

ABACUS PROPERTY GROUP 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: 10.00 AM (SYDNEY TIME)

DATE: THURSDAY, 14 NOVEMBER 2013

VENUE: THE CANBERRA 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 ABACUS INCOME TRUST
ARSN 096 572 128 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)

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 2013.

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 2013.

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 resolution as an ordinary resolution of each Company:

To re-elect Mr John Thame as a director of Abacus Group Holdings Limited, Abacus Group Projects Limited and Abacus Storage Operations Limited.

4. Grant of 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 277,404 deferred security acquisition rights (SARs) to the Managing Director, Dr Frank Wolf OAM, on the terms set out in the Explanatory Notes accompanying this Notice of Meeting.

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, shareholder engagement and good governance.

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

5. Consolidation for capital reallocation – Abacus Group Holdings Limited

To consider and, if thought fit, to pass the following as an ordinary resolution of Abacus Group Holdings Limited:

That, immediately following the issue of Capital Reallocation Shares (as defined in the notice accompanying this resolution), all issued capital in the company (including the Capital Reallocation Shares) be consolidated on the basis that the total number of shares on issue after the consolidation is equal to the total number of shares on issue immediately prior to the issue of Capital Reallocation Shares.

BY ORDER OF THE BOARDS

Ellis Varejes
Secretary

Date: 5 October 2013

EXPLANATORY NOTES AND MATERIALS

Securityholders are referred to the explanatory memorandum that accompanies and forms part of this notice of meeting.

VOTING EXCLUSION STATEMENT

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 KMP 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 the 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 or that KMP's closely related party, or as a proxy by any other KMP or that other 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 entitled to vote in accordance with an express authorisation on the proxy form to vote as the proxy decides.

Resolution 4 – Grant of deferred incentive securities to the Managing Director

Abacus Property Group will disregard any votes cast on Resolution 4 by the Managing Director (being the only director of Abacus Property Group who is eligible to participate in any employee incentive scheme operated by the Abacus Property Group) or any of his associates, or as a proxy by a KMP or a KMP's closely related party, unless the vote is cast:

- as a 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 on the proxy form to vote as the proxy decides.

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 on Tuesday 12 November 2013**). A form of proxy 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.

Generally, the key management personnel of Abacus Property Group (which includes each of the directors) will not be able to vote your proxy on remuneration related resolutions (being Resolutions 2 and 4) unless you tell them how to vote. If you intend to appoint a member of the key management personnel (such as one of the directors) as your proxy, please ensure that you direct them how to vote on Resolutions 2 and 4.

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 either marking one of the voting boxes for Resolutions 2 and 4 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 Resolutions 2 and 4, then, by submitting the proxy form, you will be giving the Chairman of the Meetings your express authority to vote your proxy as he decides, even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of Abacus Property Group.

The Chairman of the Meetings intends to vote all available proxies 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 meeting.

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.

Proxies and corporate appointment of representative forms may be lodged using the reply paid envelope or:

BY MAIL: Registry –
Boardroom Limited,
GPO Box 3993,
Sydney NSW 2001 Australia

BY FAX: +61 2 9290 9655

VOTING ENTITLEMENTS

In accordance with Corporations Regulations 7.11.37, the directors have determined that the security holding 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 7.00 pm (Sydney time) on Tuesday, 12 November 2013. Accordingly, security transfers registered after that time will be disregarded in determining entitlement to attend and vote at the meeting.

EXPLANATORY MEMORANDUM**Resolution 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 2013 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 the Group's external auditor that are relevant to:

1. the conduct of the audit;
2. the preparation and content of the auditor's report;
3. the accounting policies adopted by the Group in relation to the preparation of its financial statements; and
4. the independence of the auditor in relation to the conduct of the audit.

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 2013**. 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 resolution.

Resolution 2 – Adoption of Remuneration Report

The Remuneration Report forms part of the Directors' Report set out in the 2013 Abacus Property Group concise 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 of 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 that securityholders vote in **favour** of this resolution.

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

Resolution 3 – Re-election of Mr John Thame

John Thame retires by rotation in accordance with the Constitutions of the Companies and, being eligible, offers himself for re-election.

John has extensive experience in the retail financial services industry in senior management positions. His career with Advance Bank included 10 years as Managing Director until the Bank's merger with St George Bank Limited in 1997. Mr Thame was Chairman (2004 to 2008) and a director (1997 to 2008) of St George Bank Limited and St George Life Limited. He is also a director of Reckon Limited.

John is Chairman of the Due Diligence Committee and a member of the Audit & Risk and Remuneration & Nomination Committees.

The directors (other than John Thame) recommend that securityholders vote in **favour** of this resolution.

