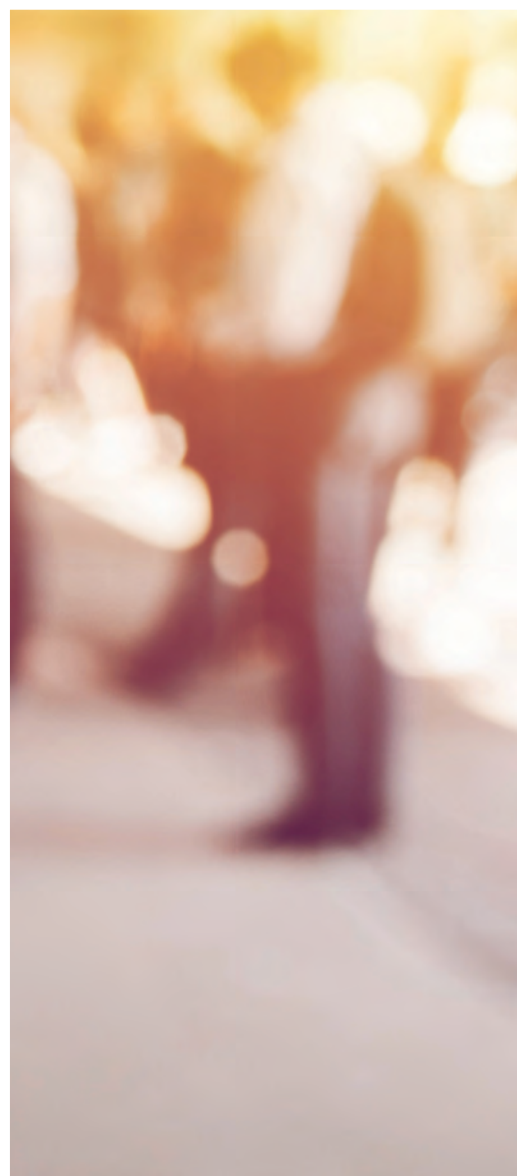


Abacus Property Group

SUSTAINABILITY REPORT 2018



About this report

This annual Sustainability Report for the year ended 30 June 2018 forms part of Abacus Property Group's FY18 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 and comments on our sustainability performance, contact enquiries@abacusproperty.com.au

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Managing Director's message



“It remains our intention to continue to make sustainability improvements across the Abacus Group. In conjunction with our enhanced reporting system, we have set strong sustainability commitments across a range of functions for FY19 and beyond. Our purpose is to support growth across the business by recognising that we have responsibilities to all our stakeholders and the environment in which we operate.”

Image: Steven Sewell
Managing Director

Welcome to our FY18 Sustainability Report, highlighting our progress and achievements made over the year.

Abacus is one of Australia's leading diversified real estate groups with \$2.7bn of total assets under management. As we grow, we continue to improve our systems and practices, ensuring our stakeholders understand our commitment and approach to sustainability. Sustainability in all its forms, including environmental and community, is now deeply entrenched within the decision making process across the Group and receives the appropriate focus from all levels of management. We are proud of our efforts.

This report demonstrates our commitment to a range of functions including: resource and financial management; engagement with our stakeholders (inclusive

of our employees, tenants and communities); health and safety; and our governance and risk frameworks. Our reporting framework has been prepared in accordance with the Global Reporting Initiative (GRI).

From an Environmental perspective, we continue to make progress in reducing our greenhouse gas emissions, energy consumption and water consumption and have recorded a 25% decrease in total energy consumption compared to our FY16 baseline.

We have a strong commitment to our people and focus on providing a safe, healthy and constructive work environment. Following the implementation of our Work Health and Safety Strategic Plan we have delivered significant improvements in our performance. Training hours completed across the Group have increased and we have seen further reduction in the severity rate of incidents to 1.0%.

Our inaugural FY18 People Engagement Survey attained an 83% participation rate. The level of employee engagement (as measured by motivation for discretionary effort and intention to stay) was extremely positive overall. The feedback gained from this survey is shaping 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 ongoing corporate philanthropic committee continues to facilitate integration between Abacus and the wider communities in which we operate. We continue to pursue our community partnerships and are pleased to report an increase in the participation rate of Abacus employees in philanthropic activities.

During the year, we made further improvements in Diversity and Inclusion. Pleasingly, we achieved several key Board approved objectives including; increasing female representation on the Board; and satisfying our target of 30% female new hires to the Group. Championed by our Chairman John Thame, Abacus is now a member of the 30% Club Australia, with over 30% female representation on our Board. Abacus also became a member of The Property Council of Australia 500 Women in Property Program, with three female employees currently participating. Our targets for FY19 have been broadened and include a focus on flexibility, training and pay equity.



Steven Sewell,
Managing Director

About us



Retail



Office



Industrial



Storage

Abacus Property Group is a leading diversified Australian real estate investment trust that invests in real estate opportunities across Australia and New Zealand. Abacus was established in 1996. We listed on the ASX in 2002 and are included in the S&P/ASX 200 index.

Abacus' overarching strategy is to invest our capital in property opportunities to drive long term total returns and maximise securityholder value. Our investment objective is to provide our investors with reliable and increasing returns.

Abacus is an integrated property businesses, with a strong track record of achieving returns, built on our core expertise in accessing

properties and projects and actively managing them to realise their full value. Simply structured with a single office location in Sydney, Australia, our flat corporate structure and business model supports strong synergies across our businesses and contributes to the overall success of the Group.

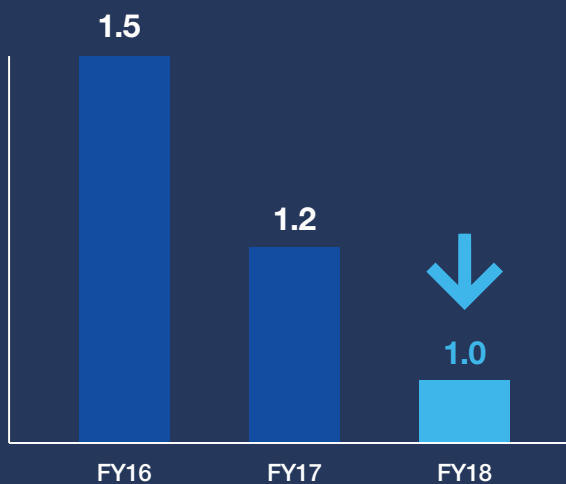
Abacus Property Group owns a diversified core investment portfolio of office, self storage, and super convenience retail properties. Rental income from these assets is the largest contributor to the earnings of the Group. Abacus' disciplined property selection process maintains a firm focus on fundamental real estate value.



