



11.00 am (Sydney time)
THURSDAY, 23 APRIL 2015

Level 8,
133 Castlereagh Street,
Sydney, NSW
AUSTRALIA

2015 Notice of Annual General Meeting



18 March 2015

Dear Shareholder

It is my pleasure to invite you to the 2015 Annual General Meeting (**AGM**) of Smartgroup Corporation Ltd (**Smartgroup** or the **Company**).

Meeting Details

Date: Thursday, 23 April 2015

Time: 11.00 am (Sydney time)

Venue: Level 8, 133 Castlereagh Street, Sydney, NSW

Registering your attendance on the day

If you attend the meeting, you will need to register at the registration desk on the day. The registration desks will be open from 10.30am (Australian Eastern Daylight Time – Sydney time). You will find it much easier to register if you bring your Proxy Form with you – we will scan the barcode to record your attendance.

Voting at the meeting or by proxy

You may vote on the items of business to be considered at the meeting, either in person at the meeting or by completing and returning the Proxy Form enclosed with this letter. For information about how to lodge your Proxy Form, please see the section entitled "Information for shareholders".

Items of business for consideration

This year's items of business for your consideration include the Company's new Loan Funded Share Plan for senior executives, the issue of shares to a Company Director pursuant to the Company's Loan Funded Share Plan and the Company's Remuneration Report.

Refreshments

After the meeting, you are welcome to stay and enjoy some refreshments. The Directors of Smartgroup look forward to seeing you on the day.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Michael Carapiet", with a long, sweeping underline.

Michael Carapiet
Chairman

Notice of Annual General Meeting

The Annual General Meeting (**AGM**) of Smartgroup Corporation Ltd (**Company**) will be held at the Company's offices at Level 8, 133 Castlereagh Street, Sydney, NSW on Thursday, 23 April 2015 at 11.00 am (Australian Eastern Daylight Time – Sydney time).

1. Financial Statements and Reports

To receive and consider the Company's financial statements and the reports for the year ended 31 December 2014.

2. Approval of the Company's Loan Funded Share Plan

To consider and, if thought fit, to pass the following as ordinary resolutions:

- 2.1 *"That the terms of the Smartgroup Corporation Ltd Loan Funded Share Plan, as described in the Explanatory Notes to this notice of meeting, be approved for the purposes of sections 257B, 259B and 260C of the Corporations Act 2001 (Cth) and for all other purposes."*
- 2.2 *"That all issues of securities under the Smartgroup Corporation Ltd Loan Funded Share Plan be approved as an exception to ASX Listing Rule 7.1 pursuant to Exception 9 in ASX Listing Rule 7.2."*
- 2.3 *"That the giving of benefits under the Smartgroup Corporation Ltd Loan Funded Share Plan to a person by the Company in connection with that person ceasing to hold a managerial or executive office in the Company, as described in the Explanatory Notes to this notice of meeting, be approved for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes."*

3. Approval of Deven Billimoria's participation in the Loan Funded Share Plan

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

"That, subject to resolution 2.1 being passed, the participation of Deven Billimoria in the Smartgroup Corporation Ltd Loan Funded Share Plan, as described in the in the Explanatory Notes to this notice of meeting, be approved for the purposes of Part 2E.1 of the Corporations Act 2001 (Cth), ASX Listing Rule 10.14 and all other purposes."

4. Remuneration Report

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

"That the Remuneration Report for the year ended 31 December 2014 be adopted."

5. Re-election of Andrew Bolam as a Director

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

"That Andrew Bolam, who retires in accordance with rule 10.3(b) of the Company's constitution, and being eligible, offers himself for election, be re-elected as a Director of the Company."

By Order of the Board



Amanda Morgan
General Counsel and Company Secretary

18 March 2015

Information for shareholders

Entitlement to attend and vote at the AGM

All shareholders may attend the AGM. The Board has determined that for the purposes of voting at the meeting, shareholders will be taken to be those persons recorded on the Company's register of members as at 7.00pm (Australian Eastern Daylight Time – Sydney time) on Tuesday, 21 April 2015.

