

Notice of meetings

The Annual General Meetings of securityholders of Abacus Group Holdings Limited, Abacus Group Projects Limited and Abacus Storage Operations Limited (the **Companies**) will be held in conjunction with Meetings of securityholders of Abacus Trust, Abacus Income Trust and Abacus Storage Property Trust (the **Trusts**).

Time

10.00am (Sydney time)

Date

Tuesday, 14 November 2017

Venue

The Hobart Room
Sydney Sofitel Wentworth
61-101 Phillip Street
Sydney, NSW, 2000

ABACUS GROUP HOLDINGS LIMITED
ACN 080 604 619

ABACUS GROUP PROJECTS LIMITED
ACN 104 066 104

ABACUS STORAGE OPERATIONS
LIMITED
ACN 112 457 075

ABACUS TRUST
ARSN 096 572 128

ABACUS INCOME TRUST
ARSN 104 934 287

(RESPONSIBLE ENTITY: ABACUS FUNDS
MANAGEMENT LIMITED
ACN 007 415 590)

ABACUS STORAGE PROPERTY TRUST
ARSN 111 629 559

(RESPONSIBLE ENTITY: ABACUS
STORAGE FUNDS MANAGEMENT
LIMITED
ACN 109 324 834)

(Together **Abacus Property Group** or **ABP**)



Notice of meetings 2017

Continued

Items of business

1. Annual Financial Report

To receive and consider the annual financial report, directors' report and auditor's report of Abacus Property Group and its controlled entities for the year ended 30 June 2017.

2. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of each Company:

To adopt the Remuneration Report for the year ended 30 June 2017.

Please note that the vote on this resolution is advisory only and does not bind the directors or Abacus Property Group.

A voting exclusion statement applies to this item of business, as set out in the Explanatory Notes.

3. Election of directors

To consider and, if thought fit, to pass the following resolutions as separate ordinary resolutions of each Company:

3.1. To re-elect Mrs Myra Salkinder as a director of Abacus Group Holdings Limited, Abacus Group Projects Limited and Abacus Storage Operations Limited.

3.2. To elect Ms Jingmin Qian as a director of Abacus Group Holdings Limited, Abacus Group Projects Limited and Abacus Storage Operations Limited.

4. Non-executive directors' remuneration

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of each Company:

For the purposes of ASX Listing Rule 10.17 and all other purposes, that the yearly maximum sum available to non-executive directors of Abacus Property Group as remuneration for their services be increased by \$200,000 to \$1,000,000 to be divided among them in a manner they may determine.

A voting exclusion statement applies to this item of business, as set out in the Explanatory Notes.

5. Grant of deferred security acquisition rights to the Managing Director

To consider and, if thought fit, to pass the following as an ordinary resolution of each Company and each Trust:

That approval be given for the Company to grant 216,420 deferred security acquisition rights (SARs) to the Managing Director, Dr Frank Wolf OAM, on the terms set out in the Explanatory Notes.

Please note that, as securities allocated under the Security Acquisition Rights Plan will be purchased on market, Abacus Property Group is not required to seek this approval for the purposes of the ASX Listing Rules. However, securityholder approval is being sought in the interests of transparency, securityholder engagement and good governance.

A voting exclusion statement applies to this item of business, as set out in the Explanatory Notes.

By order of the boards

Robert Baulderstone



Secretary

Date: 4 October 2017

Notice of meetings 2017

Continued

Explanatory notes and materials

Securityholders are referred to the explanatory notes that accompany and form part of this Notice of Meetings.

Voting exclusion statements

For all resolutions that are directly or indirectly related to the remuneration of a member of the key management personnel (**KMP**) of Abacus Property Group (being Resolutions 2 and 4), the *Corporations Act 2001* (Cth) (**Corporations Act**) restricts KMPs and their closely related parties from voting in some circumstances. 'Closely related party' is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a relevant KMP.

Resolution 2 – Remuneration Report:

Abacus Property Group will disregard any votes cast (in any capacity) on Resolution 2 by or on behalf of a KMP named in the Group's Remuneration Report for year ended 30 June 2017 or that KMP's closely related party (regardless of the capacity in which the vote is cast), or as a proxy by any KMP at the date of the Meetings or that KMP's closely related party, unless the vote is cast:

- as proxy for a person entitled to vote, in accordance with a direction on the proxy form; or
- by the Chairman of the Meetings as proxy for a person who is entitled to vote, in accordance with an express authorisation in the proxy form to vote as the proxy decides even though the resolution is connected with the remuneration of the KMP.