FY18 at a glance

Worker severity rate

Reduction in loss time due to injury



15% reduction in energy intensity across our operations compared to our FY16 baseline

Occupancy rate across office and industrial portfolio

91.3%

FY18

90.5%

FY17

Our inaugural tenant engagement survey confirmed that 91% of our surveyed tenants identify environmental considerations as either moderately or extremely important

Outcomes of our FY18 People Engagement Survey

83% participation rate
across our employees

Strengths

- ✓ Clarity of work
- ✓ Ability to participate in philanthropic activities
- ✓ Breadth of learning opportunities
- ✓ Accessibility of senior leaders

Improvement opportunities for FY19

- ✓ Opportunity to work flexibly
- ✓ Improved process for recognition and feedback

58%

staff participation
in philanthropic
activities

Signed up to be a
member of The Property
Council of Australia
500 Women in Property
Program



**Increased female
representation
to over 30% on
the Board**
(2 females)

Our approach

Sustainability and Environmental Policy

At Abacus, our approach to sustainability is underpinned by our Sustainability and Environmental Policy, which is focussed 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 in our decision making processes on a case-by-case basis.
- 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 sustainability challenges.
- Maintaining a safety-aware culture and ensuring proper standards of workplace health and safety for our employees and other key stakeholders visiting, or working, at our properties.

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 everyone within the Group and our risk framework is integrated into our day to day operations as well as within our decision making processes. Further information on our governance and risk processes, including our approach for managing sustainability risks is discussed within 'Our Material Issues – Governance and Risk'.

Commitments

We will work towards implementing these commitments over time:

- Pursuing cost effective and efficient use of energy, water and waste reduction.
- Developing and implementing baseline measures to monitor and benchmark the sustainability performance of our assets.
- Identifying, managing and monitoring potential risks and opportunities presented by environmental risks across our portfolio.
- Influencing our employees and other stakeholders to operate in a manner that supports our sustainability commitments.
- Implementing our commitment to sustainability in a practicable manner.
- Adopting sustainable design practices in our asset improvement and development projects where appropriate.

Image: 464 St Kilda Rd,
Melbourne VIC



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. The content of our FY18 Sustainability Report has been shaped by a materiality assessment refresh that was independently facilitated. This process helps us review the relevance of material topics to ensure Abacus is well positioned to respond to shifting business and stakeholder priorities.

To refresh our material topics, we undertook a process of identification, prioritisation and validation through a workshop with a cross section of employees including representatives from retail, office, industrial and storage parts of the business.

Step 1: Identification

We identified the economic, environmental, social and governance topics that could impact Abacus and our stakeholders. An initial list of topics was collated using a range of inputs including:



Step 2: Prioritisation

A materiality workshop was held with a cross section of Abacus' employees to socialise identified topics and discover any other additional topics. These topics were prioritised by rating the significance of economic, environmental, governance and social impacts and substantive influence on the decisions of stakeholders.

Step 3: Validation

Following the materiality workshop, the material topics were socialised with the Sustainability Committee and Compliance Committee to confirm results.

Key changes include:

- The broadening of the **'Governance and risk'** material topic to reflect our understanding and prioritisation of anti-corruption, customer privacy and responsible procurement issues.
- The broadening of **'Tenant attraction, engagement, satisfaction and retention'** to capture the importance of tenant engagement and satisfaction.
- The broadening of **'Responsible resource management'** to capture waste management.
- The reframing of **'Stakeholder engagement'** to focus on the transparent disclosure of stakeholder engagement interactions.

The table below outlines our material topics and key stakeholders impacted against corresponding GRI Material Topics, where it is appropriate.

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 and Safety of our People and Customers
Tenant attraction, engagement, satisfaction and retention	Relates to the ability to attract and retain tenants as a result of high levels of tenant 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 – Tenant Attraction, Engagement, Satisfaction and Retention
Governance and risk	Relates to compliance with relevant legal requirements and regulations, governance structure and composition of the organisation. This topic also includes focus on anti-corruption, customer privacy and responsible and ethical procurement	Compliance; Environmental Compliance; Anti-corruption; Customer privacy	– Government and regulators – Customers including tenants – Securityholders and investment community	Our Material Issues – Governance and Risk
Responsible resource management	Consideration of the risks, opportunities and impacts of energy use, emissions, water use and waste management	Energy; Emissions; Water	– Community – Securityholders and investment community – Customers including tenant and contractors	Our Material Issues – Responsible Resource Management
Employee engagement and motivation	Relates to investment in people and culture strategies to ensure employee satisfaction, motivation and productivity. This includes employee training, development, attraction and retention strategies	Employment Diversity & equal opportunity	– Employees and contractors	Our Material Issues – Employee Engagement and Motivation
Financial performance and sustainability	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 – Community – Government and regulators – Securityholders and investment community	Our Material Issues – Financial Performance and Sustainability
Stakeholder engagement	Two way engagement with stakeholders to understand their expectations and key concerns, and ensure transparent disclosure of these interactions	Captured under General Standard Disclosure – Stakeholder Engagement	– Employees and contractors – Securityholders and investment community	Our Approach – Engaging with our Stakeholders

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. The importance of our commitment to stakeholder engagement is reflected in the results of our materiality assessment, with stakeholder engagement rated as of high importance to our stakeholders and business.

We define our stakeholders as Abacus' securityholders, investors in Abacus' investment products and entities or individuals who have rights under Australian law.

Our stakeholders include employees, contractors and managing agents, customers, including tenants, securityholders, the investment community government and regulators. The table below contains the key mechanisms for engagement in FY18.

Engagement has helped us gain a good understanding of the views and expectations of our stakeholders,

and the current and future risks and opportunities these create.

This year, we refreshed our materiality assessment using information collected during the year from the stakeholder engagement process.

To further enhance this process, we offer dedicated points of contact for stakeholder groups where feedback is collated and reviewed. Key points raised by stakeholder groups are fed into the materiality assessment performed on an annual basis. Below is a summary of the modes of engagement with our stakeholders:

OUR STAKEHOLDERS	WHY IS THIS IMPORTANT?	MODES OF ENGAGEMENT
Employees, contractors and managing agents	We have a strong commitment to our people and focus on providing a safe, healthy and constructive work environment. We understand that creating an inclusive and engaging environment is essential to attracting and retaining talent. Our strong relationships with our managing agents ensure that we understand our customers' needs and factor this in our decisions.	– Employee engagement survey – Regular communication and team rallies with employees – Post-results employee presentations – Access to training and further education opportunities – Succession and performance development planning – Contractor engagement including prequalification – Regular communication and meetings with managing agents
Securityholders and the investment community	Given our diversified business, we have a range of investors with diverse needs and interests. We ensure that trade in Abacus securities takes place in an efficient and informed manner through commitment to both continuous disclosure rules and ensuring accurate and timely communications with securityholders.	– Ongoing availability and access to our Investor Relations team. Periodic investor briefings on our strategy and financial results. – Compliance with Abacus' Continuous Disclosure and Securityholder Communication Policy and the ASX Listing Rules – Annual General Meeting – ASX and Half Yearly Announcements – Property roadshows – meeting with investors locally, regionally and internationally – Face to face meetings
Customers including tenants	We encourage two way communication with our customers, including tenants.	– Regular updates and interaction to understand tenant needs and trends in the marketplace – Face to face meetings and phone calls with tenants – Tenant engagement surveys
Government and regulators	We acknowledge that political and regulatory changes can affect our business. We are committed to compliance with applicable Australian Law.	– Active member in industry associations including Property Council of Australia, Australian Property Institute, Financial Services Institute of Australasia, Governance Institute of Australia – Dedicated legal and compliance teams.
Community	We know that our properties are built in communities and that there is an essential need for community engagement.	– Corporate philanthropic committee – Support for employee charitable undertakings

FY18 priorities and performance

FY18 PRIORITIES	STATUS	FY18 PERFORMANCE
Obtain feedback from stakeholders on the inaugural Sustainability Report to inform future Sustainability Reports	✓	We are seeing increased engagement from our investors in relation to environmental, social and governance risks and opportunities. The output from this engagement continues to shape disclosures within our Sustainability Report.
Complete an employee engagement survey	✓	83% of Abacus employees actively participated in our 2018 engagement survey. The level of employee engagement (as measured by motivation for discretionary effort and intention to stay) was extremely positive and pleasing overall. Further results from this survey are outlined in 'Our Material Issues – Employee Engagement and Motivation'.
Investigate enhancements we can make to tenant engagement	✓	We reviewed our current approach to tenant engagement. An outcome of this review was the decision to undertake a tenant engagement survey across Abacus' commercial properties. The results from this survey are outlined in 'Our Material Issues – Tenant Attraction, Engagement, Satisfaction and Retention'. ¹

✓ Achieved   ⚙️ In progress

Future priorities

- 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
- 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.