In the case of joint shareholders, all holders may attend the meeting but only one holder may vote at the meeting in respect of the relevant shares (including by proxy). If more than one joint holder is present, and more than one of the joint holders vote in respect of the relevant shares, only the vote of the joint holder whose name stands first in the register in respect of the relevant Shares is counted. A corporate shareholder may appoint one or more persons to act as its representative(s), but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires appropriate evidence of the appointment.

Proxy votes

You can appoint a proxy to attend and vote for you at the meeting in accordance with the directions on the Proxy Form. If no directions as to voting are given to the proxy on the form, the proxy may vote as he or she thinks fit, to the extent permitted by law.

If you are entitled to cast two or more votes, you may appoint not more than two proxies to attend and vote for you at the meeting and specify the proportion or number of votes each proxy may exercise.

If you appoint 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 and provide satisfactory evidence of the appointment of its corporate representative prior to the commencement of the AGM.

A corporate shareholder must sign the Proxy Form in accordance with its constitution or otherwise in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**). Where the Proxy Form is signed under the hand of a duly authorised person or persons of a corporate shareholder, such authorisation must have been sighted by the Company's share registry.

The Corporations Act requires that, to be effective, a proxy form together with any power of attorney under which it is executed or a certified copy of the relevant authority, must be received by the Company no later than 11.00am (Australian Eastern Daylight Time – Sydney time) on Tuesday, 21 April 2015, which is 48 hours before the commencement of the AGM.

A proxy does not need to be a shareholder of the Company and may be an individual or a body corporate.

If the proxy's appointment specifies the way to vote on a resolution, the proxy must vote on the resolution in the way specified (subject to the other provisions of this Notice, including the voting restrictions noted below). If the proxy's appointment specifies the way to vote on a resolution, a poll is called on that resolution and the proxy does not attend the meeting or does not vote on the resolution, then such directed proxies will default to the Chairman of the meeting who must vote the proxies as directed.

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of resolutions 2.1, 2.2, 2.3, 3, 4 and 5.

Lodgement of a Proxy Form

The Proxy Form (and any power of attorney under which it is signed) must be received at the address below by 11.00am on Tuesday 21 April 2015 which is 48 hours before the commencement of the AGM. Any Proxy Form received after that time will not be valid for the scheduled meeting.

A Proxy Form and a reply paid envelope are enclosed. Additional information on proxies is included on the form, including how to appoint proxies, specifying the proportion of votes per proxy where two proxies are appointed, and instructions on voting by proxies.

Proxy Forms may be lodged as follows:

online:

www.linkmarketservices.com.au. Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

by mobile device:

The Link voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be down-loaded for free on your mobile device.

by mail:

Smartgroup Corporation Ltd
c/o Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

by fax:

+612 9287 0309

by hand:

delivering it to:

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

or:

Level 12, 680 George Street
Sydney, NSW 2000

Voting exclusion statements

Item 2 (Approval of the Company's Loan Funded Share Plan)

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on resolutions 2.1 or 2.2 by:

- (a) Deven Billimoria (as the only director of the Company currently eligible to participate in the Loan Funded Share Plan); and
- (b) an associate of Deven Billimoria.

However, in relation to resolutions 2.1 and 2.2, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the Chairman of 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.

In accordance with the Corporations Act, if any shareholder is an employee or director of the Company or a related body corporate of the Company, a potential employee or director of the Company, or an associate of an employee or director of the Company, and wishes to preserve the benefit of resolution 2.3 for that person, they should not vote on resolution 2.3, or they will lose the benefit of the resolution.

Further, the Company will disregard any vote cast as a proxy on resolution 2.3 by a member of the Company's Key Management Personnel (**KMP**) 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 meeting pursuant to an express authorisation to exercise the proxy.

Item 3 (Approval of the participation of Deven Billimoria in the Company's Loan Funded Share Plan)

In accordance with the Corporations Act and the ASX Listing Rules, the Company will disregard any votes cast on resolution 3 by:

- (a) Deven Billimoria (as the only director of the Company currently eligible to participate in the Loan Funded Share Plan); and
- (b) an associate of Deven Billimoria.

However, in relation to resolution 3, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the Chairman of 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.

