

25<sup>th</sup> September 2019

The Manager  
Company Announcement Office  
Australia Securities Exchange Limited

**Reece Limited**

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Dear Sir

**Reece Limited**

Please find enclosed the Notice of Meeting, Proxy Form and Explanatory Notes for the Reece Limited Annual General Meeting to be held on Wednesday, 30<sup>th</sup> October 2019. These along with the Reece Limited Annual Report have been dispatched to shareholders.

**Gavin Street**  
**Company Secretary**



Dear Shareholder,

#### ANNUAL GENERAL MEETING

The 2019 Annual General Meeting of Reece Limited is to be held at the Mayfair Ballroom, Grand Hyatt Melbourne, 123 Collins Street Melbourne, Victoria on Wednesday 30 October 2019 at 2.00pm (AEDT).

Please find enclosed a Notice of Meeting, Explanatory Notes and Proxy Form for your information.

I will comment briefly on the Company's performance for the financial year ended 30 June 2019. The items of business set out in the Notice of Meeting will then be transacted. Shareholders will have an opportunity to ask questions of the Board and the Company's Auditor.

I invite you to join the Board members for light refreshments at the conclusion of the meeting.

If you plan to attend the meeting in person, please bring your Proxy Form to facilitate your registration.

Yours sincerely

A handwritten signature in black ink, appearing to read "L. Alan Wilson".

L. Alan Wilson  
Executive Chairman

# NOTICE OF MEETING

The sixty-sixth Annual General Meeting of the Company will be held at **2.00pm (AEDT)** on **Wednesday 30 October 2019** at Mayfair Ballroom, Grand Hyatt Melbourne, 123 Collins Street Melbourne, Victoria.

## Ordinary Business

1. To consider the financial statements for the Company and its controlled entities, together with the statements and reports of the directors and auditors thereon for the year ended 30 June 2019.

2. To adopt the Remuneration Report

The following non-binding ordinary resolution will be put to the meeting –

“That the Remuneration Report for the financial year ended 30 June 2019 be adopted.”

A voting exclusion statement for this Item 2 is set out below.

3. To re-elect Mr Timothy M. Poole as Director

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

“That Mr Timothy M. Poole, who retires by rotation in accordance with clause 113 of the Company’s Constitution, and who is recommended for re-appointment by the Board, be re-elected as a director of the Company.”

4. To re-elect Mr Bruce C. Wilson as Director

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

“That Mr Bruce C. Wilson, who retires by rotation in accordance with clause 113 of the Company’s Constitution, and who is recommended for re-appointment by the Board, be re-elected as a director of the Company.”

5. Approval of the Company’s Long Term Incentive Plan (“LTI Plan”)

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

“That for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and Chapter 2D.2 of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the establishment and operation of the Company’s LTI Plan (the terms of which are summarised in the Explanatory Notes) and the issue of Awards and Shares under that plan.”

A voting exclusion statement for this Item 5 is set out below.

6. Grant of equity to Managing Director and Chief Executive Officer

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

“That, subject to the passing of Resolution 5, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of options to the Managing Director and Chief Executive Officer, Mr Peter Wilson under the LTI Plan in accordance with the rules of that Plan and on the terms summarised in the Explanatory Notes”.

A voting exclusion statement for this Item 6 is set out below.

## Voting Exclusion Statement - Item 2

The key management personnel of the Company (“KMP”) of the Company are set out in the Remuneration Report. A “Closely Related Party” of KMP includes a spouse, dependant and certain other close family members of KMP, as well as any companies controlled by a member of KMP.

Generally, the Company will disregard any votes cast (in any capacity) on Item 2 by or on behalf of the KMP (or their Closely Related Parties). However, the Company need not disregard such a vote if the vote is cast:

- a) as proxy for a person entitled to vote on Item 2 that has specified on the proxy form the way the proxy is required to vote on Item 2; or

- b) by the Chairman of the Meeting pursuant to an express authorisation in the proxy form to exercise the proxy even though Item 2 is connected with the remuneration of the KMP.

### **Voting exclusion statement for Items 5 to 6 (inclusive):**

Only the KMP that are executive Directors or executives will be eligible to participate in the Company's LTI Plan.

In accordance with the ASX Listing Rules, the Company will disregard the following:

- any votes cast in favour of Item 5 by or on behalf of Mr Peter Wilson or Mr Alan Wilson (being the Directors that are eligible to participate in the Company's LTI Plan) or any of their associates (as defined in the ASX Listing Rules); and
- any votes cast in favour of Item 6 by or on behalf of Mr Peter Wilson (as the Director receiving the awards that are the subject of Item 6) or any of his associates (as defined in the ASX Listing Rules).