Resolution 4 – Non-executive directors' remuneration

Abacus Property Group will disregard any votes cast on Resolution 4 by any director of Abacus Property Group or any of their associates. However, Abacus Property Group need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form, to vote as the proxy decides.

Abacus Property Group will disregard any votes cast on Resolution 4 as a proxy by a KMP at the date of the Meetings or a KMP's closely related party, unless the vote is cast:

- as proxy for a person entitled to vote, in accordance with a direction on the proxy form; or
- by the Chairman of the Meetings as proxy for a person who is entitled to vote, in accordance with an express authorisation in the proxy form to vote as the proxy decides even though the resolution is connected with the remuneration of a KMP.

Resolution 5 – Grant of deferred security acquisition rights to the Managing Director

Abacus Property Group will disregard any votes cast on Resolution 5 by the Managing Director (being the only director of Abacus Property Group who is eligible to participate in the employee incentive scheme in respect of which approval is sought) or any of his associates (regardless of the capacity in which the vote is cast). However, Abacus Property Group need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form, to vote as the proxy decides.

Abacus Property Group will disregard any votes cast on Resolution 5 as a proxy by a KMP at the date of the Meetings or a KMP's closely related party, unless the vote is cast:

- as proxy for a person entitled to vote, in accordance with a direction on the proxy form; or
- by the Chairman of the Meetings as proxy for a person who is entitled to vote, in accordance with an express authorisation in the proxy form to vote as the proxy decides even though the resolution is connected with the remuneration of a KMP.

Proxies and corporate representatives

If you are unable to attend the Meetings, you are encouraged to appoint a proxy to attend and vote on your behalf.

A securityholder entitled to attend and vote at the Meetings is entitled to appoint a proxy. A securityholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or the number of votes each proxy is appointed to exercise. A proxy need not be a securityholder of the Abacus Property Group. Abacus Property Group must receive proxies at least 48 hours before the Meetings (that is, **before 10am (Sydney time) on Sunday 12 November 2017**). A proxy form is provided with this notice.

You can direct your proxy how to vote by following the instructions on the proxy form. Securityholders are encouraged to direct their proxy how to vote on each item of business.

Any directed proxies that are not voted on a poll at the Meetings by a securityholder's appointed proxy will automatically default to the Chairman of the Meetings, who is required to vote proxies as directed on a poll.

Notice of meetings 2017

Continued

The KMP of Abacus Property Group (which includes all directors) will not be able to vote your proxy on remuneration related resolutions (being Resolutions 2, 4 and 5) unless you direct them how to vote, or the Chairman of the Meetings is your proxy.

If you intend to appoint the Chairman of the Meetings as your proxy (or if he becomes your proxy by default), you can direct him how to vote by marking one of the voting boxes for the relevant resolution on the proxy form (for example to vote 'for', 'against' or 'abstain' from voting). Alternatively, if the Chairman of the Meetings is or becomes your proxy and you do not mark any of the boxes opposite a resolution, the Chairman may vote as he sees fit. Please note that by submitting the proxy form without voting instructions, you will be giving the Chairman of the Meetings your express authority to vote your proxy as he decides on remuneration related resolutions, even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP of Abacus Property Group.

The Chairman of the Meetings intends to vote all undirected proxies held by the Chairman in favour of each Resolution.

Completion of a proxy form will not prevent individual securityholders from attending the Meetings in person if they wish. Where a securityholder completes and lodges a valid proxy form and then the securityholder attends the Meetings in person, if the member votes on a resolution, their proxy is not entitled to vote, and must not vote, on that resolution.

If a securityholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; or
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meetings.

Corporate securityholders should comply with the execution requirements set out on the proxy form or otherwise comply with the provisions of section 127 of the Corporations Act.

The corporate representative certificate (or a photocopy of it or a facsimile of it) must be lodged by one of the below methods by 4.00pm (Sydney time) on the day before the meeting.

Proxies and corporate appointment of representative forms must be lodged **before 10am (Sydney time) on Sunday 12 November 2017** using the reply paid envelope or:

By online voting: www.votingonline.com.au/abacusagm2017

By mail: Registry – Boardroom Limited, GPO Box 3993, Sydney NSW 2001 Australia

By fax: + 61 2 9290 9655

By hand: Level 12, 225 George Street, Sydney NSW 2000 Australia

Voting entitlements

In accordance with Corporations Regulations 7.11.37, the directors have determined that the securityholding of each securityholder for the purposes of ascertaining the voting entitlements for the Meetings will be as it appears in the Abacus Property Group Security Register at 10am (Sydney time) on Sunday, 12 November 2017. Accordingly, security transfers registered after that time will be disregarded in determining entitlement to attend and vote at the Meetings.