Item 4 (Remuneration Report)

The Company will disregard any votes cast in respect of resolution 4 by any Director or other key management personnel of the Company and their closely related parties.

However, the Company need not disregard a vote in respect of resolution 4 if:

- it is cast by a member of the KMP of the Company as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person who is Chairman of the meeting as proxy:
 - for a person who is entitled to vote, where the Proxy Form does not specify the way the proxy is to vote on that resolution; and
 - the proxy appointment expressly authorises the person chairing the meeting to exercise the proxy even if that resolution is connected directly with the remuneration of a member of the key management personnel of the Company.

If you appoint the Chairman of the Meeting as your proxy, and you do not direct your proxy how to vote on resolution 4 on the Proxy Form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy even if resolution 4 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the Meeting.

For the purposes of this voting exclusion, 'key management personnel' are the Directors and those other persons who have authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, as listed in the Remuneration Report for the year ended 31 December 2014. Their 'closely related parties' are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

Annual Financial Report Information

You can view the 2014 Annual Financial Report online at www.smartgroup.com.au.

The 2014 Annual Financial Report has been sent only to shareholders who have elected to receive a printed copy.

Explanatory Notes

Item 1: Financial statements and reports

While shareholders are not required to vote on the financial statements and reports, shareholders will be given a reasonable opportunity at the meeting to comment and raise questions on the financial statements and reports. They will also be able to ask the Company's auditor questions.

The reports are available on the Company's website at www.smartgroup.com.au.

Item 2: Approval of the Company's Loan Funded Share Plan

The Board has established a new employee incentive scheme known as the Smartgroup Corporation Ltd Loan Funded Share Plan (**LFSP**), pursuant to which fully paid ordinary shares in the Company (**Shares**) are acquired by selected employees of the Company using a loan made to them by the Company.

Rationale for the LFSP

The Board believes that the LFSP will:

- (a) encourage participants to focus on creating value for shareholders;
- (b) link reward with the achievement of long-term performance in the Company;
- (c) encourage participants to remain with the Company by providing them with the opportunity to hold a financial stake in the Company; and
- (d) assist in the Company attracting high calibre employees.

Key features of the LFSP

Full-time and part-time employees of the Company or any of its subsidiaries (**Participants**), who are selected by the Board, will be eligible to participate in the LFSP. Offers of Shares under the LFSP are economically equivalent to an award of options.

Participants are permitted by the Company to purchase a specified number of Shares which are subject to restrictions to be determined by the Board.

The Board may determine that Shares to be granted to Participants will be subject to:

- (a) 'Vesting Conditions'; and
- (b) 'Forfeiture Conditions',

which must be detailed in the invitations made to eligible employees.

The nature and content of the 'Vesting Conditions' are to be determined by the Board and may include conditions relating to any or all of:

- (a) continuing employment;
- (b) performance of the Participant;
- (c) performance of the Company; or
- (d) the occurrence of specific events.

Unless determined otherwise by the Board, while Shares are held by a Participant under the LFSP, they are subject to forfeiture if any of the following 'Forfeiture Conditions' are satisfied:

- (a) if the Participant breaches any term of the loan agreement between the Participant and the Company;
- (b) if the Participant ceases employment, but only in certain circumstances set out in the rules of the LFSP; or
- (c) if, in the opinion of the Board, any of the Vesting Conditions have not been or cannot be satisfied for any reason.

If the applicable 'Vesting Conditions' are satisfied, the Participant will be permitted to retain those Shares which have vested provided they repay the loan owing on those Shares.

Loan terms

Participants will be invited to purchase Shares using loan funds under a loan agreement with the Company (**Loan**). The Loan must always be repaid if the Participant wishes to benefit from the Shares. Participants only benefit from growth in share price.

The Loans to be made under the LFSP will be:

- (a) limited recourse in nature, meaning that if the market value of the Shares is less than the loan value at the end of the term of the Loan, the Participant cannot be forced to repay the remaining Loan balance out of their own funds;
- (b) interest-free and fee free; and
- (c) repayable in full on the earlier of the termination date of the Loan (5 years from the date it is made) or the date on which the Shares are sold in accordance with the terms of the rules of the LFSP.