In addition, certain restrictions apply to KMP (and their Closely Related Parties) when they are voting as proxy on resolutions connected directly or indirectly with the remuneration of one or more members of the KMP. Generally, the Company will disregard a vote cast on either Item 5 or 6 by KMP (or their Closely Related Parties) when that vote is cast as a proxy. However, the Company need not disregard such a vote (including a vote cast by either Mr Peter Wilson or Mr Alan Wilson as proxy) if the vote is cast:

- as proxy for a person entitled to vote on the Resolution that has specified on the proxy form the way the proxy is required to vote on that Resolution; or
- by the Chairman of the Meeting as proxy for a person entitled to vote on the Item of business that has not specified on the proxy form the way the proxy is required to vote on that Item of business (unless that person has expressly indicated on the proxy form that the Chairman is not authorised to vote as proxy on the relevant Item of business as he sees fit).

### **Undirected Proxies:**

The Chairman has advised that he intends to vote undirected proxies in favour of each item of business (where he has been appropriately authorised and having regard to the voting exclusions above). If:

- you are entitled to vote on any of the items of business above and wish to appoint the Chairman of the Meeting to vote as your proxy one or more of those items of business; but
- you do not wish to authorise the Chairman to vote as he sees fit on one or more of those items of business,

it is important that you specify your voting directions on the Proxy Form.

### **Poll**

Voting on all items will be determined by a poll at the Annual General Meeting rather than a show of hands. Shareholders and proxy holders attending the Annual General Meeting will be provided with poll voting cards. Shareholders not attending the AGM may use the enclosed proxy forms.

### **Notes**

The Company has determined that, for the purposes of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register at **7.00pm (AEDT)** on Monday **28 October 2019**.

Shareholders who intend on appointing the Chairman of the meeting or another shareholder of the Company's KMP as their proxy should carefully read the accompanying notes relating to proxies, which among other matters, details the treatment of undirected proxies.

By Order of the Board  
**G.W. Street**  
Company Secretary  
25 September 2019

# EXPLANATORY NOTES

## Ordinary Business

### Item 2 - Adoption of Remuneration Report

In accordance with the requirements of the *Corporations Act 2001 (Cth)* (the "Act") the Board submits its Remuneration Report for the financial year ended 30 June 2019 to shareholders for consideration and adoption.

The Remuneration Report is included in the Directors' Report contained in the 2019 Annual Report.

As provided for in the Act, the vote on this resolution is advisory only and does not bind the directors or the Company. The Board will, however, take the outcome of the vote into consideration when reviewing remuneration practices and policies.

A reasonable opportunity will be provided to ask questions about, or to make comments on, the Remuneration Report at the meeting.

The directors recommend that shareholders vote in favour of the resolution for the adoption of the Remuneration Report.

### Items 3 and 4 – Re-Election of Director

Shareholder approval is sought for the re-election of Mr Poole and Mr B Wilson who retire by rotation in accordance with the Company's Constitution and, being eligible, offer themselves for re-election as a Director of the Company.

#### Item 3 - Election of Mr. Timothy M. Poole

Name: Mr. Timothy M. Poole

Position: Non-Executive Director

Experience: Appointed to the board in July 2016. Mr. Poole began his career at Price Waterhouse before moving to Hastings Funds Management where he worked from 1995 to 2007 and became Managing Director in 2005. Mr. Poole is currently non-executive Chairman of Aurizon Holdings Limited and McMillan Shakespeare Limited. He was formerly the non-executive Chairman of Lifestyles Communities Limited.

Mr. Poole holds a Bachelor of Commerce from the University of Melbourne.

The directors (excluding Mr T.M. Poole) recommend that shareholders vote in favour of this resolution.

#### Item 4 - Election of Mr. B.C. Wilson

Name: Mr Bruce C. Wilson

Position: Non-Executive Director

Experience: Appointed to the board in September 2016. Mr. Bruce C. Wilson replaced his father John Wilson who retired from the Board in September 2016. Mr. Bruce C. Wilson manages Wilson Sheet Metals which is a manufacturer of roof guttering, downpipes, flashing and accessories. Mr. Bruce C. Wilson holds a Bachelor of Commerce from La Trobe University.

The directors (excluding Mr B.C. Wilson) recommend that shareholders vote in favour of this resolution.

### Item 5 – Adoption of Company's LTI Plan

#### 5.1 General

The Company is seeking approval of the LTI Plan for the purposes of Exception 9(b) of ASX Listing Rule 7.2.

