

Notice of Annual General Meeting

The Annual General Meeting of GWA Group Limited ABN 15 055 964 380 will be held in The Conference Room, Emporium Hotel, 1000 Ann Street, Fortitude Valley on Friday 30 October 2015 commencing at 10:30 am (Brisbane time).

ORDINARY BUSINESS

Accounts

To receive and consider the Company's Financial Statements for the financial year ended 30 June 2015 together with the statement and report by the directors and the report by the auditor in relation thereto.

Re-election of Directors

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

1. That Mr Bill Bartlett, who retires as a director of the Company in accordance with clause 10.3 of the Company's Constitution, be re-elected as a director of the Company.
2. That Mr Richard Thornton, who retires as a director of the Company in accordance with clause 10.3 of the Company's Constitution, be re-elected as a director of the Company.

Adoption of Remuneration Report

To consider the Remuneration Report as it appears in the Directors' Report for the year ended 30 June 2015, and if thought fit to pass, the following non-binding advisory resolution as an ordinary resolution in accordance with section 250R of the *Corporations Act*:

3. That the Remuneration Report for the year ended 30 June 2015 be adopted.

Note: The Company will disregard any votes cast on Resolution 3:

- by or on behalf of key management personnel (including directors) whose remuneration is included in the Remuneration Report (together **KMP**) and each closely related party of such person. However, the Company need not disregard a vote if it is cast by such a person or by such a closely related party as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with an express authority on the proxy form to vote as the proxy decides, even if the resolution is connected directly or indirectly with the remuneration of a KMP; or
- by the key management personnel whose remuneration is not included in the Remuneration Report (together **KMP**) and each closely related party of a KMP as proxy. However, the Company need not disregard a vote if it is cast by such a person or by such a closely related party as proxy in accordance with the directions on the proxy form, or if it is cast by a person who is chairing the meeting as proxy in accordance with an express authority on the proxy form to vote as the proxy decides, even if the resolution is connected directly or indirectly with the remuneration of a KMP.
- If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the *Corporations Act*.

SPECIAL BUSINESS

Approval of grant of Performance Rights to Executive Director under the Long Term Incentive Plan

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

4. That for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the grant of up to 65,000 Performance Rights (incorporating the right to acquire shares in the Company) to the Executive Director, Mr Richard Thornton, on the terms set out in the accompanying Explanatory Memorandum and under the GWA Group Limited Long Term Incentive Plan (**LTIP**) which is constituted and administered in accordance with the Rules of the LTIP.

Note: The Company will disregard any votes cast on Resolution 4 by any director (except one who is ineligible to participate in any employee incentive scheme of the Company) and any associates of such a director (together **Excluded Persons**). The Company will also disregard any votes cast on Resolution 4 by any key management personnel (including directors) (together **KMP**) and each closely related party of a KMP as proxy. However, the Company need not disregard a vote if it is cast by an Excluded Person, a KMP or a closely related party of a KMP as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with an express authority on the proxy form to vote as the proxy decides, even if the resolution is connected directly or indirectly with the remuneration of a KMP.

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the *Corporations Act*.

EXPLANATORY MEMORANDUM

Accompanying this notice is an Explanatory Memorandum that provides shareholders with background information and further details on the resolutions to be considered at the meeting.

The information provided is intended to assist shareholders in understanding the reasons for and the effect of the resolutions, if passed. Information is also presented in accordance with the requirements of the *Corporations Act* and the Listing Rules. Terms defined in the Explanatory Memorandum and used in this notice bear the same meaning as in the Explanatory Memorandum.

VOTING ENTITLEMENTS

The Board has determined that the entitlement of any person to vote at the meeting will be that person's entitlement as set out in the Company's Register of Members as at 7:00 pm (Brisbane time) on Wednesday 28 October 2015.

Notice of Annual General Meeting Cont.

VOTING BY PROXY

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies. A proxy need not be a member of the Company. A shareholder may appoint an individual or body corporate to act as its proxy. If a body corporate is appointed as proxy, the body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the *Corporations Act* to exercise its powers as proxy at the meeting. If two proxies are appointed, the appointment may specify the proportion or number of votes that the proxy may exercise. Otherwise, each proxy may exercise half the votes.

A proxy form accompanies this notice of meeting.

To be valid, the proxy form (together with the original or a certified copy of any power of attorney under which the proxy form is signed) must be received:

- at the Company's share registry – Computershare Investor Services Pty Limited, GPO Box 242 Melbourne Victoria 3001
- by Facsimile – (Within Australia) – 1800 783 447 (Outside Australia) – +61 3 9473 2555

Alternatively, you can submit your proxy online at www.investorvote.com.au quoting the 6 digit control number on the proxy form, or scan the QR code with your mobile device located on the front of the proxy form. Intermediary online subscribers (Custodians) can lodge a proxy online by visiting www.intermediaryonline.com.