In the event that the Vesting Conditions are not met, or Shares do not vest for any other reason, the Shares may be bought-back by the Company and the proceeds used to repay the Loan, such that the Participant receives no gain from the LFSP.

Other features of the LFSP structure

Shares are held by, and in the name of, the individual Participants until all Vesting Conditions are satisfied in accordance with their terms of issue and the Loan relating to the Shares is repaid in full.

If the Company pays dividends or makes capital distributions, the after-tax value of any dividends paid or distributions made to a Participant will be applied to repay the Loan. The balance (ie the estimated value of the tax payable by the Participant on the dividend or distribution) is paid to the Participant to allow them to fund their tax liability on the dividend or distribution.

At the end of the vesting period and subject to continuous employment, Participants can dispose of their Shares on repayment of any outstanding Loan balance.

The Board has discretion over the treatment of the Shares in the event of a change in control of the Company.

Previous offers under the LFSP

Since the establishment of the LFSP in February 2015, the Board has issued 1,204,525 Shares under the LFSP to eligible employees of the Company (none of whom are directors or otherwise in a position that required the Board to obtain shareholder approval for the issue of the Shares).

Approval for the purposes of the ASX Listing Rules

Under Listing Rule 7.1, a listed company must not issue or agree to issue equity securities exceeding 15% of its ordinary securities on issue in the previous 12 months unless it obtains the approval of its shareholders. An exception to Listing Rule 7.1 is that any issue under an employee incentive scheme within three years of the scheme being approved by members will not be counted when determining whether the 15% limit has been exceeded (Exception 9 in Listing Rule 7.2).

Accordingly, shareholders are asked to give the Board approval to operate the LFSP under which Participants may acquire Shares so that any Shares issued under the LFSP are approved as an exception to Listing Rule 7.1.

Approval for the purposes of sections 257B, 259B and 260C of the Corporations Act

(a) Employee share scheme buy-back

Section 257B(1) of the Corporations Act sets out the procedure for various forms of share buy-back, including an 'employee share scheme buy-back'. In order for the Company to undertake a buy-back of Shares under the LFSP (eg in situations where Shares are forfeited by Participants in accordance with their terms of issue) using the employee share scheme buy-back procedure under the Corporations Act, the LFSP must be approved by shareholders.

Accordingly, shareholders are asked to approve the LFSP in order for the Company to undertake a buy-back of Shares under the LFSP using the employee share scheme buy-back procedure.

(b) Enable the Company to take security over its own shares

Section 259B(1) of the Corporations Act prohibits a company taking security over shares in itself or in a company that controls it, unless one of the exceptions in subsections 259B(2) or 259B(3) applies. Section

259B(2) provides that a company may take security over shares in itself under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

Although the Company does not intend to take security over its Shares as part of any offer under the LFSP, shareholders are asked to approve the LFSP in order for the Board to have the flexibility to do so in its operation of the LFSP.

(c) *Financial assistance*

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- giving the assistance does not materially prejudice the interests of the company or its shareholders or the company's ability to pay its creditors; or
- the assistance is approved by shareholders under section 260B; or
- the assistance is exempted under section 260C.

Section 260C of the Corporations Act provides for certain specific instances of exempted financial assistance, including a special exemption for employee share schemes that have been approved by a resolution passed at a general meeting of the company (section 260C(4)).

As an integral feature of the LFSP, the Company will provide financial assistance to Participants in the form of Loans, which will take the form of interest and fee-free, limited recourse loans.

Whilst the Board does not believe that the provision of financial assistance to Participants to enable them to participate in the LFSP will materially prejudice the interests of the Company or its shareholders or the Company's ability to pay its creditors, the Board has recommended that the shareholders approve the LFSP for a number of purposes, including to ensure that the LFSP qualifies for the special exemption under section 260C(4) of the Corporations Act.

Approval of potential termination benefits

Section 200B of the Corporations Act restricts the benefits that can be given to persons who hold a 'managerial or executive office' (as defined in the Corporations Act) on leaving their employment with a company. Specifically, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office in the company if the benefit is approved by shareholders or an exemption under the Corporations Act applies.

The term 'benefit' has a wide meaning and may possibly include benefits resulting from the Board exercising discretions under the rules of the LFSP when a Participant ceases to be employed by the Company.