Under the proposed LTI Plan the Company could reward and incentivise employees, executive Directors and contractors and consultants (but not non-executive directors) by offering them:

- options, which are a right, upon satisfaction or waiver of the relevant vesting conditions and exercise conditions and, if required by the Company, the exercise of that right, entitles the holder to receive one ordinary share in the Company ("Option");

- performance rights, which are a conditional right which, upon satisfaction or waiver of the relevant vesting conditions and exercise conditions and the exercise of that right, entitles the holder to receive one ordinary share in the Company (“Performance Right”); and/or
- fully paid ordinary shares in the Company.

A summary of the terms of the LTI Plan is set out in Schedule 1.

While Mr Alan Wilson is eligible to participate in the LTI Plan, it is not the Company’s current intention to make offers to him under that plan.

## 5.2 Regulatory Requirements – ASX Listing Rules

Exception 9(b) of ASX Listing Rule 7.2 is an exception to ASX Listing Rule 7.1. That exception provides that an issue of securities under an employee incentive scheme does not count towards the Company’s rolling annual 15% limit on new issue of securities prescribed by ASX Listing Rule 7.1 if, within three years of the issue date, the issue of securities has been approved by shareholders.

In accordance with Exception 9(b) of ASX Listing Rule 7.2, the Company provides the following information:

- a summary of the terms of the LTI Plan is set out in Schedule 1;
- no securities have yet been issued under the LTI Plan; and
- details of the voting exclusion which applies to this resolution can be found earlier in the Notice of Meeting.

## 5.3 Regulatory Requirements – Chapter 2D.2 of the Corporations Act

Under Chapter 2D.2 of the Corporations Act, a company may only give a person a benefit in connection with ceasing to hold a managerial or executive office in the company or a related body corporate if the giving of the benefit is approved by shareholders or a statutory exemption applies.

The term “benefit” has wide operation and could include early vesting of Awards or Shares under the LTI Plan.

The Company is therefore seeking Shareholder approval for the exercise of the Board’s discretion in respect of any future participant in the LTI Plan. The approval, if obtained, is intended to facilitate the Board’s discretion to determine termination benefits (if any) that may be awarded and, does not of itself, guarantee that any person will receive such termination benefits.

The value of any benefit relating to Awards and/or Shares granted under the LTI Plan that may be given to a person in connection with ceasing to hold a managerial or executive office cannot be presently ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- the date when, and the circumstances in which the person ceases employment or office;
- the number of Awards and/or Shares held by the person prior to cessation of employment or office;
- the number of Awards and/or Shares that vest (which could be all of the Awards and/or Shares held by the person); and
- the market price of the Company’s shares on the Australian Stock Exchange (“ASX”) on the date of vesting.

## 5.4 Directors recommendation

The Board (other than Peter Wilson and Alan Wilson who are eligible participants in the LTI Plan) recommend shareholders vote in favour of Resolution 5.

The Chairman intends to vote all available undirected proxies in favour of this resolution.

A voting exclusion applies to this resolution and can be found earlier in the Notice of Meeting

## Item 6 – Approval for the grant of equity to the Managing Director and Chief Executive Officer

### 6.1 General

The Company is seeking approval under ASX Listing Rule 10.14, and for all other purposes, for the proposed offer of Options under the LTI Plan to Mr Peter Wilson, Chief Executive Officer and Managing Director of the Company, on the terms set out below.

The maximum number of Options that may be granted to Mr. Peter Wilson is calculated by dividing \$1,278,000 (being 60% of Mr Peter Wilson's fixed remuneration) by the "Allocation Value" of the Options. The "Allocation Value" of the Options will be determined using a conventional Black Scholes Model (BSM). The BSM is accepted by AASB2: Share-based Payment for instruments subject to non-market hurdles (as defined by AASB2). The share price used as an input into the BSM will be the volume weighted average price of the shares over the 10 trading days prior to the date of grant of the Options

The Board considers it highly desirable for shareholders that Mr. Peter Wilson as Managing Director and Chief Executive Officer is directly aligned to shareholders through the grant of Awards under the LTI Plan. The Board believes that part of the rewards for Mr. Peter Wilson's services to the Company should be performance-based and at risk and should involve equity interests in the Company. This approach is consistent with best practice in executive remuneration and corporate governance. In structuring the terms of the long-term incentives to Mr. Peter Wilson, the Board has considered market practice among comparable companies listed on the ASX.

### 6.2 Overview of the proposed grant to Mr. Peter Wilson

The proposed grant of Options to Mr. Peter Wilson will be pursuant to the terms of the LTI Plan which are summarised in Schedule 1, and also subject to the specific terms set out below.