1. The tenant engagement survey was completed across July 2018 and August 2018, which we recognise as being outside of the FY18 period, but prior to the finalisation of our FY18 Sustainability Report.

Health and safety of our people and customers

Why is this important?

At Abacus, the health and safety of our people and those affected by our undertaking are of high importance to us. We consciously recognise the fundamental right that each member of staff and visitors to any of our workplaces are entitled to return home in the same condition that they originally 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 employees, contractors, customers and visitors.

Over recent years, significant work has been completed portfolio-wide to ensure all assets comply with the relevant state/territory requirement and to improve the assets operationally. Stemming from this process we have established a comprehensive risk profile for our operations and have implemented targeted control programs.

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

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”.

Health and safety performance

While the quantity of reported incidents has increased, we have seen a continual decline in our Severity Rating. This is due to an overall decrease in the quantity of lost time injury occurrences involving our workers. There have been no instances of fatal or permanently disabling worker injury, illness or occupational disease.

Finally, because of improved engagement, we were also able to collate increased training information related to safety and environment training hours, as evidenced by the significant increase in training hours this year. This permits us to have greater oversight and monitor our leading indicators across all areas of operations.

Worker Health and Safety Highlights

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



Health and safety initiatives

Key highlights from our health and safety activities over the period included:

– Improving health and safety visibility in our supply chain

One of our key focus areas this year was improving the visibility of health and safety in our supply chain to enable us to further define our risk profile and make lessons learnt known across our numerous partners. Our diverse supply chain includes both our operational and project development functions. In FY18, all assets and contractors were subjected to a third party risk and compliance audit. This allowed us to understand the span of safety risk identification and management within our wider supply chain. Where

there were common lessons to be learnt, we actively collaborated with our supply chain to ensure positive safety outcomes.

– Communicating and implementing key WHS lessons learnt across our portfolio

An incident within a tenancy involving the explosion of an industrial vacuum cleaner occurred at an Abacus owned shopping centre earlier in the year. Following this incident, we engaged with a cross-section of internal and external stakeholders across all our properties to identify and implement additional proactive safety measures aimed at preventing the reoccurrence of such an incident.

Specific initiatives that we focused on across our portfolio following this investigation included:

- A licensed electrician was engaged to survey and inspect all distribution boards for compliance and implemented all required upgrades.
- An inspection schedule was introduced for tenancies including licensed and exclusive use areas.
- Tenants were consulted to establish a comprehensive hazardous and flammable chemicals register for each site to ensure appropriate awareness of storage and handling processes related to dangerous and hazardous substances.

The ongoing effectiveness of these initiatives will be monitored on an ongoing basis in line with our broader WHS Strategic Plan.

FY18 priorities and performance

FY18 PRIORITIES	STATUS	FY18 PERFORMANCE
Ongoing monitoring and improvement in line with the FY15-FY20 WHS Strategic Plan	✓	Our ongoing initiatives, monitoring and improvements have been in line with our WHS strategic plan. We are looking to review our plan to ensure that we are setting targets relevant to our assets and worker base.
Wider focus upon our supply chain, improved disclosure and reporting from partners in supply chain	✓	In FY18, all assets and contractors were subjected to a third party risk and compliance audit to establish conformance with our WHS Standards and to identify key risks within our supply chain. We are working with our partners to close out corrective actions.
Implementation of site-based technology to assist in contractor and visitor management	✓	We have procured and implemented site-based technology across our retail assets to engage, induct and manage our contractors and visitors.

✓ Achieved   ⚙️ In progress

Future priorities

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

Tenant attraction, engagement, satisfaction and retention

Why is this important?

At Abacus, the core of our strategy for our portfolio is to create value through tenant attraction and retention. We understand that tenant attraction and retention contribute to:

- Sustainable cash flow for securityholder distributions
- Reduced cost of leasing fees and new tenant incentives
- Higher recovery of outgoings
- Reduced vacancy losses
- Improved valuations where vacancy is reduced, and/or the calibre of tenant is improved
- Lower turnover of tenants generally means lower costs of refurbishment

Tenants are constantly evolving in terms of how they use space and their expectations of property. Because of this, each property is subject to an investment review at the time of acquisition. At acquisition, Abacus considers the lease up required of the building and determines what strategies will be applied to achieve a better outcome. This may range from a combination of refurbishment (floors, bathrooms, foyer, end of trip facilities), improving environmental standards, upgrade of mechanical services, subdivision of floors, fitted out suites and resetting rental rates/increased incentive. These

strategies are all aimed at increasing the attraction of our properties to existing and potential tenants.

Across our storage portfolio, various strategies are employed to attract and retain tenants. This reflects our diversified portfolio and active management of each property. We commit to taking advantage of our specialist knowledge and market decisions to develop our assets.

Our approach to managing

We strive to offer bespoke, fit for purpose Australian property for our tenants. Capital works are undertaken to maintain or improve the value of assets and ultimately, to attract or retain tenants. This year, we have seen a demand for end of trip facilities and have therefore invested in multiple end of trip facility fit outs across our commercial buildings to attract, engage and retain our tenants.

Our 91.3% occupancy rate across our commercial portfolio demonstrates a strong demand for well-located assets, particularly within the CBD office sector. Whilst leases renewed is a strong indicator of tenant retention, we emphasise that each property has a tailored strategy and therefore see this number fluctuating year on year.

Tenant Attraction, Engagement, Satisfaction and Retention Highlights

	FY18	FY17
Occupancy Rate	91.3%	90.5%
Leases renewed (sqm)	32,541	41,968

Tenant attraction, engagement, satisfaction and retention initiatives

– Inaugural tenant engagement survey

In line with our commitment to engaging with our tenants, we completed a review of our existing tenant engagement approach. An outcome of this review was the decision to undertake a tenant engagement survey across Abacus' commercial properties.² The survey was provided to approximately 250 tenants across our commercial tenants and asked for feedback on our building appearance, building services, property and facilities management and environmental considerations including energy efficiency, waste management and recycling.

Key insights include:

- We received favourable responses for building manager and property manager communication and engagement; security and cleanliness and the presentation of lobbies and hallways.
- We recognise opportunities for improvement across the cleanliness and presentation of bathrooms and landscaping and

the comfort levels of the heating, ventilation and air conditioning. We will continue to work with our service providers to improve these important aspects of the building.

