignment with Abacus' strategy and objectives.	✓	Developed internal Abacus vision and values framework, which was communicated in August 2020.
Progress working flexibly at Abacus, upgrading information technology tools and extending an open plan office format to all roles.	✓	Introduced all roles are flexible at Abacus to support achieving work life quality and balance. Open plan office format achieved as part of Sydney office upgrade.
Feedback gained from our People engagement survey is shaping the development of the Abacus' People and Culture Strategy and initiatives, with key areas of focus being working flexibly at Abacus; and alignment of our vision, values and capabilities with the Abacus strategy.	✓	Developed the People and Culture Strategy including internal Abacus vision and values framework and alignment is ongoing as the strategy of the business evolves.
Continue to monitor diversity and inclusion targets, which are approved by the Nomination and Remuneration Committee, across management representation, career progression, parental leave, recruitment, pay equity and training.	⚙️	Renamed the Remuneration Committee to People Performance Committee. These priorities are an ongoing initiative for the business.

✓ Achieved ⚙️ Progressed ○ Ongoing

Future priorities

The ongoing engagement, wellbeing and development of our people is a key priority for Abacus and we recognise that having a high-performing and motivated workforce has a direct relationship to the success of our business. Building on the initiatives implemented as part of the Abacus People and Culture strategy, our key priorities for FY20 include:

- Development of an Abacus Giving and Volunteering program
- Maintain or improve employee volunteer participation rate of 83%
- Conduct an annual employee engagement survey with feedback used to inform strategic decision-making
- Integrate and embed Abacus Vision, Strategy and Values
- Introduce succession planning workshops, assessment processes and tools
- Establish foundational learning and development concepts
- Market scan of People and Cultures systems for potential integration
- Wholesale refresh of Abacus people policies

Financial performance

Key achievements in FY19

- 8.4% growth in annual net property rental income to \$114.8 million.
- Solid progress on transition of Abacus platform towards a strong asset backed, annuity style investment house, focusing on key sectors of Office and Self Storage.
- A combination of established and new collaborative partnerships have created enduring investment opportunities and facilities our capital recycling program.

Why is this important?

At Abacus, we take advantage of value add opportunities that drive long term total returns and maximise securityholder value. Our investment objective is to provide investors with sustainable income streams and increasing returns. We recognise that investors are progressively aligning their investments with their personal values. These values can include a more holistic assessment of the positive and negative environmental, social, governance and ethical impacts associated with different investment options. Beyond the positive impacts, we understand that our operating activities can have a negative impact and aim to minimise this, wherever possible. Our actions and impacts include:

- Disclosing responsible investment information enabling investors to make informed decisions
- Improving high value assets which support the growth of our cities

- Creating spaces that support productivity and lifestyle improvements for our tenants
- Supporting community development via charitable donations and community partnerships

Our approach to managing

Effective financial management is achieved through the responsible management of our property portfolio. We integrate the following economic factors within our day-to-day operations:

- Recognition that customer attraction and retention is important. This is identified as a material issue in this Report and our approach to its management is explored in Our Material Issues
 - Customer attraction, satisfaction and retention, coupled with changing expectations.

- Incorporation of ESG issues into decision making processes. As part of the property acquisition due diligence process, Abacus engages experts to advise on any potential sustainability risks and factor these into the acquisition decision making process.

- Recognition that increased urbanisation has resulted in demand for self storage in metropolitan and suburban locations. As part of our renewed strategy, we have increased our investment in self storage.

- Appropriate gearing is maintained and reviewed regularly to align with the property portfolio and prevailing economic conditions.

- We make relevant sustainability information available to stakeholders to enable investors, lenders and customers to integrate sustainability criteria into their investment and lending decisions.

FY19 Performance

In FY19, Abacus executed on its strategy to transition to a strong asset backed, annuity style business, with increased investment in sectors of office and self storage. With macro factors continuing to exert a negative impact on market conditions in the residential

and retail sectors, Abacus has undertaken several transactions to reduce exposure to its non-core legacy investments. These activities have derived rental and management and other fee income, while participation in property developments have derived interest income and development profits.

Direct economic value generated and distributed

For detail, refer to the Abacus Property Group Annual Financial Report 2019.

FY19 Priorities and Performance

COMMITMENTS	STATUS	FY19 PERFORMANCE
Move to reporting profit and loss under the Property Council of Australia's Funds From Operations definition in line with Real Estate peers	✓	This financial year, Abacus are using both the profit measure underlying profit and funds from operation (FFO) as part of the transition.
Deliver distribution per security growth of 2-3% pa	✓	Achieved – up 2.8% on FY18
Increase investment in office and self storage to facilitate a growth in Funds From Operations	○	Ongoing as part of the strategy
Reduce exposure to residential developments and retail at this point in the cycle	✓	Achieved with the divestment of Liverpool Plaza ¹² , Bacchus Marsh, 50% of Lutwyche and Ashfield malls to ISPT and the sale of 4 residential developments.
Continue to grow third party capital relationships and make platform enhancements	○	Ongoing as part of the strategy

✓ Achieved ✨ Progressed ○ Ongoing

Future priorities

- Execution of our stated objectives:
 - Increasing our investment in longer dated core plus and develop to core Office assets
 - Increasing our investment in self storage
- Capital allocation remains focused on acquiring assets that will provide recurring income and create value over the longer term
- Deliver distribution per security growth of 2-3% for FY20
- Payout ratio for FY20 is expected to increase to 85%-95% of Funds from Operations

Industry partnerships



¹² Liverpool to settle December 2019.