Nature of Award	<ul style="list-style-type: none"> <li>• The Awards proposed to be offered to Mr. Peter Wilson are Options.</li> <li>• Each Option constitutes a right to receive, subject to the terms and conditions of the LTI Plan, one Share.</li> <li>• A validly exercised Option may be fulfilled by the Company either issuing, allocating or causing a Share to be transferred to Mr. Peter Wilson, or the Board may determine to settle the Option with a cash equivalent amount.</li> </ul>								
Vesting Conditions	<ul style="list-style-type: none"> <li>• The Options will vest:               <ul style="list-style-type: none"> <li>○ subject to the satisfaction of an earnings per share ("EPS") performance condition relating to the compound annual growth rate ("CAGR") in the Company's EPS during the performance period of 1 July 2019 to 30 June 2024 ("Performance Period"); and</li> <li>○ provided that Mr. Peter Wilson remains continuously employed or engaged by a member of the Group at all times from the date of grant of the Options to the end of the Performance Period.</li> </ul> </li> <li>• EPS will be measured by reference to the Group's underlying net profit after tax for Performance Period (being the statutory net profit adjusted for the after tax effect of any significant items), divided by the weighted average number of Shares across the Performance Period. The Board may also adjust the EPS calculation from time to time to exclude the effects of extraordinary events, material business acquisitions or divestments for certain one-off costs.</li> <li>• The EPS will be calculated by reference to the audited annual consolidated accounts at the start and end of the Performance Period.</li> <li>• The number of Options which vest will be determined in accordance with the below table.</li> </ul> <table border="1" data-bbox="509 1809 1398 2049"> <thead> <tr> <th data-bbox="512 1809 954 1883">EPS CAGR for the Performance Period</th> <th data-bbox="962 1809 1394 1883">Level of vesting</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 1888 954 1935">EPS CAGR <math>\geq</math> 10%</td> <td data-bbox="962 1888 1394 1935">100%</td> </tr> <tr> <td data-bbox="512 1939 954 2013">5% <math>\leq</math> EPS CAGR <math>\leq</math> 10%</td> <td data-bbox="962 1939 1394 2013">Pro rata vesting on a straight line basis between 50% to 100%</td> </tr> <tr> <td data-bbox="512 2018 954 2049">EPS CAGR &lt; 5%</td> <td data-bbox="962 2018 1394 2049">Nil</td> </tr> </tbody> </table>	EPS CAGR for the Performance Period	Level of vesting	EPS CAGR $\geq$ 10%	100%	5% $\leq$ EPS CAGR $\leq$ 10%	Pro rata vesting on a straight line basis between 50% to 100%	EPS CAGR < 5%	Nil
EPS CAGR for the Performance Period	Level of vesting								
EPS CAGR $\geq$ 10%	100%								
5% $\leq$ EPS CAGR $\leq$ 10%	Pro rata vesting on a straight line basis between 50% to 100%								
EPS CAGR < 5%	Nil								

Exercise Conditions	<ul style="list-style-type: none"> <li>An Option may be exercised between the second anniversary of the date it vested and the expiry date of the Option.</li> </ul>
Dividend Equivalent Payment	<ul style="list-style-type: none"> <li>Upon exercise of an Option Mr. Peter Wilson will be entitled to receive a dividend equivalent payment ("Dividend Equivalent Payment").</li> <li>The Dividend Equivalent Payment will be equal to the aggregate amount of dividends that would have been payable to Mr. Peter Wilson had he held a Share between date of grant and exercise date of the Option (grossed up to account for the value of any franking credits and tax offsets that Mr. Peter Wilson would have otherwise received on the dividends paid, and to adjust for the time value of money for the period between payment of the dividend to shareholders and payment of the Dividend Equivalent Payment to Mr. Peter Wilson).</li> <li>The Dividend Equivalent Payment will be paid to Mr. Peter Wilson on, or as soon as practicable following, the date the Option is exercised.</li> </ul>

### 6.3 Regulatory Requirements – ASX Listing Rules

ASX Listing Rule 10.14 requires a listed company to obtain shareholder approval for the acquisition of securities under an employee incentive scheme by specified persons, which includes a director of the company.

ASX Listing Rule 10.15B states that ASX Listing Rule 10.14 does not apply to securities purchased on-market by or on behalf of directors under an employee incentive scheme where the terms of the scheme permit such purchases.