Specifically, where a Participant has ceased their employment before their Shares have vested, the Board may in certain circumstances exercise its discretion to determine that some or all of the Shares will vest (and determine the basis on which vesting will occur), having regard to the relevant performance hurdles at the time the Participant's employment ceases. The exercise of these discretions may constitute a 'benefit' for the purposes of section 200B of the Corporations Act.

The Board, therefore, seeks shareholder approval for the exercise of the Board's discretion in respect of any Participant in the LFSP who holds:

- (a) a managerial or executive office in the Company at the time of cessation of their employment or at any time in the preceding three years; and
- (b) unvested Shares under the LFSP at the time of cessation of their employment.

Provided shareholder approval is given, the value of these benefits will not be counted towards the cap in the termination benefits that can be given to a Participant without shareholder approval.

The Board does not, however, have discretion to vest any Shares if the Participant is a 'Bad Leaver' under the rules of the LFSP. The Board will determine if a Participant is a Bad Leaver, which could include a person who has been dismissed for fraudulent or dishonest behaviour, who has engaged in grave misconduct or recklessness in the discharge of their duties, or who has committed any serious breach of their employment agreement. In those circumstances, the Participant's unvested Shares will be automatically forfeited.

The Board is only permitted to exercise this discretion in a 'Good Leaver' or a 'Leaver' scenario. The Board will determine if a Participant is a Good Leaver, which could include a person whose employment ceases in certain defined circumstances such as redundancy, retirement by agreement of the Board, death, ill-health or permanent disability. If the Board determines that a Participant is neither a Good Leaver nor a Bad Leaver, they will be considered a Leaver.

The value of the termination benefits that the Board may give under the LFSP cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's share price at the time of vesting and the number of Shares that the Board decides to vest.

The following additional factors may also affect the benefit's value:

- (a) the Participant's length of service and the portion of any relevant performance periods that have expired at the time they cease employment;
- (b) the Participant's total fixed remuneration at the time grants are made under the LFSP and at the time they cease employment; and
- (c) the number of unvested Shares that the Participant holds at the time they cease employment.

Recommendation

The Board recommends that shareholders vote in favour of resolutions 2.1, 2.2 and 2.3.

Item 3: Approval of Deven Billimoria's participation in the LFSP

The Board proposes to issue Shares under the LFSP to the Company's CEO and managing director, Deven Billimoria. The terms of the Shares proposed to be issued to Mr Billimoria are set out below.

Rationale for issue of Shares to Mr Billimoria under the LFSP

As discussed in the above section on the rationale for the LFSP, Deven Billimoria's participation in the LFSP will tie Mr Billimoria's remuneration to the long-term performance of the Company and, the Board believes, encourage him to focus on creating value for shareholders and to remain with the Company.

Approval for the purposes of the ASX Listing Rules

ASX Listing Rule 10.14 provides that an entity must only allow Directors or their associates to acquire securities under an employee incentive scheme with the approval of shareholders and provided the Notice of Meeting complies with the requirements set out in ASX Listing Rules 10.15 or 10.15A.

The LFSP is an employee incentive scheme for the purposes of the ASX Listing Rules.

The Board proposes to invite Deven Billimoria to purchase shares under the LFSP, and therefore seeks shareholder approval under ASX Listing Rule 10.14.

Approval for the purposes of the Corporations Act

The Directors consider that the participation by Deven Billimoria in the LFSP and the provision of a Loan to him to enable him to acquire Shares constitutes the giving of a financial benefit to a related party of the Company under Part 2E.1 of the Corporations Act. For the sake of completeness, the Board has decided to seek the requisite approval of the shareholders at the AGM in accordance with the requirements under Part 2E.1.

Terms on which the Shares will be issued to Mr Billimoria

The Shares proposed to be issued to Mr Billimoria will be subject to both 'Vesting Conditions' and 'Forfeiture Conditions'. Mr Billimoria will be required to satisfy the Vesting Conditions in order for his Shares to vest. While he holds the Shares, they will be subject to Forfeiture Conditions and Mr Billimoria will forfeit them if he either fails to satisfy the Vesting Conditions or if he ceases employment with the Company in certain circumstances.