Explanatory memorandum

Item 1: Receive and consider the Annual Financial Report and other reports

As required by section 317 of the Corporations Act, the Annual Financial Report and other reports for the financial year ended 30 June 2017 will be laid before the Meetings.

Securityholders will have a reasonable opportunity as a whole to raise questions on the reports and on the performance of Abacus Property Group generally, and may ask questions of ABP's external auditor that are relevant to:

1. the conduct of the audit; and
2. the preparation and content of the auditor's report.

Questions directed to the auditor may be submitted in writing to Company Secretary, Abacus Property Group, Level 34 Australia Square, 264-278 George Street, Sydney NSW 2000, and must be received by no later than **7.00 pm on 7 November 2017**. If written questions are received, the question list will be made available to securityholders attending the Meetings. The auditor may answer the questions at the Meetings or table written answers. If written answers are tabled, they will be made available to securityholders after the Meetings.

There is no vote on this item of business.

Notice of meetings 2017

Continued

Resolution 2: Adoption of Remuneration Report

The Remuneration Report forms part of the Directors' Report set out in the 2017 Annual Financial Report. The Remuneration Report includes:

- an explanation of the Group's policy for determining the remuneration of directors and executives;
- a discussion of the relationship between the policy and the Group's performance; and
- details of the performance conditions associated with the remuneration of the directors and executives.

Securityholders will have a reasonable opportunity as a whole to ask questions about, or make comments on, the Remuneration Report.

The vote on this resolution is advisory only and does not bind the directors or Abacus Property Group; however the directors will have regard to the outcome of the vote and any discussion when setting the remuneration policies of the Group in future years.

A voting exclusion statement applies to this resolution, as set out in the Notice of Meetings.

The directors recommend securityholders vote **in favour** of this resolution.

The Chairman of the Meetings intends to vote all undirected proxies held by the Chairman **in favour** of this resolution.

Resolution 3: Election of directors

The Abacus Property Group Board would like to note, as part of its orderly board renewal plans, Mr Malcolm Irving AM has indicated his intention to not stand for re-election at this year's Annual General Meeting.

Malcolm retires from the Board following 13 years of impeccable service to the Board and the Group. Malcolm has been the Chairman of the Board's Audit & Risk and Compliance committees for many years and the Board would like to extend its gratitude and thanks to Malcolm for his invaluable contribution and leadership during his service over this time.

At the conclusion of this year's AGM the six member Abacus Board will now include 2 female members and further enhances the Group's diversity practices.

Resolution 3.1: Re-election of Mrs Myra Salkinder

Myra Salkinder retires by rotation in accordance with the constitutions of the Companies and, being eligible, offers herself for re-election.

Myra has been a director of the Companies since April 2011. Myra is a senior executive of the Kirsh Group where she has been integrally involved with the continued expansion of the Kirsh Group's property and other investments, both in South Africa and internationally. Myra is a director of a number of entities associated with the Kirsh Group worldwide.

Myra is a member of the Compliance, Due Diligence and Remuneration & Nomination Committees. Ms Salkinder is not an independent director in accordance with the Group's established guidelines on independence due to her association with Kirsh Group, a substantial securityholder of Abacus Property Group.

The directors (other than Myra Salkinder) recommend securityholders vote **in favour** of this resolution.

The Chairman of the Meetings intends to vote all undirected proxies held by the Chairman **in favour** of this resolution.

Resolution 3.2: Election of Ms Jingmin Qian

Listing Rule 14.4 and the Companies' constitutions require that at an AGM, a director who was appointed to fill a vacancy or as an addition to the Board since the last AGM, holds office until the conclusion of the next AGM but is eligible for election at that AGM. Ms Jingmin Qian was appointed to the Boards of the Companies as a director on 26 September 2017.

Jingmin is an independent Non-Executive Director. Jingmin has significant expertise in the property, infrastructure and resource sectors as well as rich experience in Asia. Jingmin is a director of Jing Meridian specialising in advising boards and senior management on investment, strategic management and cross-cultural management. She is a senior advisor to leading global and Australian organisations. Jingmin has previously held executive roles with L.E.K. Consulting, Boral Limited and Leighton Holdings. During this period, Jingmin also served as a member of the business liaison program of the Reserve Bank of Australia.