The LTI Plan provides that Shares to be delivered upon the exercise of Awards may be satisfied by the issue of new shares or the acquisition of shares (whether on-market or off-market). Whilst the Company intends to fulfil exercised Awards via the acquisition of shares on market, Resolution 6 is being put to shareholders to preserve the flexibility for the Company to also fulfil exercised Awards via the issue of new shares.

In addition, in accordance with ASX Listing Rule 10.15, the following information is provided to shareholders in relation to this resolution.

Information relating to the offer of Options to Mr. Peter Wilson	
Number of securities	The maximum number of Options that may be granted to Mr. Peter Wilson is to be calculated in accordance with the formula set out in section 6.1 above.
Price of securities	The Options will be granted for no consideration.  The exercise price for each Option is the VWAP of the Shares over the 10 trading days prior to the relevant grant date of the Options.
Securities granted under the LTI Plan since the last approval	No securities have previously been issued under the LTI Plan.
Eligible participants	Presently Mr Peter Wilson and Mr Alan Wilson are the only Directors of the Company (including associates of the Directors) entitled to participate in the LTI Plan.
Voting exclusion statement	Details of the voting exclusion which applies to this Resolution can be found earlier in the Notice of Meeting.
Loans to acquire securities	Not applicable
Issue of Options	If Resolution 5 and 6 are approved, the Company intends to grant the Options to Mr. Peter Wilson as soon as practicable after the date of this AGM and in any event no later than 12 months after the date of the AGM.

If approval is given for the abovementioned issue of the Options to Mr. Peter Wilson under ASX Listing Rule 10.14, further approval is not required (and will not be sought) under ASX Listing Rule 7.1 for this issue of the Options or any resulting underlying Shares.



## 6.4 Regulatory Requirements – Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions apply.

A “financial benefit” is defined in the Corporations Act in broad terms and includes the grant of equity incentives by a public company.

Under the Corporations Act, a director of a company is a related party of that company. As Mr. Peter Wilson is a recipient under the LTI Plan and a Director, financial benefits will be given by the Company when the Option are granted to Mr. Peter Wilson.

Section 211 of the Corporations Act provides an exception to the prohibition in section 208 of the Corporations Act where the financial benefit is given to a related party as an officer of the Company and to give the remuneration would be reasonable given the circumstances of the Company and the related party’s circumstances (including the responsibilities involved in the office or employment) (“Reasonable Remuneration Exemption”).

It is the view of the Directors that the proposed grant of Options to Mr. Peter Wilson (as contemplated in Item 6) falls within the Reasonable Remuneration Exemption given the circumstances of the Company and the position held by Mr. Peter Wilson.

Accordingly, the Directors have determined not to seek Shareholder approval for the purposes of section 208 of the Corporations Act for the grants of the options contemplated by this resolution.

## 6.5 Director’s recommendation

The Board (other than Mr Peter Wilson) recommend shareholders vote in favour of this resolution.

The Chairman intends to vote all available undirected proxies in favour of this resolution.

A voting exclusion applies to this resolution and can be found earlier in the Notice of Meeting.

## Notes relating to proxies

1. The Company has determined that, for the purposes of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register at **7.00pm (AEDT)** on Monday **28 October 2019**.
2. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be shareholders of the Company) to attend and vote in the shareholder's place. Where a shareholder appoints more than one representative, proxy or attorney, those appointees are entitled to vote on a poll but not on a show of hands.
3. A shareholder who appoints two proxies may specify a proportion or number of the shareholder's votes each proxy is appointed to exercise. A single proxy exercises all the shareholder's votes.
4. Proxy forms may be delivered in person, by mail or by fax to the Share Registry's office as follows:

**In person:** Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford  
Victoria, 3067, Australia

**By mail:** Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria, 3001, Australia

**By fax:** 1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

5. Proxy forms may also be **lodged online** by visiting [www.investorvote.com.au](http://www.investorvote.com.au)
6. **Custodians may lodge** their proxy forms online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com)
7. For all enquiries call: 1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

**TO BE EFFECTIVE PROXY FORMS MUST BE RECEIVED BY 2.00PM (AEDT) ON MONDAY 28 OCTOBER 2019.**

For shareholders who have not elected to receive a hard copy of the Company's 2019 Annual Report, a copy can be viewed or downloaded from the Company's website at the following address: [www.reecegroup.com.au](http://www.reecegroup.com.au)