Once the Vesting Conditions have been satisfied, removed or lifted, the Shares become vested and Mr Billimoria may deal with them in accordance with the rules of the LFSP (and subject to other legal restrictions, such as under the Company's trading policy).

The Shares will vest at the end of each 'Vesting Period' in the manner set out in the tables below, provided that the following conditions are met:

- (a) Mr Billimoria is continuously employed by the Company on each of the vesting dates (or such other date on

which the Board makes a determination as to whether the Vesting Condition has been met); and

- (b) the performance hurdles set out below are satisfied, which relate to the Company's earnings per share (**EPS**) and also to the Company's total shareholder return (**TSR**).

EPS performance hurdle

The EPS performance hurdle applies to 75% of the total number of Loan Funded Shares that may vest at the end of the relevant Vesting Period.

The EPS hurdle, based on achievement of 'Compound Annual Growth Rate' (**CAGR**) of EPS (measured on the Company's net profit after tax, adjusted to exclude the non-cash tax effected amortization of intangibles (after tax) (**NPATA**) per share) from the 2014 audited financial results adjusted to exclude the once-off expenses arising from the initial public offer of shares in the Company, will be determined as follows:

TRANCHE A (applying to a maximum of 75% of 50% of the total number of Shares to be issued to Mr Billimoria)				
Measure	Vesting Period	EPS CAGR	EPS Target	Loan Funded Shares subject to Vesting
EPS CAGR	The period of 2 calendar years ending 31 December 2016	Below 5%		NIL
		5%	18.7	50%
		Between 5% - 7.5%		Straight line between 50% - 100%
		7.5% or greater	19.6	100% (capped)

TRANCHE B (applying to a maximum of 75% of 50% of the total number of Shares to be issued to Mr Billimoria)				
Measure	Vesting Period	EPS CAGR	EPS Target	Loan Funded Shares subject to Vesting
EPS CAGR	The period of 3 calendar years ending 31 December 2017	Below 5%		NIL
		5%	19.7	50%
		Between 5% - 7.5%		Straight line between 50% - 100%
		7.5% or greater	21.1	100% (capped)

TSR performance hurdle

The TSR performance hurdle applies to 25% of the total number of Loan Funded Shares that may vest at the end of the relevant Vesting Period.

TSR measures the growth in the price of the shares plus cash distributions notionally reinvested in shares. Each of the companies in the S&P / ASX Small Ordinaries Index will be ranked from highest to lowest based on their TSR over the performance measurement period (which is the same as the Vesting Period). For the purpose of calculating the TSR measurement, the relevant share prices will be determined by reference to the volume weighted average share price over the 20 trading days up to and including 1 January 2015 (performance measurement period start date) and the 20 trading days up to and including the performance measurement period end date (as specified in the tables below).

Accordingly, the TSR hurdle is based on the TSR performance (ranking) of the Company as determined over the Vesting Period compared to the TSR of companies in the S&P / ASX Small Ordinaries Index (S&P / ASX 300 Index excluding S&P / ASX 100 Index) as follows:

TRANCHE A (applying to a maximum of 25% of 50% of the total number of Shares to be issued to Mr Billimoria)			
Measure	Vesting Period	Smartgroup TSR performance compared to Index	Loan Funded Shares subject to Vesting
Relative TSR (ranking)	The period of 2 calendar years ending 31 December 2016	0 to 49 th percentile	NIL
		50 th percentile	50%
		51 st to 74 th percentile	Straight line between 50% - 100%
		75 th to 100 th percentile	100%

TRANCHE B (applying to a maximum of 25% of 50% of the total number of Shares to be issued to Mr Billimoria)			
Measure	Vesting Period	Smartgroup TSR performance compared to Index	Loan Funded Shares subject to Vesting
Relative TSR (ranking)	The period of 3 calendar years ending 31 December 2017	0 to 49 th percentile	NIL
		50 th percentile	50%
		51 st to 74 th percentile	Straight line between 50% - 100%
		75 th to 100 th percentile	100%