- We also asked tenants the extent to which environmental considerations are important to their business. Not surprisingly 91% of respondents answered that this aspect was moderately or extremely important. We will provide further communication to our tenants to help demonstrate the initiatives that have been put in place to improve the environmental performance of the building.

We recognise the need for tailored tenant satisfaction and retention strategies across our portfolio, and we will use this feedback to inform our engagement strategy moving forwards.

– Key outcomes from our capital works programme

Our value proposition is specific to each property and 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 FY18 portfolio include:

2. The tenant engagement survey was completed across July 2018 and August 2018, which we recognise as being outside of the FY18 period, but prior to the finalisation of our FY18 Sustainability Report.



324 QUEEN STREET, BRISBANE
(Abacus share 50%)

Improvements made

Five office levels have been refurbished and part of that space has been subdivided and fitted out into smaller suites. End of trip facilities have been upgraded.

Impact on tenant attraction, engagement, satisfaction and retention

Existing tenants covering over 5,000sqm have extended their lease and a further 4,000sqm has been leased to new tenants. At acquisition, the property was around 80% occupied and this has increased to 90%.

WALE by income

4.0

Total lettable area (sqm)

19,365

Site area (sqm)

1,821

Major tenants

Allianz, ANZ Bank



444 QUEEN STREET, BRISBANE
(Abacus share 2/3rds of the building)

Improvements made

The building is undergoing a repositioning in the market. This is being driven through the delivery of six floors of display suites and refurbishment including lobbies, end trip facilities and lifts.

Impact on tenant attraction, engagement, satisfaction and retention

When the asset was acquired all leases were coming to an end and most tenants had vacated leaving it virtually 100% vacant. Post proposed improvements, Telco Services Australia (TSA) renewed on over 2,000 sqm and a number of new tenants agreed to lease over 4,500 sqm in the building. The building's occupancy level at 30 September 2018 was 78%.

WALE by income (30/9/2018)

2.3

Total lettable area (sqm)

9,251

Site area (sqm)

1,708

Major tenants

TSA, Quartile Group,
Public Trustee QLD



33 QUEEN STREET, BRISBANE
(Abacus share 100%)

Improvements made

A fit out program was rolled out through the heritage building, with the bulk of fitted out stock now leased. The George Street entry lobby within the modern building was refurbished. The George Street entry lobby for the heritage building is currently in the process of refurbishment.

Impact on tenant attraction, engagement, satisfaction and retention

Since December 2017, 17 lease transactions have occurred over a net lettable area of 1,776 sqm.

WALE by income

2.4

Total lettable area (sqm)

6,093

Site area (sqm)

1,158

Major tenants

First Commercial Bank of Taiwan /
Australian Sports Commission



14 MARTIN PLACE, SYDNEY (Abacus share 50%)

Improvements made

We have refurbished amenities and common areas and have upgraded services throughout the past 12 months. We plan to perform additional refurbishment of main common areas and air conditioning in FY19 to ensure the building maintains its position in the market.

Impact on tenant attraction, engagement, satisfaction and retention

A total of 5,700 square metres has been let to new tenants or renewed by existing tenants in the FY18 period raising the occupancy rate to 97%.

WALE by income

3.7

Total lettable area (sqm)

13,115

Site area (sqm)

1,103

Major tenants

World Bank



WESTPAC HOUSE, ADELAIDE (Abacus share 50%)

Improvements made

We have refurbished vacant floors to new standards and there are new end of trip facilities and bathrooms. We are currently replacing the cooling towers and boiler.

Impact on tenant attraction, engagement, satisfaction and retention

Two tenants occupying a total of over 2,000 sqm have renewed their lease for a further 5 year term. New leases over 2,400 sqm have been entered into by five new tenants to the building.

WALE by income

2.5

Total lettable area (sqm)

31,725

Site area (sqm)

4,287

Major tenants

AON, Westpac, HWL Ebsworth, AECOM, Emirates, SA Govt, Shaw & Partners, Servcorp



OASIS SHOPPING CENTRE, GOLD COAST (Abacus share 40%)

Improvements made

The Shopping centre has undergone a comprehensive upgrade with \$40m spent since acquisition in 2015 and approximately \$13m this reporting period. Upgrades have resulted in the expansion of the ground floor footprint, enhanced external facade and a refurbished commercial office area.

Impact on tenant attraction, engagement, satisfaction and retention

Woolworths, BWS and the tavern have all renewed their leases for 15 years and undertaken internal refurbishment of their tenancy. A new Cotton On Store has opened on level one and several new restaurants have opened on the ground level.

WALE by income

5.7

Total lettable area (sqm)

23,379

Site area (sqm)

21,160

Major tenants

Woolworths, Allianz, Broadbeach Tavern

FY18 priorities and performance

FY18 PRIORITIES	STATUS	FY18 PERFORMANCE
Maintain comparable WALE at or above 4.1 years across Abacus' commercial property portfolio	✓	We maintained a WALE at 4.1 years for FY18 over our commercial property portfolio
Maintain occupancy at or above 90.0% across Abacus' commercial property portfolio	✓	We increased our occupancy rate from 90.5% in FY17 to 91.3% in FY18
Maintain occupancy at or above 85.0% across Abacus' self-storage portfolio	✓	We achieved an occupancy rate of 89.4% across Abacus' self-storage portfolio
Enhancement of end of trip facilities and other property upgrades at selected properties as a means for further improving tenant engagement	✓	See the above 'Key outcomes from our capital works programme' section for FY18 highlights covering this area.

✓ Achieved   ⚙️ In progress

Future priorities

- In line with our current strategy, maintain at or above 4.1 year WALE for our office, retail and industrial assets.
- In line with our current strategy, maintain an occupancy rate of at least 90% over commercial portfolio.
- 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.

Governance and risk

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.

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 FY18 Corporate Governance Report within our Annual Reporting Suite.

We strive to manage risks and opportunities across our business and within this framework, in a way that best addresses the long-term prosperity of our stakeholders. We

believe that integrating sustainability issues into our investment decision making and business operations is congruent with the responsibility we have to our stakeholders.

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

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

Risk Management Framework

Abacus is committed to establishing 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; including 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 at Abacus. Our Risk Management Framework guides our approach to identifying, assessing and managing risk. As part of our commitment to our risk management framework, an independent external consultant was engaged to complete an annual risk review in line with ASIC's RG259 – Risk Management Systems of Responsible Entities. Following this review, the Risk Management Framework, Business Risk Management Policy, Risk Appetite Statement and risk register were updated and approved by the Board in February 2018.

Sustainability Governance

At Abacus, our sustainability commitments are the responsibility of our Board, Sustainability Committee, management and employees. We acknowledge that sustainability leadership at the Board and senior management level is critical to integrating sustainability management and performance into our business. The Compliance Committee (which is a Board delegated Committee) is updated regularly by management on sustainability matters. In late 2018, we will improve sustainability governance and leadership around governance by introducing a Board approved Sustainability Charter

and re-forming the Sustainability Committee with a quorum of three Executive Team members. The revised Charter will clearly define the roles, responsibilities and reporting lines in relation to sustainability to drive top-down strategic direction and planning at Abacus.