## Schedule 1 – Summary of the LTI Plan

Summary of the LTI Plan	
<b>Approval</b>	<ul style="list-style-type: none"> <li>The LTI Plan was approved by the Board on 28 August 2019.</li> </ul>
<b>Types of securities</b>	<ul style="list-style-type: none"> <li>The LTI Plan provides flexibility for the Company to grant options or performance rights (each an “Award”) and/or loan funded Shares (“Loan Shares”). <ul style="list-style-type: none"> <li>An Award is an entitlement to receive a Share upon satisfaction of the applicable vesting or exercise conditions, the exercise of the Award (if applicable) and the payment of an exercise price (if applicable).</li> <li>A Loan Share is a share whose acquisition has been fully or partly funded by a member of the Group through a limited recourse loan (“Loan”). Typically, the Loan is interest free and the acquisition price is the prevailing market price of Shares at the time of grant.</li> </ul> </li> </ul>
<b>Restriction on the size of the LTI Plan</b>	<ul style="list-style-type: none"> <li>The LTI Plan restricts the Company being able to grant Awards and Loan Shares if: <ul style="list-style-type: none"> <li>the number of Shares that had previously been issued under the LTI Plan; and</li> <li>the number of Shares that would be issued where all outstanding Awards granted under the LTI Plan at the relevant time to result in the issue of Shares, would exceed 10% of the entire issued share capital of the Company at the relevant time.</li> </ul> </li> </ul>
<b>Grants and eligibility</b>	<ul style="list-style-type: none"> <li>Awards and/or Loan Shares may be granted under the LTI Plan to eligible participants from time to time in the absolute discretion of the Board.</li> <li>Eligible participants will include employees, executive directors and contractors to the Company and its subsidiaries, as selected by the Board from time to time. Non-executive directors have been specifically excluded as eligible participants. The Company expects, but is not obliged, to make offers in accordance with the requirements of ASIC 14/1000.</li> <li>If the Board permits, participants will be able to nominate another party (“Nominated Affiliate”) to receive their grant of Awards and/or Loan Shares under the LTI Plan.</li> </ul>
<b>Issue price</b>	<ul style="list-style-type: none"> <li>No payment is required for a grant of Awards unless the Board determines otherwise.</li> <li>Payment will be required for a grant of Loan Shares and some or all of that payment will be lent to the relevant participant through a Loan.</li> </ul>
<b>Terms and conditions</b>	<ul style="list-style-type: none"> <li>The Board has the absolute discretion to determine the terms and conditions (including in relation to vesting, exercise, forfeiture, disposal and pricing) on which it will make offers under the LTI Plan and it may set different terms and conditions for different participants in the LTI Plan.</li> </ul>
<b>Voting &amp; dividend rights</b>	<ul style="list-style-type: none"> <li>Awards will not carry any voting or dividend rights and participants will not, by virtue of holding an Award, be entitled to participate in a rights issue undertaken by the Company.</li> <li>Notwithstanding the above, the Board has the discretion to determine that a participant be entitled to receive dividend equivalent payments. It is intended that dividend equivalent payments will only accrue in respect of vested Awards and only be paid upon exercise of those Awards. The dividend equivalent payment will reflect the amount of dividends that would have been payable to a participant had he/she held a Share between the relevant date of grant of the underlying Award and when that Award has been exercised (grossed up franking credits and tax offsets).</li> </ul>