Jingmin is a member of Macquarie University Council, a director of the Chartered Financial Analyst Society of Sydney, and a director and Chair of Thought Leadership Committee of the Australia China Business Council.

Jingmin holds a Bachelor Degree of Economics from University of International Business and Economics in Beijing and an MBA from Australian Graduate School of Management in Sydney. She is a CFA Charterholder and a Fellow of the Australian Institute of Company Directors.

The directors (other than Jingmin Qian) recommend securityholders vote **in favour** of this resolution.

The Chairman of the Meetings intends to vote all undirected proxies held by the Chairman **in favour** of this resolution.

Notice of meetings 2017

Continued

Resolution 4: Non-executive directors' remuneration

Under the constitutions of the Companies, securityholders approve the maximum aggregate amount that may be paid in a financial year as directors' fees. These fees are for the remuneration of non-executive directors of the Companies for their ordinary services as directors (whether or not executive or other paid work is undertaken) of the Companies and, if applicable, any subsidiaries. The directors determine how much of the approved amount will be paid out to non-executive directors for their services. The division of that amount among the non-executive directors is determined by the directors (or, in default of determination, equally).

Abacus Property Group policy is to remunerate non-executive directors at market rates for comparable companies for the time, commitment and responsibilities involved.

The aggregate maximum sum that presently may be paid to non-executive directors of the Abacus Property Group as a whole as remuneration for their ordinary services is \$800,000 per financial year. It is proposed that this maximum aggregate sum be increased by \$200,000 to \$1,000,000 per financial year.

The proposed increase in the maximum aggregate amount is the first increase in the limit since 2010 and provides flexibility for transition arrangements when considering the Boards future diversity and skills requirements. The proposed increase will also allow remuneration to be increased over time to reflect market movements, increasing workloads and changing responsibilities.

In the year ending 30 June 2017 the non-executive directors were paid total fees of \$715,856. In the year ending 30 June 2018 they are expected to be paid \$751,800 providing there are no further changes to the composition of the Board. The last previous increase in the actual fees paid was in July 2015.

No securities have been issued to a non-executive director of the Group under Listing Rules 10.11 or 10.14 with the approval of the holders of the Group's securities at any time in the last 3 years.

As the resolution relates directly to them, the non-executive directors do not make a recommendation to securityholders on this resolution. The executive director, recommends securityholders vote **in favour** of this resolution.

The Chairman of the Meetings intends to vote all undirected proxies held by the Chairman **in favour** of this resolution.

Resolution 5: Grant of deferred security acquisition rights to the Managing Director

Securityholder approval is being sought to allocate to the Managing Director (**MD**) of Abacus Property Group, Dr Frank Wolf OAM, deferred variable remuneration in the form of deferred security acquisition rights (**SARs**) under the ABP's Deferred Security Acquisition Rights Plan (**Plan**). The Plan has been designed to align the interests of executives with those of securityholders by providing for a significant portion of the remuneration of participating executives to be linked to the delivery of sustainable and growing underlying profit that covers the distribution level implicit in the ABP security price and incremental growth in capital value.

Subject to securityholder approval, the boards of the Companies (**Boards**) have determined to grant a deferred variable remuneration award to the MD in respect of the financial year ending on 30 June 2018 of 216,420 SARs at no cost. The number of SARs to be granted to the MD has been calculated by dividing \$775,000 by the 10 day volume weighted average price of ABP securities (VWAP) for the period commencing on the second trading day after the full year results announcement for the year ended 30 June 2017 were released to the market. The SARs will be granted on or about 14 November 2017, but in any event within 12 months of the Meetings.

Why is securityholder approval being sought?

ASX Listing Rule 10.14 requires that securityholders approve awards of SARs issued to directors under an employee incentive plan. ASX Listing Rule 10.15B provides that such approval is not required if the terms of the plan require that the securities received on vesting of a SAR will be purchased on market. The intention of the requirement is to protect securityholders from dilution in the value of securities that may occur as a result of the operation of employee incentive plans. No such dilution occurs if securities are purchased on market.

All ABP securities required to satisfy the vesting of SARs awarded will be purchased on market and so there will be no dilution to securityholders' interests. Although there is therefore no requirement to do so under the ASX Listing Rules, the Boards consider it good governance to seek approval from securityholders for awards made to the MD.

Background

Each year the Boards review and approve the remuneration of the MD. The MD's remuneration is set in accordance with the ABP's Executive Remuneration Policy which supports the achievement of the ABP's overall objective of producing sustainable growth and consistency of yield and aligns the interests of executives with those of securityholders through the use of current and deferred incentives.