Looking forward

Consistent with the new topics identified as part of our FY18 materiality assessment, we understand that our stakeholders are seeking increased disclosures around anti-corruption, customer privacy and responsible procurement issues.

We recognise the significance of modern slavery risks in the broader supply chain, and particularly the

presence of child labour or forced labour in developing countries. In line with the proposed Australian Modern Slavery Act, we are looking to review our operating practices to ensure adequate identification and management of modern slavery risk within Abacus' supply chain.

Emerging technologies have improved the delivery of key services and assisted in the streamlining of internal processes. Associated with this, Abacus understands that there are increasingly unknown customer privacy and cyber security risks. To understand and respond to the cyber threat landscape, we will undertake an independent cyber security assessment in FY19 to identify the key cyber threats facing Abacus.

FY18 priorities and performance

FY18 PRIORITIES	STATUS	FY18 PERFORMANCE
Review of the Breach Policy to include data breach response plans and process improvements for compliance with Mandatory Data Breach notification in February 2018	✓	Our Breach Policy and Privacy Policy have been updated to align with the Mandatory Data Breach notification protocols, as required by the Privacy Amendment (Notifiable Data Breaches) Act 2017.
Review of the Business Risk Management Policy, Risk Management Framework, The Compliance Plan and completion of enhanced risk reporting in line with ASIC Regulatory Guide 259 'Risk Management Systems of Responsible Entities'	✓	An independent, comprehensive risk review was undertaken in FY18. Following this, Abacus has updated its risk management framework to ensure alignment with ASIC's Regulatory Guide 259 'Risk Management Systems of Responsible Entities'

✓ Achieved   ⚙️ In progress

Future priorities

- Zero tolerance for non-compliance with laws and regulations.
- In line with our commitment to further strengthening our governance framework, completion of an independent Board Performance review.
- Enhance Sustainability Governance through a Board approved Sustainability Charter and re-forming the Sustainability Committee with members of the Executive Team.
- To understand and respond to the cyber threat landscape, completion of an independent cyber security assessment to identify key cyber threats facing Abacus.

Responsible resource management

Why is this important?

As the owner of a diversified property investment portfolio of office, self storage, industrial and retail properties as well as a property developer, we acknowledge the built environment impacts on 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 development and upgrade of buildings which incorporate more efficient plant and equipment. We recognise that responsible management of our buildings will contribute to capital appreciation of those buildings over time.

In addition to energy and water consumption, we understand that waste management is a key issue identified by our stakeholders. We acknowledge that the development and operation of buildings produces waste, which we can manage to minimise negative impacts. We have implemented organic recycling solutions at a number of our retail centres and we will work towards collating and disclosing waste data in future reporting periods with a key focus being diversion from landfill.

Our approach to managing

When we invest in properties we seek to balance the short term and

long term interest of our building strategies. Typically, when a property is acquired a full assessment of the property is completed that may entail both functional upgrades and cosmetic changes. A key way in which we manage this is monitoring energy and water consumption data across all properties for which we have operational control. This process enables us to determine whether we are exceeding the reportable facility and corporate group thresholds under the NGER Act. We note that in the current year, consistent with prior years, we have not exceeded the reportable NGER thresholds. This process allows us to assess consumption of our properties and plan for future upgrade of mechanical services before lifecycle replacement (including control systems, air conditioning chillers, boilers, pumps and cooling towers), which in turn improve environmental and financial outcomes of our assets.

Our self-storage business unit is a low impact industry that actively looks to gain efficiencies through harnessing energy efficient fixtures

and fittings, augmented with the application of smart technology to leverage capability and reduce energy impact. Abacus has typically retained existing fluorescent lighting fittings, but upgraded their efficiency by retrofitting LED lighting tubes, resulting in less power consumption but providing the same lighting capacity. All new facilities have been fitted with IR sensor technology to minimise light wastage.

In FY18, we have continued to make progress on reducing our greenhouse gas emissions, energy consumption and water consumption. Compared to our FY16 baseline, we have recorded a 25% decrease in total energy consumption and 26% decrease in total scope 1 and scope 2 emissions across our commercial properties. Whilst we have sold and acquired properties in the past two years, key drivers for these reductions include increased investment in LED lighting to reduce energy consumption and investment in tailored upgrades to improve energy efficiency.

Responsible Resource Management Highlights

	FY18	FY17	FY16
Energy consumption (GJ)	118,519	139,392	158,805
Scope 1 and Scope 2 emissions (tCO2-e)	21,240	26,297	28,634
Water consumption (kL)	218,643	244,475	261,298

Improving the energy efficiency across our portfolio through increased investment in LED lighting

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 LED lighting technology across several of our assets. Key highlights from these activities are outlined below:



11-13 RODBOROUGH ROAD, FRENCHS FOREST Lighting replacement

In December 2016, Abacus acquired an office and warehouse property of circa 3,000sqm of gross area in Frenchs Forest, Sydney for conversion to a self-storage facility. The property was constructed in the late 1970s, and technology and services were consistent with this period.

Development approval was obtained and works to upgrade the property for self-storage commenced in 2018. As part of this process, services within the building were upgraded, including the replacement of existing light fittings with LED light fixtures throughout. In addition, sensor lighting was also installed to minimise energy usage.

The upgrade of this existing building was completed during July 2018, and the second stage of the project will involve the development of a purpose built three level building with similar technology and energy efficiency.



324 QUEEN ST, BRISBANE Car Park and Fire Stairs Lighting Upgrade

Abacus sought an independent contractor to deliver lighting upgrades in the property's car park and fire stair premises through the installation of intelligent LED lighting solutions.

This included the replacement of fluorescent tube fixtures with Chamaeleon series lights resulting in a reduction in both energy consumption and maintenance requirements.

We estimate that this will result in a 75% energy savings and reduced maintenance costs.

75%
of energy saved



51 ALLARA STREET, CANBERRA Level 3 and 4 Lighting Upgrade

Abacus sought an independent contractor to upgrade the existing base building lighting systems through the installation of intelligent LED lighting solutions, positively impacting energy consumption and maintenance requirements.

The existing base building lighting system was based on 2x28 watts fluorescent tube luminaires and a small number of compact fluorescent lamp and halogen downlights within the amenities. The new lighting system designed and installed on Level 3 and 4 is based on LED 1x17 watts type luminaires that replaced all recessed troffer fittings, downlights and emergency fittings.

In addition to the energy savings estimated at 73,416 kWh per annum, we estimate that this will result in approximately \$25K of maintenance savings within the expected minimum service life of the lights.

NABERS rating across our properties from FY17-FY18

Our office portfolio is rated annually under the National Australian Built Environment Rating System (NABERS) for energy and water. Across the properties within our portfolio that are consistent in the last few years, we have made improvements in the NABERS ratings as highlighted in the table.

In instances where the NABERS energy and water rating has decreased from FY17 to FY18, this was due to asset vacancies or where capital works were undertaken in the building. Where not applicable is identified, this is related to a new acquisition and we will aim to obtain the NABERS rating in the next reporting period.