The Board considers these to be appropriate Vesting Conditions for the proposed issue of Shares to Mr Billimoria because, as indicated in the Company's 2014 Prospectus, the FY2014 results include a non cash amortisation benefit which will reduce in FY2016 and not occur in FY2017. After normalising the FY2014 results for this amount, the EPS CAGR growth rate applied to the 2014 NPATA (adjusted for once-off IPO costs) required to achieve the 2016 target is approximately 7.0% to 9.5% and to achieve the 2017 target is approximately 8.4% to 10.9%. The effective hurdle rate for the vesting of Mr Billimoria's Loan Funded Shares will be further inflated by the effect of the introduction of the LFSP in 2015 (including an incremental charge to the earnings statement for the LFSP and the modestly dilutive impact of the issue of associated Shares under the LFSP), as there was no employee incentive scheme in place in 2014.

If the above Vesting Conditions are not satisfied, or if the Board determines that they cannot be satisfied, Mr Billimoria will forfeit his unvested Loan Funded Shares (unless the Board exercises its discretion to permit those shares to vest in accordance with the terms of the LFSP Rules).

In accordance with ASX Listing Rules 10.14 and 10.15 and the Corporations Act, the following information is provided in relation to Mr Billimoria's proposed participation in the LFSP:

Maximum number of securities to be issued and loan value:	Mr Billimoria will be issued 1,032,449 Shares. The exact value of the Loan to be made to Mr Billimoria for him to purchase the Shares will be an amount equal to 1,032,449 x 'Issue Price' (which will be determined in the manner described below).
The date by which the Company will issue the Shares:	The Board has resolved to issue the Shares to Mr Billimoria not later than 12 months following the AGM, subject to shareholders approving resolution 3.

Price at which the securities will be issued:	The 'Issue Price' of each Share to be issued to Mr Billimoria will be the greater of: (a) \$1.60 (based on the price of one Share at the time of the Company's IPO); and (b) the 'Market Value' of a Share on the date of issue. For the purposes of determining the Issue Price of each Share, the Board has determined that 'Market Value' will be the 20 day volume weighted average price of Shares up to and including the trading day immediately prior to the date of issue (that is, the 20 most recent trading days on the ASX).
Terms of any loan in relation to the acquisition of Loan Funded Shares:	The terms of the Loan granted to Mr Billimoria will be subject to the same conditions as those that apply to other Participants, as outlined in the Explanatory Notes for resolutions 2.1 and 2.2 set out above.
Information required under ASX Listing Rule 10.15.4A	No other directors of the Company are eligible to participate in the LFSP on the basis that all directors, other than Mr Billimoria, are non-executive directors and are, therefore, ineligible to be Participants in the LFSP.
Directors' interest in the outcome of this resolution	Other than Mr Billimoria, no other director has an interest in the outcome of this resolution.

Recommendation

The Board (other than Mr Billimoria, who has abstained from making a recommendation) recommends that shareholders vote in favour of resolution 3.

Item 4: Remuneration Report

As required by the Corporations Act, the Board presents the Remuneration Report to shareholders for consideration and adoption by a non-binding vote.

Shareholders will be given a reasonable opportunity at the meeting to comment on and ask questions about the Company's Remuneration Report.

The Remuneration Report can be found on pages 34 to 41 of the 2014 Annual Financial Report. Copies of the Annual Financial Report are available on the Company's website at www.smartgroup.com.au or can be obtained from the Share Registry either by email at registrars@linkmarketservices.com.au or by telephone +61 1300 554 474.

The Remuneration Report includes:

- (a) an explanation of the Company's policy for determining the remuneration of Directors and executives;
- (b) a discussion of the relationship between that policy and the Company's performance;
- (c) details of the performance conditions associated with the remuneration of executives; and
- (d) remuneration details for each Director and other key management personnel of the Company for the period ended 31 December 2014.

The vote on the proposed resolution in this item 4 is advisory and will not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Recommendation

The Board recommends that shareholders vote in favour of resolution 4.

Item 5: Re-election of Andrew Bolam as a Director

Article 10.3(b) of the Company's constitution requires there to be an election of Directors at each AGM of the Company. The following director retires by rotation in accordance with article 10.3(b)(iv) of the Company's constitution.