	<ul style="list-style-type: none"> <li>The Company may, but is not obliged to, require participants that have received Loan Shares and have an outstanding Loan to apply the after-tax value of any dividends and other cash distributions towards the repayment of the Loan.</li> </ul>
<b>Issue, allocation or acquisition of Shares</b>	<ul style="list-style-type: none"> <li>Shares to be delivered to participants upon the exercise of vested Awards or the grant of Loan Shares may be issued by the Company, acquired on or off market and transferred, and/or allocated within an employee share trust.</li> <li>The Company may, but is not obliged to, limit the manner in which it delivers Shares to a participant that has exercised an Award or accepted a grant of Loan Shares. For example, to obtain the benefit of Listing Rule 10.15B, the Company may limit itself to only sourcing Shares from on-market to fulfil particular vested Awards and/or Loan Shares.</li> </ul>
<b>Quotation</b>	<ul style="list-style-type: none"> <li>Awards will not be quoted on ASX.</li> <li>The Company will apply in accordance with the Listing Rules for official quotation of any Shares issued to a participant under the LTI Plan.</li> </ul>
<b>Change of Control Event</b>	<ul style="list-style-type: none"> <li>If a Change of Control Event in relation to the Company occurs or is likely to occur (as determined by the Board), the Board may in its absolute discretion determine the manner in which any or all of a participant's unvested Awards or unvested Loan Shares will be dealt with, and may (in limited circumstances) determine a participant's vested but unexercised Awards be cancelled for market value.</li> <li>If, as a result of a Change of Control Event, the Company has or will become a wholly owned subsidiary of another entity listed on an internationally recognised stock exchange, the Board may (but is not obliged to) determine that any or all of a participant's unvested Awards, and (in limited circumstances) a participant's vested but unexercised Awards, be exchanged for awards issued by the new head company with equivalent value (and so far as if legally practicable) the same rights.</li> <li>A Change of Control Event includes, without limitation, any of the following events provided it occurs after the commencement of the LTI Plan: <ul style="list-style-type: none"> <li>where a person and their associates become the owner or the holder of a relevant interest in more than 50% of the issued share capital of the Company;</li> <li>where a takeover bid is made, the takeover bid becomes unconditional and the bidder (together with its associates) then has a relevant interest in more than 50% of the issued capital of the Company;</li> <li>a resolution is passed for the voluntary winding-up of the Company or an order is made for the compulsory winding up of the Company; or</li> <li>any other event determined by the Board in good faith to constitute a "Change of Control Event" for the purposes of the LTI Plan,</li> </ul> but does not include either of the following: <ul style="list-style-type: none"> <li>any internal reorganisation of the structure, business and/or assets of the Company's group; and</li> <li>a holder of a relevant interest in more than 50% of the issued capital of the Company (whether held alone or together with their associates) continuing to hold such a relevant interest.</li> </ul> </li> </ul>
<b>Employee Share Trust</b>	<ul style="list-style-type: none"> <li>The Company may operate an employee share trust in conjunction with the LTI Plan. Participants that have Shares held in an employee share trust on an allocated basis are entitled to dividends paid on those Shares and to instruct the trustee how to exercise votes attaching to those Shares.</li> </ul>

<p><b>No transfer and no hedging</b></p>	<ul style="list-style-type: none"> <li>• Subject to applicable laws and the Listing Rules, without the prior approval of the Board: <ul style="list-style-type: none"> <li>○ Awards may not be sold, assigned, transferred, encumbered or otherwise dealt with other than in accordance with the Rules and the relevant Invitation; and</li> <li>○ participants may not enter into any arrangement which hedges or otherwise affects the participant's economic exposure to the Awards and/or the Loan Shares granted to them under the LTI Plan.</li> </ul> </li> </ul>
<p><b>Other terms</b></p>	<ul style="list-style-type: none"> <li>• The LTI Plan contains customary and usual terms having regard to Australian law and the Listing Rules for dealing with the administration, variation and termination of the LTI Plan (including in relation to the treatment of Awards in the event of a reorganisation of the Company's share capital structure or a bonus share issue).</li> </ul>

<b>Terms and conditions specific to Awards</b>	
<b>Vesting &amp; Exercise of Awards</b>	<ul style="list-style-type: none"> <li>• Awards will vest if and to the extent that any applicable performance, service and other vesting conditions specified at the time of the grant (collectively the “Vesting Conditions”) are satisfied or waived and the Company has given the participant a vesting notice.</li> <li>• Awards will be exercisable if and to the extent that any applicable exercise conditions specified at the time of the grant (collectively the “Exercise Conditions”) are satisfied or waived and the Company has given the participant a confirmation notice. If no Exercise Conditions apply to a grant of Awards, a vesting notice will be deemed to also be a confirmation notice.</li> </ul>
<b>Equity or cash settlement</b>	<ul style="list-style-type: none"> <li>• The LTI Plan has the flexibility for Awards to be settled in either Shares or cash. Cash settlement will only be available if the Company sets out in the terms and conditions of an invitation to participate in the LTI Plan that cash settlement is available.</li> </ul>
<b>Exercise price</b>	<ul style="list-style-type: none"> <li>• As a condition of the grant of Awards, the Board may require a participant to pay an exercise price to exercise those Awards.</li> </ul>
<b>Expiry Date</b>	<ul style="list-style-type: none"> <li>• Awards will be issued with an expiry date. If no date is specified, the expiry date will be the Business Day prior to the 15-year anniversary of the date of grant.</li> </ul>
<b>Lapse / forfeiture of Awards</b>	<ul style="list-style-type: none"> <li>• The LTI Plan contains provisions concerning the treatment of Awards and any Shares issued, allocated or transferred following the exercise of Awards, including without limitation in the event that: <ul style="list-style-type: none"> <li>○ a participant ceases employment or engagement with the Company or a subsidiary;</li> <li>○ the Vesting Conditions or Exercise Conditions attaching to the relevant Awards are not satisfied or the Board forms the view they cannot be satisfied;</li> <li>○ a participant acts fraudulently, dishonestly or materially breaches the obligations that they owe to the Company and its subsidiaries;</li> <li>○ a participant becomes insolvent;</li> <li>○ a participant materially breaches (without remedy) the obligations it owes the Company in respect of the LTI Plan; and</li> <li>○ the Awards are not exercised before the applicable expiry date.</li> </ul> </li> </ul>