PROPERTY	ENERGY FY18	ENERGY FY17	WATER FY18	WATER FY17
21/27 Grant St Port Macquarie NSW	4.5	4.5	4.0	4.0
Abacus - Office	5.0	5.0	N/A	N/A
4 Martin Place Sydney NSW	3.5	3.5	2.5	2.5
14 Martin Place Sydney NSW	3.5	3.5	2.5	2.5
201 Pacific Hwy St Leonard NSW	3.5	3.5	N/A	N/A
2-34 Davidson Road Chullora NSW	Exempt	Exempt	Exempt	Exempt
11 Bowden St - Alexandria NSW	4.5	N/A	N/A	N/A
63 Ann St - Surry Hills NSW	4.5	4.5	4.0	N/A
5-6 Grevillea St - Eagle Farm QLD	4.5	N/A	3.5	N/A
12 Short Street - Southport QLD	0	0	5.0	5.0
1 Bellvue Drive Varsity Lakes QLD	Exempt	Exempt	Exempt	Exempt
169 Varsity Parade Varsity Lakes QLD	4.0	4.0	3.5	4.0
33 Queen St Brisbane QLD	2.5	3.5	0	0
444 Queen Street QLD	0	1.5	0	N/A
324 Queen Street QLD	3.0	3.0	3.5	N/A
51 Allara St Canberra ACT	4.0	5.0	2.0	4.5
99 Bathurst St Hobart TAS	4.5	4.5	N/A	N/A
91 King William St Adelaide SA	4.5	4.5	3.0	2.5
710 Collins St Melbourne Vic	5.0	Exempt	4.0	Exempt
187 Todd Rd Port Melbourne Vic	3.5	N/A	3.5	N/A
464 St Kilda Rd Melbourne VIC	3.0	N/A	N/A	N/A
452 Johnston St Abbotsford VIC	4.0	N/A	N/A	N/A

Waste management solutions

Retail

In line with our commitment to monitor, manage and reduce waste at our assets we have partnered with Bingo to implement an organic waste solution at two of our retail centres (Ashfield Mall and Liverpool Plaza). As part of the tender, Bingo was tasked to present a submission that reduced costs and increased net return on asset through innovation and an alternative submission that allowed Abacus to find value through resource recovery on site and diversion from landfill.

Bingo identified through the initial process that there was potential for the assets to increase recycling. Waste audits were carried out for the first month to ascertain what portion of waste can be captured for recycling. Bingo and Abacus further agreed to establish the correct infrastructure to support the capture of four major waste streams that were not being captured, including; Organics, Paper/Cardboard, Comingled, Cooking Oil

During the second stage of the process we developed our partnership with Bingo and worked with a second partner Planet Ark in order to divert coffee grounds from landfill and turn them into alternate valuable materials such as biodiesel. Bingo established a coffee ground collection program at Ashfield Mall which includes; provision of feeder bins for ground coffee to all cafés and restaurants, collection of these bins through our cleaning contractors and importantly education of our tenants with the objective of every tenant recycling more of their waste.

A key challenge to maximise the recycling component was tenant education. We overcame this challenge through delivery of onsite training and education with the use of multi-lingual signage to account for a culturally diverse tenancy/retail mix in the area. Recycling percentages were at 18% when Bingo were awarded the contract. Today the assets are now achieving upwards of 60% recycling on a regular basis.

Our office

As part of our commitment to waste reduction we have been monitoring our head office consumption. Key initiatives undertaken in 2018 include;

- We have reduced our procurement of single use materials and no longer allow single use coffee cups and lids to be used in our office coffee machines. This has resulted in approximately 2600 coffee cups and lids to be diverted from landfill annually.
- We have reviewed our office printing requirements and upgraded our printers to secure printing which has reduced our paper procurement.
- We have implemented an online board portal, Boardvantage which allows us to distribute board papers electronically.
- We have introduced a centralised bin system for all staff and provided education on the bin system to encourage all staff to take responsibility for recycling at work
- Alongside our registry, Boardroom, we have encouraged all our investors to move to email correspondence. Through this initiative we have reduced mail out costs and increased investor communication via email to 59%.



FY18 priorities and performance

FY18 PRIORITIES	STATUS	FY18 PERFORMANCE
Maintain or improve NABERS energy and water ratings	✓	We have maintained or improved NABERS and water rating on the majority of our assets. All NABERS decreases are directly attributed to vacancy rate.
Improve energy efficiency across our portfolio through the increased investment in LED lighting	✓	We have improved energy efficiency at several assets and increased investment in LED lighting across our portfolios.
Continue working towards our 2019 target of reducing energy consumption and emissions across our portfolio to 5% below our 2016 baseline	✓	We have met our 2019 energy consumption and emissions reduction targets and will be reviewing our targets next year.

✓ Achieved   ⚙️ In progress

Future priorities

Waste Management

- In order to measure and monitor our waste management processes, we will commence collecting and disclosing waste data.

Energy, GHG Emissions and Water

- 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.
- 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.
- To enhance the completeness of our NABERS disclosure, we will commence collecting and disclosing NABERS data for our retail assets.
- 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.

Financial performance and sustainability

Why is this important?

At Abacus, we take advantage of value adding 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 also 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

The Australian real estate market has witnessed heightened volatility. The confluence of strong investment demand and volatile tenant demand in some commercial markets has impacted our approach to managing our financial performance. 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 tenant 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 – Tenant attraction and retention.
- 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 tenants to integrate sustainability criteria into their investment and lending decisions.

FY18 priorities and performance

FY18 PRIORITIES	STATUS	FY18 PERFORMANCE
Continue to maintain recurring earnings levels to support distribution growth	✓	100% of distributions were covered by recurring underlying earnings
Deliver distribution per security growth of 2-3% pa	✓	FY18 distributions were 2.9% higher than FY17 distributions
Manage exposure to residential developments	✓	Exposure to residential developments were maintained at similar levels in FY18 to FY17 levels
Continue to grow the third party capital platform relationships and assets under management	✓	Abacus increased its assets under management to \$1.8 billion in FY18 from \$1.3 billion in FY17. Abacus also expanded its relationships with investment partners during the year

✓ Achieved   ⚙️ In progress

Future priorities

- Move to reporting profit and loss under the Property Council of Australia's Funds From Operations definition in line with Real Estate peers.
- Deliver distribution per security growth of 2-3% pa.
- Increase investment in office and self-storage to facilitate a growth in Funds From Operations.
- Reduce exposure to residential developments and retail assets at this point in the cycle.
- Continue to grow third party capital relationships and make platform enhancements.

Employee engagement and motivation

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 employees 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 employee 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

We have a continuous improvement and feedback mindset in relation to further promoting employee engagement and motivation. A subject matter expert on people and culture was recently engaged to identify and prioritise value building opportunities and initiatives across the Abacus employee life cycle. As part of this, an employee engagement survey was undertaken and initiatives to further engage and motivate our employees were shaped by our

feedback gained from this survey, further discussed in 'Our Approach – Engaging with our Stakeholders'.

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 employees. Our current philanthropic program includes staff team volunteer days, dollar for dollar matching on staff 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, we also support division-specific initiatives aimed at building and fostering strong local community relationships.