The Chairman of the Meetings intends to vote all available proxies in **favour** of this resolution. Mr Irving will chair the meetings for this resolution only.

Resolution 4 – Grant of deferred variable remuneration 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 Group'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 have determined to grant a deferred variable remuneration award to the MD in respect of the financial year ending on 30 June 2014 of 277,404 SARs. The SARs will be granted on or about 30 November 2013, 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 securities issued to Directors. Securityholders' approval is required only if new securities are issued to a Director and not if securities are 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 securities issued under 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 Group's Executive Remuneration Policy which supports the achievement of the Group'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 revised Executive Remuneration Policy, the MD's remuneration package for the financial year ending 30 June 2014 will include:

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

The deferred variable remuneration applicable to the 2013/2014 financial year was assessed following the end of the 2012/2013 financial year at the same time as the assessment was made of the MD's current variable remuneration for the 2012/2013 financial year. The Boards have determined to grant to the MD a deferred variable remuneration award of \$625,000 for the financial year ending 30 June 2014, 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 Group. 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 69,351 SARs each, over a four year period from the first, second, third and fourth anniversaries of the allocation date, being 13 September 2013.

The Boards may provide cash or other benefits with equivalent value on vesting but their current intention is to provide Abacus Property Group securities. 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 2014, subject to securityholder approval, Dr Wolf will be granted 277,404 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 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 at least 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 fall by more than 10% against the sustainable annual distribution rate determined by the Boards in August 2013. For the purposes of these calculations, the Boards retain the discretion to exclude the impact of exceptional or abnormal items where appropriate.

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 vesting 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. It is intended the entitlement will be satisfied in ABP securities, but the Boards may, in their discretion, satisfy this entitlement in cash. In that event 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 retirement or redundancy), 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 of control, the alignment between the interests of the then current securityholders and the MD during the change of 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.

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

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

Resolution 5 – Consolidation for Capital Reallocation – Abacus Group Holdings Limited

Capital reallocation

It is proposed to reallocate capital from Abacus Trust (AT) and Abacus Income Trust (AIT) to Abacus Group Holdings Limited (AGHL) as it requires further capital to support its activities and to reduce gearing. This reallocation of capital should ensure that AGHL is appropriately capitalised. The reallocation of capital will not affect distributions, voting, net tangible assets of Abacus Property Group or numbers of securities. The reallocation of capital will occur on the meeting date, if approved.

The reallocation will reduce the cost base of AT and AIT units held by Abacus Property Group securityholders and increase the cost base in their AGHL shares.

Rationale

Each of the stapled entities that comprise Abacus Property Group has its own capital structure. Since 2006 new capital has been allocated between the stapled entities on the basis of fair value which has resulted in an allocation to AT and AIT of the majority of new capital being allocated. AT and AIT are consequently capitalised in excess of their needs while AGHL requires further capital to support its activities and to reduce its gearing to more appropriate levels (in addition to the capital reallocation that occurred in conjunction with the recent Abacus Storage Fund stapling).

Abacus Property Group's investment strategy seeks to have up to 30% of Abacus Property Group's capital deployed in the business activities of AGHL. However, AGHL's current capital structure (high gearing and limited capital) does not facilitate this. In addition, the adoption of AASB 10 for the year ending 30 June 2012 has resulted in the consolidation of Abacus Hospitality Fund, Abacus Diversified Income Fund II, Abacus Miller Street Holding Trust and Abacus Storage Fund under AASB 10 and an adjustment of approximately \$93 million to the retained earnings of AGHL as it is the nominated parent of the stapled group. The investment in these funds has been made at the group level and any resulting adjustment from the application of the new accounting standard should therefore be shared by all members of the stapled group and not just the nominated parent. A further reallocation of capital from AT and AIT to AGHL will address the current imbalance. It will also assist in a more appropriate allocation of capital from any future raising.

Reallocation

It is proposed that \$120 million of the capital of AT and AIT be reallocated to AGHL. Under the proposal AT and AIT would make combined capital payments to securityholders of approximately 26 cents for each unit which would then be compulsorily applied as a capital contribution to AGHL. The effect is simply to move capital within the stapled group while leaving all other aspects of the Group and its securityholdings unchanged. Securityholders will not receive any cash as part of the capital reallocation proposal nor will their securityholdings increase or decrease. This is achieved by applying a reduction in the capital of AT and AIT to the issue of Capital Reallocation Shares (as defined in rule 2.10 of the AGHL Constitution) in AGHL (**Capital Reallocation Shares**). These are then immediately consolidated so that the total number of shares after the consolidation is the same number as before.

The impact of the reallocation of capital on the net asset position of each entity in Abacus Property Group is set out below:

ENTITY	CAPITAL REALLOCATION (\$M)
Abacus Trust	(40)
Abacus Income Trust	(80)
Abacus Group Holdings Limited	120

The reallocation will move some of the tax cost base from AT and AIT to AGHL.