GRI index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION AND EXPLANATIONS
General Disclosures			
102-1 Name of the organisation		p.8	
102-2 Activities, brands, products, and services		p.8	
102-3 Location of headquarters		p.8	
102-4 Location of operations		p.8	
102-5 Ownership and legal form		p.8	
102-6 Markets served		pp. 8-9	
102-7 Scale of the organization		p.8	
102-8 Information on employees and other workers		pp. 46-47	
102-9 Supply chain		pp. 42-43	
102-10 Significant changes to the organisation and its supply chain	No significant changes.		
102-11 Precautionary Principle or approach	N/A		Abacus does not explicitly reference the precautionary approach in its risk management framework. Refer to pp. 37-38 for additional information about Abacus' Risk Management Framework
102-12 External initiatives		p. 53	
102-13 Membership of associations		p. 53	
Strategy			
102-14 Statement from senior decision-maker		pp. 6-7	
Ethics and integrity			
102-16 Values, principles, standards, and norms of behaviour		pp. 37-38	
Governance			
102-18 Governance structure		pp. 10-12	
Stakeholder engagement			
102-40 List of stakeholder groups		p. 17	
102-41 Collective bargaining agreements	Zero employees on collective bargaining agreements		
102-42 Identifying and selecting stakeholders		p. 16	
102-43 Approach to stakeholder engagement		pp. 17-18	
102-44 Key topics and concerns raised		p. 17	
Reporting practice			
102-45 Entities included in the consolidated financial statements		Abacus Property Group Annual Financial Report 2019 – Notes to the Financial Statements	
102-46 Defining report content and topic boundaries		pp. 13-14	
102-47 List of material topics		p. 15	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION AND EXPLANATIONS
102-48 Restatements of information	N/A		FY17 energy intensity was corrected from 401 MJ/m2 to 462 MJ/m2 due to gas consumption being excluded from original report numbers.
102-49 Changes in reporting	N/A		
102-50 Reporting period		Inside front cover	
102-51 Date of most recent report		Inside front cover	
102-52 Reporting cycle		Inside front cover	
102-53 Contact point for questions regarding the report		Inside front cover	
102-54 Claims of reporting in accordance with the GRI Standards		Inside front cover	
102-55 GRI content index		pp.54-57	
102-56 External assurance	N/A		We have not sought external assurance over the content of this report.

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	
Health, safety and security of our people and customers			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 19
	103-2	Management approach and its components	p. 19
	103-3	Evaluation of management approach	pp. 20-22
GRI 403: Occupational Health and Safety	403-9	403-9 Work-related injuries	pp. 20-22
Customer attraction, satisfaction and retention, coupled with changing expectations			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	pp. 23-24
	103-2	Management approach and its components	p. 24
	103-3	Evaluation of management approach	pp. 25-27
Responsible resource management			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 29
	103-2	Explanation of the material topic and its Boundary	p. 29
	103-3	Management approach and its components	p. 29
GRI 302: Energy	302-1	Evaluation of management approach	pp. 29-33
	302-3	Energy consumption within the organisation	pp. 31-33
GRI 303: Water	303-1	Energy intensity	pp. 31-32
GRI 305: Emissions	305-1	Water withdrawal by source	p. 31
	305-2	Direct (Scope 1) GHG emissions	pp. 31-32
	305-3	Energy indirect (Scope 2) GHG emissions	pp. 31-32

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	
Climate-related risks and opportunities			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 35
	103-2	Management approach and its components	p. 35
	103-3	Evaluation of management approach	pp. 35-36
Governance, risk and transparency			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 37
	103-2	Management approach and its components	pp. 37-38
	103-3	Evaluation of management approach	pp. 39-41
GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	p. 39
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	p. 39
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 39
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	p. 39
Responsible Procurement			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 42
	103-2	Management approach and its components	p. 42
	103-3	Evaluation of management approach	pp. 42-43
Employee engagement and motivation			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 44
	103-2	Management approach and its components	p. 44
	103-3	Evaluation of management approach	pp. 44-51
GRI 401: Employment	401-1	New employee hires and employee turnover	p. 46
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	p. 47
	405-2	Ratio of basic salary and remuneration of women to men	p. 47
Financial performance			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 51
	103-2	Management approach and its components	p. 51
	103-3	Evaluation of management approach	p. 52
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	p. 52 and Abacus Property Group's Annual Financial Report 2019

Glossary

TERM	MEANING
Employee Turnover	who leave the organisation voluntarily or due to dismissal, retirement or death in service
Environmental laws and regulations	Laws and regulations related to all types of environmental issues applicable to the organisation
ESG	Environmental, Social and Governance
GHG	Greenhouse gas – Gas that contributes to the greenhouse effect by absorbing infrared radiation
GRI	Global Reporting Initiative
Injury	Non-fatal or fatal injury arising out of, or in the course of, work
Lost Day	Time ('days') that cannot be worked (and are thus 'lost') as a consequence of a worker or workers being unable to perform their usual work because of an occupational disease or accident
NABERS	National Australian Built Environment Rating System
NDA	Non-Disclosure Agreement
Scope 1 emissions	GHG emissions from sources that are owned or controlled by an organisation
Scope 2 emissions	GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by an organisation
Scope 3 emissions	All indirect GHG emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions
Severity Rate	Severity rate is the average time lost per occurrence of injury/disease
WALE	Weighted Average Lease Expiry



Abacus Property Group

Level 34 Australia Square
264-278 George Street
Sydney NSW 2000
T +61 2 9253 8600
F +61 2 9253 8616
E enquiries@abacusproperty.com.au
www.abacusproperty.com.au