Key highlights include:

In-kind volunteering:

- In total 41 staff participated in philanthropic activities and our overall participation increased from 37% to 58% in the reporting period.
- 4 volunteer days were organised including Good360, Royal Institute for Deaf and Blind Children (RIDBC) and Royal Society for Prevention of Cruelty to Animals (RSPCA).
- A team of 12 Abacus volunteers provided hands on assistance and support to the Good360 Australia

Christmas Campaign with packing Christmas bags for boys, girls and families in need.

- Building on last year's activities with the RIDBC, our team of 18 volunteers assisted teachers, students and volunteers with the Open Day and Harmony Day celebrations at the RIDBC.

Donations and dollar-matching:

- Abacus matched dollar for dollar on employee donations for employee volunteering events which were embraced by the wider Abacus community and donated to charitable organisations. A total of \$26,702 was raised through donations by employees and Abacus for events including the Oxfam 100km Trail walker, MS Sydney to Gong Ride, Wipeout Dementia and Australia's Biggest Morning Tea and donations to charitable organisations such as RIDBC.

Specific initiatives:

- Our storage centres and retail assets have a budget to engage with their local community including the sponsorship of local sports teams, providing facility space for charity events and donating in kind to charities that require assistance.

Abacus' self-storage properties with its manager, Storage King, actively support the McGrath foundation across its portfolio.

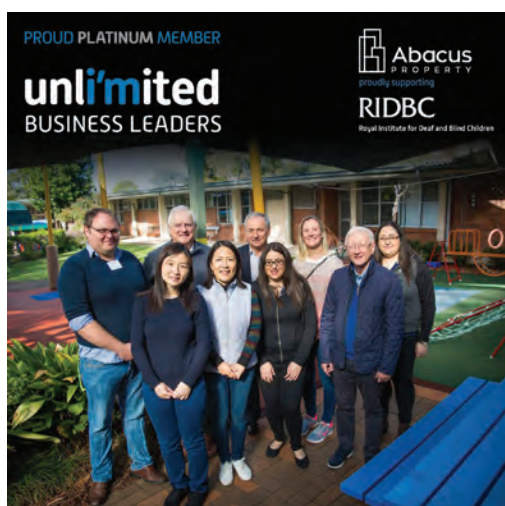
FY18 priorities and performance

FY18 PRIORITIES	STATUS	FY18 PERFORMANCE
Nomination and Remuneration Committee to review, approve and monitor key inclusion and diversity and review governance covering management representation, career progression, parental leave and recruitment	✓	We have Board approved metrics in place for inclusion and diversity and have continued to monitor and progress these targets in line with industry standard. A key objective achieved included increasing female representation on the Board to at least 2 females (being a minimum 30% representation). Targets for FY19 have been broadened to include training and pay equity. We achieved all targets due in 2018.
Further embed Philanthropic Committee and improve participation rate from prior year including Board commitment to future philanthropic activities	✓	We have improved our overall participation rate in philanthropic activities from 37% of employees to 58% of employees in this reporting period.

✓ Achieved   ⚙ In progress

Future priorities

- Development and communication of the Abacus people and culture strategy.
- Refresh the Abacus Vision and foundational values to achieve alignment with Abacus' Strategy and objectives.
- Progress working flexibly at Abacus, upgrading information technology tools and extending an open plan office format to all roles.
- 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.
- 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.



GRI

index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION AND EXPLANATIONS
General Disclosures			
102-1 Name of the organization		p.6	
102-2 Activities, brands, products, and services		p.6	
102-3 Location of headquarters		p.6	
102-4 Location of operations		p.6	
102-5 Ownership and legal form		p.6	
102-6 Markets served		p.6	
102-7 Scale of the organization		p.6, p.50, p.55-56	
102-8 Information on employees and other workers		p.49-50	
102-9 Supply chain	Abacus is committed to buying and hiring local based contractors whenever possible, we believe that working with local suppliers and contractors reduce transport resources use and costs.		
102-10 Significant changes to the organization 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 p. for additional information about Abacus' Risk Management Framework.
102-12 External initiatives	Property Council of Australia		
102-13 Membership of associations		p.13	
Strategy			
102-14 Statement from senior decision-maker		p.4	
Ethics and integrity			
102-16 Values, principles, standards, and norms of behaviour		p.35-37	
Governance			
102-18 Governance structure		p.8, p.23-25	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION AND EXPLANATIONS
General Disclosures			
102-40 List of stakeholder groups		p.12-13	
102-41 Collective bargaining agreements	Zero employees on collective bargaining agreements		
102-42 Identifying and selecting stakeholders		p.11-14	
102-43 Approach to stakeholder engagement		p.11-14	
102-44 Key topics and concerns raised		p.11-14	
Reporting practice			
102-45 Entities included in the consolidated financial statements		Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p48)	
102-46 Defining report content and topic Boundaries		p.10-11	
102-47 List of material topics		p.10-11	
102-48 Restatements of information	N/A		No restatements of information from previous reporting periods.
102-49 Changes in reporting	N/A		
102-50 Reporting period		p.3	
102-51 Date of most recent report		p.3	
102-52 Reporting cycle		p.3	
102-53 Contact point for questions regarding the report		p.3	
102-54 Claims of reporting in accordance with the GRI Standards		p.3	
102-55 GRI content index		p.38-40	
102-56 External assurance	N/A	p.3	We have not sought external assurance over the content of this report.

Performance metrics

Health, safety and security of our people and customers

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE
Management Approach	
Explanation of the material topic and its Boundary	p.15-17
Management approach and its components	p.15-17
Evaluation of management approach	p.15-17
Topic Specific Disclosures	
403-9 Work-related injuries	p.41-43

Work related injuries

For all employees

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

For all workers (excluding employees)

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE	FY17 PERFORMANCE	FY16 PERFORMANCE
Number of fatalities as a result of a work related injury	0	0	0
Rate of fatalities as a result of a work related injury	0	0	0
Number of high consequence work-related injuries (excluding fatalities)	0	–	–
Rate of high consequence work-related injuries (excluding fatalities)	0	–	–
Number of recordable work-related injuries	5	–	–
Rate of recordable work-related injuries	Covered by NDA	–	–
Types of injury:			
Number of first aid incidents	57	54	78
Number of medically treated incidents	11	4	15
Number of Lost – time incidents	5	6	15
Total employee hours worked	Covered by NDA	Covered by NDA	Covered by NDA
Standard employee hours worked	Covered by NDA	Covered by NDA	Covered by NDA
Overtime hours worked	Covered by NDA	Covered by NDA	Covered by NDA

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

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE
How these work- related hazards that pose a risk of high-consequence injury have been determined	Refer Annual Report
Which of these hazards have caused or contributed to high-consequence injuries during the reporting period	Refer Annual Report
Actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls	Refer Annual Report

Other work- related hazards

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE
Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls	Refer Annual Report

Tenant attraction, engagement, satisfaction and retention

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE
Management Approach	
Explanation of the material topic and its Boundary	p.18-22
Management approach and its components	p.18-22
Evaluation of management approach	p.18-22

Governance and risk

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE
Management Approach	
Explanation of the material topic and its Boundary	p.23-25
Management approach and its components	p.23-25
Evaluation of management approach	p.23-25
Topic Specific Disclosures	
419-1 Non-compliance with laws and regulations in the social and economic area	p.45-46
307-1 Non-compliance with environmental laws and regulations	p.45-46
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p.45-46
205-3 Confirmed incidents of corruption and actions taken	p.45-46