Any fractional number of securities that may result from the consolidation will be rounded up or down in accordance with the Abacus Property Group constitutions.

The capital reallocation will have no material impact on the consolidated pre-tax profit of Abacus Property Group. The pre-tax profit of AGHL should increase by the interest savings which would otherwise be payable on the loans from AT and AIT. The profit of AT and AIT should reduce by the amount of this interest.

A general discussion of the tax impacts of the capital reallocation is set out below.

Tax impact of the capital reallocation proposal

Further details regarding the tax consequences of the capital reallocation proposal are set out below.

General

Following is a summary of the general Australian tax implications of the capital reallocation proposal for Securityholders that hold their stapled securities on capital account. These comments are of a general nature only and do not constitute tax advice and should not be relied upon for that purpose. **Securityholders should obtain independent advice as to the tax consequences to them of the capital reallocation proposal.**

The summary does not apply to securityholders who have made an election for taxation of financial arrangements (TOFA) purposes that affects the recognition of income in respect of stapled securities or who hold interests in stapled securities subject to restrictions under an employee security scheme.

Effect on cost base

The Boards believe that the capital reallocation proposal will have the following effect on cost base:

- To the extent the component of the capital reallocation that comprises a capital distribution by AT and AIT exceeds a securityholder's cost base in an AT or AIT unit, the Securityholder may make a taxable gain equal to that excess. This taxable gain should be offset by an increase in the ongoing cost base of the securityholder's AGHL shares. Based on an analysis of the historical trading price of the stapled securities and previous tax deferred distributions, the Group considers that only a small number of securityholders could make a capital gain as a result of the capital distribution.
- Although the overall cost base of a securityholder's stapled securities should not be reduced by the capital reallocation proposal, the cost base of a securityholder's AT and AIT units will be reduced. This may cause securityholders to make a capital gain as a result of future tax deferred distributions made by those trusts at a slightly earlier time than would have occurred but for the capital reallocation proposal.

Income

The distribution of capital by AT and AIT should not be included in a securityholder's assessable income as ordinary income.

Cost base – AT and AIT Units

Under the capital reallocation proposal, a securityholder's cost base for each of their AT and AIT Units will be reduced by the lesser of that cost base and the amount of the distribution of capital of that unit.

To the extent that the distribution of capital exceeds a securityholder's cost base for an AT or AIT unit, the securityholder will make a capital gain equal to that excess. This capital gain will be disregarded if the securityholder is a non-resident and the relevant AT or AIT Unit is not taxable Australian property. Where a securityholder has held the relevant AT or AIT unit for at least 12 months, the capital gain would be reduced by 50 per cent (for individuals and trusts) or 33.33 per cent (for complying superannuation funds).

The Australian Government has announced that effective from 8 May 2012, non-residents will no longer be entitled to the discount capital gain (CGT discount) available for capital gains accrued after that date. A non-resident will still be entitled to the CGT discount on capital gains accrued prior to 8 May 2012 (after offsetting any capital losses), if they choose to value the asset as at that time. Legislation has not been enacted to give effect to this announcement.

Generally, a securityholder's cost base in an AT and an AIT unit will be a proportion of the cost of acquisition of the stapled security in which it is included, reduced by tax deferred distributions by AT or AIT to the securityholder in respect of that unit.

The proportion of the overall cost of a stapled security allocated to an AT or AIT unit should be based on the NTA weighting of each entity at the time of acquisition. Details of historical issue prices and NTA weightings can be obtained from the investor information section of Abacus Property Group's website.

Based on an analysis of the historical trading price of the stapled securities and previous tax deferred distributions, the Group considers that only a small number of securityholders could make a capital gain as a result of the capital reallocation. All securityholders will, however, have their cost bases in their AT and AIT units reduced. This may cause securityholders to make a capital gain as a result of future tax deferred distributions by AT or AIT at a slightly earlier time than would have occurred, but for the capital reallocation proposal.

Cost base – AGHL Shares

A securityholder's cost base for each of their AGHL Shares should be increased as a result of the share subscription and consolidation.

For securityholders that do not make a capital gain, the sum of the decreases in the cost base of their AT and AIT Units should be equal to the sum of the increases in the cost base of their AGHL shares. Accordingly, for these securityholders the overall cost base of each stapled security should remain the same.

For securityholders that make a capital gain, the overall cost base of each stapled security should increase by the amount of the gross capital gain (that is, before the application of the CGT discount, if available). So a future capital gain on disposal of a stapled security that

may otherwise have been realised would be reduced by the amount of the capital gain resulting from the capital reallocation proposal.

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

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