Consistent with the Executive Remuneration Policy, the MD's remuneration package for the financial year ending 30 June 2018 will include:

- (a) fixed remuneration (base salary, superannuation and non-monetary benefits)
- (b) variable remuneration comprising:
 - current variable remuneration; and
 - deferred variable remuneration.

Notice of meetings 2017

Continued

The deferred variable remuneration applicable to the 2017/2018 financial year was assessed following the end of the 2016/2017 financial year at the same time as the assessment was made of the MD's current variable remuneration for the 2016/2017 financial year. The Boards have determined to grant to the MD a deferred variable remuneration award of \$775,000 for the financial year ending 30 June 2018, to be satisfied, subject to securityholder approval, in the form of SARs granted in accordance with the Plan.

The Plan – deferred variable incentives

Overview: The Plan involves an annual grant of deferred variable incentives, in the form of SARs, to participants. Each SAR represents a right to receive one fully paid ABP security, subject to satisfaction of performance conditions and to continued employment with the ABP. The Plan exposes executives to fluctuations in the ABP security price throughout the vesting period and directly rewards them for increasing ABP's security price over that period.

The MD's SARs will vest in four equal tranches of 54,105 SARs each, over a four year period from the first, second, third and fourth anniversaries of the conditional allocation date, being 13 September 2017.

The MD is entitled, before any tranche of SARs vests, to extend the vesting date for that tranche by 12 months. This right may be exercised at any time and from time to time in respect of any unvested tranches while the MD's employment continues.

Quantum of award: For the financial year ending 30 June 2018, subject to securityholder approval, Dr Wolf will be granted 216,420 SARs. Additional ABP securities may be granted after each vesting date equivalent to the aggregate of the distributions per ABP security paid (or declared but unpaid) during the period from the conditional allocation date of the relevant tranche to the vesting date for that tranche.

Performance hurdle: The level of distributions on ABP securities is implicit in its security price. If distribution levels are not maintained in the period between allocation and vesting, the value of unvested SARs will effectively decline. The grant of SARs therefore creates an inherent incentive to grow distribution levels and, consequently, an alignment with the medium term interests of securityholders. In addition, vesting is subject to a threshold performance hurdle: unvested tranches will lapse if the distributions per ABP security over the applicable vesting period falls below the annualised distribution rate determined by the Boards in August 2017.

Distributions: To achieve a closer alignment of the interests of securityholders, when a tranche of SARs vests, the MD will also be paid in respect of each SAR that vests an amount (a notional distribution) equivalent to the aggregate of the distributions per ABP security paid during the period from allocation date of the relevant tranche to the vesting date for the relevant tranche plus the amount of any distribution per security declared and unpaid as at the vesting date. This entitlement will be satisfied in ABP securities to be purchased on market. The number of additional securities will be calculated by dividing the amount of the notional distribution by the VWAP of ABP securities over the first 10 trading days after the date the relevant tranche vests.

Termination of employment: The treatment of any unvested SARs at the time of termination depends upon the nature of the termination. If, for example, the MD is terminated for cause or for any other reason determined by the Boards not to be a 'good leaver' circumstance, any unvested SARs will lapse (unless the Boards determine otherwise). If the MD is a good leaver (eg the termination is due to death, disability, termination without cause, genuine retirement), the unvested SARs will remain on foot, subject to the original performance condition as though employment had not ceased and will vest on the original testing dates. However, the Boards retain the discretion to lapse all or any part of unvested SARs on cessation of employment.

Additional information: The early vesting of the SARs may be permitted by the Boards in other limited circumstances such as a change in control of Abacus Property Group, in which case the MD will be entitled to an amount determined by the Boards, having regard to the extent to which the performance hurdle has been achieved at the date of the change in control, the alignment between the interests of the then current securityholders and the MD during the change in control process and any other matter the Boards consider relevant.

No amount is payable by the MD upon the grant of these SARs or to acquire Abacus Property Group securities at vesting. No loan will be provided to the MD in relation to the deferred variable remuneration award.

Other than the MD, no director (or associate of a director) is currently entitled to participate in the Plan.

In 2016, the MD received 230,260 SARs under the Plan at no cost. No other director received securities under the Plan in 2016.

The directors (other than Dr Wolf) recommend securityholders vote **in favour** of this resolution.

The Chairman of the Meetings intends to vote all undirected proxies held by the Chairman **in favour** of this resolution.