Non-compliance with laws and regulations

KEY PERFORMANCE INDICATOR	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
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

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

KEY PERFORMANCE INDICATOR	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	Nil
Number of substantiated complaints received concerning breaches of customer privacy categorised by ii) complaints from regulatory bodies	Nil
Number of identified leaks, thefts, or losses of customer data	Nil

Confirmed incidents of corruption and actions taken

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

Responsible resource management

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE
Management Approach	
Explanation of the material topic and its Boundary	p.26-32
Management approach and its components	p.26-32
Evaluation of management approach	p.26-32
Topic Specific Disclosures	
302-1 – Energy consumption within the organisation	p.47-48
302-3 – Energy intensity	p.47-48
303-1 – Water withdrawal by source	p.47-48
305-1 – Direct (Scope 1) GHG emissions	p.47-48
305-2 – Energy indirect (Scope 2) GHG emissions	p.47-48

Energy consumption

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE	FY17 PERFORMANCE	FY16 PERFORMANCE
Energy use from Fuels (GJ)			
Stationary energy – Natural Gas	21,217	23,395	42,478
Stationary energy – Diesel	47	3,338	0
Stationary energy – LPG	0	0	208
Total Energy Consumption – Fuels (GJ)	21,263	26,733	42,686
Energy consumption – Electricity (GJ)	97,256	112,659	116,119
Total energy consumption (GJ)	118,519	139,392	158,805
Energy use per square metre of gross lettable area (MJ/m(2))	404	401	466

Emissions

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE	FY17 PERFORMANCE	FY16 PERFORMANCE
Carbon emissions (scope 1) associated with energy consumed (t CO(2)-e)	1,668	2,103	2,656
Carbon emissions (scope 2) associated with energy consumed (t CO(2)-e)	19,572	24,194	25,978
Carbon emissions (scope 1 and scope 2) associated with energy consumed (t CO(2)-e)	21,240	26,297	28,634

Water consumption

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

Employee engagement and motivation

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE
Management Approach	
Explanation of the material topic and its Boundary	p.35-37
Management approach and its components	p.35-37
Evaluation of management approach	p.35-37
Topic Specific Disclosures	
401-1 – New employee hires and employee turnover	p.49-54
405-1 – Diversity of governance bodies and employees	p.49-54
405-2 – Ratio of basic salary and remuneration of women to men	p.49-54
404-1 – Average hours of training per year per employee	p.49-54

Employees by employment type and gender

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

Employee turnover by gender, age group and region

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE		FY17 PERFORMANCE		FY16 PERFORMANCE	
	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)
Employee turnover by gender						
Female	7	18	3	7	11	24
Male	5	11	3	7	9	22
Employee turnover by age group						
Under 30 years old	2	-	1	-	5	-
30-50 years old	9	-	5	-	13	-
Over 50 years old	1	-	0	-	2	-
Employee turnover by region						
Australia	12	14	6	4	20	16

New starters by gender and age

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

Note while the number of terminations and new starters have been disclosed by age group, the respective rates for employee turnover by age group and employee new starters by age group have not been disclosed as workforce data is not captured by age group.

Percentage of individuals within Abacus' governance bodies by gender

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE		FY17 PERFORMANCE		FY16 PERFORMANCE	
	Number	Percentage of total body (%)	Number	Percentage of total body (%)	Number	Percentage of total body (%)
Board of Directors	2	33	1	17	1	17
Audit and Risk Committee	1	33	0	0	0	0
Nomination and Remuneration Committee	1	33	1	33	1	33
Compliance Committee	2	67	1	33	1	25

Percentage of individuals within Abacus' governance bodies by age group

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

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

	FY18 PERFORMANCE			FY17 PERFORMANCE			FY16 PERFORMANCE		
	Number of females	Number of males	Percentage of total body (%)	Number of females	Number of males	Percentage of total body (%)	Number of females	Number of males	Percentage of total body (%)
CEO/Head of Business in Australia	0	1	N/A	0	1	N/A	0	1	N/A
Key management personnel	0	4	N/A	0	4	N/A	1	5	75
Other executives/ General managers	1	3	92	1	3	90	0	2	N/A
Compliance Committee	2	6	93	1	7	94	1	6	103
Other managers	5	6	79	5	6	84	3	6	82
Professionals	9	14	89	12	13	104	12	13	106
Technicians and trade	0	5	N/A	0	6	N/A	10	1	102
Community and personal service	0	0	N/A	0	0	N/A	0	0	N/A
Clerical and administrative	19	2	113	20	4	111	21	4	103
Sales	3	1	151	3	1	154	3	0	N/A
Machinery operators and drivers	0	0	N/A	0	8	N/A	0	7	N/A
Labourers	0	0	N/A	0	0	N/A	0	0	N/A
TOTAL	39	42	N/A	42	53	N/A	51	45	N/A

Note that this data is based on the WEGA reporting period 1 April 2016 to 31 March 2017.

Average hours of training by gender

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE	
	Females	Males
Number of training hours undertaken	1719	715
Average number of training hours undertaken	44	17

Average hours of training per employee category

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE	
	Full time	Part time
Number of training hours undertaken	2434	63
Average number of training hours undertaken	32	13

Employee engagement and motivation

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE
Management Approach	
Explanation of the material topic and its Boundary	p.33-34
Management approach and its components	p.33-34
Evaluation of management approach	p.33-34
Topic Specific Disclosures	
201-1 Direct economic value generated and distributed	p.55-56

Direct economic value generated and distributed

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE	FY17 PERFORMANCE	FY16 PERFORMANCE
Direct economic value generated: Revenues (\$)	Abacus Property Group Annual Financial Report 2018 – Notes to the Financial Statements (p48)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)
Operating costs (\$)	Abacus Property Group Annual Financial Report 2018 – Notes to the Financial Statements (p48)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)
Employee wages and benefits (\$)	Abacus Property Group Annual Financial Report 2018 – Notes to the Financial Statements (p48)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)
Payments to providers of capital (\$)	Abacus Property Group Annual Financial Report 2018 – Notes to the Financial Statements (p48)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)
Payments to government by country (\$)	Abacus Property Group Annual Financial Report 2018 – Notes to the Financial Statements (p48)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)
Community investments (\$)	26,702	11,550	25,123
Economic value retained (\$)	Abacus Property Group Annual Financial Report 2018 – Notes to the Financial Statements (p48)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)	Abacus Property Group Annual Financial Report 2017 – Notes to the Financial Statements (p40)

Stakeholder engagement

KEY PERFORMANCE INDICATOR	FY18 PERFORMANCE
Management Approach	
Explanation of the material topic and its Boundary	p.11-14
Management approach and its components	p.11-14
Evaluation of management approach	p.11-14

Glossary

TERM	MEANING
Absentee Rate	Measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by workers for the same period
Boundary	Description of where the impacts occur for a material topic, and the organisation's involvement with those impacts
EBIT	Earnings Before Interest and Tax
Employee Turnover	Employees 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
NGER	National Greenhouse and Energy Reporting Act 2007
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
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