<b>Terms and conditions specific to Loan Shares</b>	
<b>Loan</b>	<ul style="list-style-type: none"> <li>• The Company (or a subsidiary) will provide a Loan to the participants to fund some or all of the acquisition price for the Loan Shares.</li> <li>• Typically, the acquisition price for Loan Shares is the prevailing market price of Shares at the time of grant. The methodology for calculating the prevailing market price for Shares will be specified in the relevant invitation letter and the Company expects, but is not obliged, to use a volume weighted average Share price for a period prior to the grant date of the relevant Loan Shares that is considered appropriate by the Board.</li> <li>• The recourse of the relevant lending entity will typically be limited to the Loan Shares themselves and, where required by the Company, the after-tax value of any dividends and other cash distributions on those Loan Shares.</li> <li>• The Company may advance the Loan on interest-bearing terms, however typically the Loan will be interest free.</li> </ul>
<b>Repayment obligations</b>	<ul style="list-style-type: none"> <li>• The terms of a Loan will be set out in an agreement (“Loan Agreement”) provided to and signed by Participants in connection with their grant of Loan Shares. Each Loan Agreement will typically specify that the Loan will be repayable on the earlier of the following: <ul style="list-style-type: none"> <li>○ the date that the participant is required to compulsorily divest their Loan Shares in accordance with the rules of the LTI Plan;</li> <li>○ the date that the participant otherwise disposes or attempts to dispose of their Loan Shares;</li> <li>○ the occurrence of a Change of Control Event which results in a disposal of the Loan Shares; and</li> <li>○ the 10th anniversary of the date of grant of the Loan Shares.</li> </ul> </li> <li>• Loan Agreements also typically provide that: <ul style="list-style-type: none"> <li>○ in some circumstances, repayment of the Loan may be deferred – for example, where the participant does not receive all of the proceeds of sale from an authorised sale of Loan Shares; and</li> <li>○ Participants may make a voluntary repayment of all or any part of the Loan at any time.</li> </ul> </li> </ul>
<b>Compulsory divestiture</b>	<ul style="list-style-type: none"> <li>• The LTI Plan contains provisions concerning the treatment of Loan Shares (including that they may be compulsorily divested), including in the event that: <ul style="list-style-type: none"> <li>○ a participant ceases employment or engagement with the Company or a subsidiary; or</li> <li>○ the Vesting Conditions attaching to the Loan Shares are not satisfied or the Board forms the view they cannot be satisfied; or</li> <li>○ a participant acts fraudulently, dishonestly or wilfully breaches the obligations that they owe to the Company and its subsidiaries; or</li> <li>○ a participant becomes insolvent; or</li> <li>○ a participant materially breaches (without remedy) the obligations it owes the Company in respect of the LTI Plan; or</li> <li>○ a participant fails to repay the Loan in accordance with the terms of Loan; or</li> <li>○ if a Nominated Affiliate holds the Loan Shares, there is an unauthorised change of control in that Nominated Affiliate.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>• If Loan Shares are to be compulsorily divested, they will be compulsorily divested for an amount equal to that part of the loan balance attributable to the divested Loan Shares. Accordingly, after repayment of the loan, the participant will generally not receive any proceeds from such divestiture. The Board retains a discretion to pay higher consideration for Loan Shares that are subject to compulsory divestiture.</li></ul>
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REH  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?

 **Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2.00pm (AEDT) Monday 28 October 2019**.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

### ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Use your computer or smartphone to appoint your proxy and vote at [www.investorvote.com.au](http://www.investorvote.com.au) or scan your personalised QR code below using your smartphone.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I999999999**  
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Reece Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Reece Limited to be held at the Mayfair Ballroom, Grand Hyatt Melbourne, 123 Collins Street, Melbourne, Victoria on Wednesday 30 October 2019 at 2.00pm (AEDT) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 5 and 6 (except where I/we have indicated a different voting intention in step 2) even though Items 2, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 5 and 6 by marking the appropriate box in step 2.

## Step 2 Items of Business

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

	For	Against	Abstain
Item 2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of Director - Mr Timothy M. Poole	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-election of Director - Mr Bruce C. Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Adoption of the Company's Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Approval for the grant of equity to the Managing Director and Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address  By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