Andrew Bolam

Andrew was appointed to the Board in January, 2012.

Andrew has more than 20 years of experience in financial and general management. He was the Chief Financial Officer of ASTRO ALL ASIA NETWORKS plc (the then holding company of MEASAT Broadcast Network Systems Sdn BHD which launched the Astro Pay-TV services) shortly following its launch in late 1996. Following this, he served as the Chief Financial Officer of Usaha Tegas, a private investment holding company based in Malaysia. He was later Commercial Director of Bumi Armada Berhad, an associate of Usaha Tegas group.

Andrew is currently Chief Financial Officer at Fetch TV Pty Ltd Limited and he also serves on the board of Benaris International Pty Ltd.

He holds a Bachelor of Commerce from the University of Tasmania and is a Certified Practising Accountant (CPA).

In light of Andrew's role as a Director of the Company since January 2012 and connection with associates of Smart Packages Pte Ltd, the Directors have formed the view that he may be perceived to be not independent at this time.

Recommendation

The Board (other than Andrew Bolam who is the subject of this resolution) recommends that shareholders vote in favour of resolution 5.



Smartgroup Corporation Ltd
ABN 48 126 266 831

LODGE YOUR VOTE



ONLINE >

www.linkmarketservices.com.au



By mail:
Smartgroup Corporation Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Smartgroup Corporation Ltd and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting
as your proxy, please write the name of the person or
body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Thursday, 23 April 2015 at Level 8, 133 Castlereagh Street, Sydney, NSW (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 4, even though the Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of all Resolutions.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2

VOTING DIRECTIONS

Resolutions

2.1 Approve the Company's Loan Funded Share Plan

For Against Abstain*

☐ ☐ ☐

2.2 Approve all issues of securities under the Loan Funded Share Plan

☐ ☐ ☐

2.3 Approve the giving of benefits to a person ceasing to hold a managerial or executive office in the Company under the Loan Funded Share Plan

☐ ☐ ☐

3 Approval of Deven Billimoria's participation in the Loan Funded Share Plan

☐ ☐ ☐

4 Remuneration Report

☐ ☐ ☐

5 Re-election of Andrew Bolam as a Director

☐ ☐ ☐

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

SIQ PRX501F



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

Default to Chairman of the Meeting

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted as set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Tuesday, 21 April 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



by mail:

Smartgroup Corporation Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.



by mobile device:

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be down-loaded for free on your mobile device.

QR Code



**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**



Smartgroup Corporation Ltd
ABN 48 126 266 831

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: +61 1300 554 474
Facsimile: +61 2 9287 0303
ASX Code: SIQ

Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au



X99999999999

COMMUNICATIONS PREFERENCE FORM

Everyone benefits from electronic shareholder communications. As an investor you will benefit from secure, convenient and prompt delivery of information by electing to receive your communications electronically which helps reduce the impact on the environment and costs associated with printing and sending materials by mail.

To receive your shareholder communications electronically via your nominated email address you can log on to the website: **www.linkmarketservices.com.au** and follow the instructions provided. Alternatively please tick one of the options below, insert your email address in the space provided and return the form.

If you do not select an option you will receive your shareholder communications (excluding annual report) by post and we will advise you when the annual report is available on our website.

If you wish to receive a printed version of the annual report, please contact the share registry, Link Market Services Limited.

SELECT YOUR PREFERENCE

ONLINE

www.linkmarketservices.com.au

OPTIONS – Please select one only

OPTION 1

☐

All communications electronically, including notification of the annual report and payment statements (if applicable). I have provided my email address below.

OPTION 2

☐

All communications electronically, except payment statements (if applicable) by post. I have provided my email address below.

My email address is:

Personal Information Collection Notification Statement: Link Group advises that personal information it holds about you (including your name, address, date of birth and details of the financial assets) is collected by Link Group organisations to administer your investment. Personal information is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. Some or all of your personal information may be disclosed to contracted third parties, or related Link Group companies in Australia and overseas. Your information may also be disclosed to Australian government agencies, law enforcement agencies and regulators, or as required under other Australian law, contract, and court or tribunal order. For further details about our personal information handling practices, including how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

SIQ CPE222