A proxy form must be received by 10:30 am (Brisbane time) on Wednesday 28 October 2015, being not less than 48 hours before the time for holding the meeting.

By Order of the Board

Richard J Thornton

Executive Director and Company Secretary

9 September 2015

EXPLANATORY MEMORANDUM

In this Explanatory Memorandum, the following terms have the following meanings:

“Company” means GWA Group Limited ABN 15 055 964 380

“director” means a director of the Company

“Constitution” means the Constitution of the Company

“*Corporations Act*” means the *Corporations Act 2001* (Cth)

“Listing Rules” means the Listing Rules of ASX Limited

ACCOUNTS

As required by section 317 of the *Corporations Act*, the Financial Statements for the financial year ended 30 June 2015 together with the statement and report by the directors and the report by the auditor will be laid before the meeting. Members will be provided with the opportunity to ask questions about the reports. However, there will be no formal resolution put to the meeting about the reports.

ORDINARY RESOLUTIONS

Resolutions 1 to 4 (inclusive) are ordinary resolutions and will require the support of more than 50% of the votes cast at the meeting by members entitled to vote in order that they be passed.

RESOLUTIONS 1 AND 2 – RE-ELECTION OF DIRECTORS

The Company's Constitution provides for the retirement of one-third of the directors from office at each Annual General Meeting. The directors who are to retire is determined according to the length of time each director has spent in office, with the director having spent the longest time in office retiring. By virtue of the Company's Constitution, Mr Bill Bartlett and Mr Richard Thornton are retiring by rotation at this Annual General Meeting and, being eligible, offer themselves for re-election as directors.

Profiles of Messrs Bartlett and Thornton are outlined below:

Bill Bartlett FCA, CPA, FCMA, CA (SA) Independent Non-Executive Director

- Expertise: Chartered Accountant, actuarial, insurance and financial services
- Special Responsibilities: Chairman of Remuneration and Audit and Risk Committees and member of Nomination Committee

Mr Bartlett was appointed a Non-Executive Director of GWA Group Limited in 2007. He is a Fellow of the Institute of Chartered Accountants and was a partner at Ernst & Young in Australia for 23 years, retiring on 30 June 2003. He is a Non-Executive Director of Suncorp Group Limited, Abacus Property Group and Reinsurance Group of America Inc (NYSE). He is Chairman of the Cerebral Palsy Council of Governors and former director and honorary treasurer of the Bradman Museum and Foundation.

The Board considers Mr Bartlett to be independent.

R J Thornton CA BCom LLB (Hons) LLM Executive Director and Company Secretary

- Expertise: Chartered Accountant, taxation and finance

Mr Thornton was appointed an Executive Director of GWA Group Limited in 2009. He joined GWA Group Limited in 2002 as Group Taxation Manager and Treasurer and was appointed Company Secretary in 2003. He is a Chartered Accountant and is experienced in accounting, taxation and finance through positions at Coopers & Lybrand, Citibank and Ernst & Young in Australia and overseas. Mr Thornton continued in his role as Company Secretary following his appointment as an Executive Director in 2009. He is a Non-Executive Director of Great Western Corporation Pty Ltd.

Recommendation

The Board (other than Messrs Bartlett and Thornton who are seeking re-election) recommends that you support the resolutions re-electing Messrs Bartlett and Thornton as directors of the Company.

Notice of Annual General Meeting Cont.

RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

This resolution is a requirement of section 250R of the *Corporations Act*.

Shareholders non-binding vote on the Remuneration Report

Section 250R of the *Corporations Act* requires that the Company's members vote on whether or not the Remuneration Report should be adopted. This vote is advisory only and the outcome will not be binding on the Board.

Prior to holding this vote, the Chairman will allow a reasonable opportunity for shareholders to ask questions or make comments about the Remuneration Report.

What is included in the Remuneration Report?

The Remuneration Report includes information on how Company directors and certain executives are remunerated. More specifically, the report includes disclosure of all elements of the remuneration received by the Company's directors and other key management personnel.

The report also includes a discussion of the Board's policy for determining executive remuneration and the relationship between the Board's policy for determining remuneration and the Company's performance.

In respect of executives whose remuneration is linked to performance conditions, the report contains:

1. a summary of the performance conditions that attach to each element of their remuneration; and
2. an explanation of the relative proportions of those elements of their remuneration that are linked to performance conditions and those elements of their remuneration that are not.

In respect of executives who are employed under a contract, the report sets out the length of the contract, the notice period for terminating the contract and the amount of any termination payments payable under the contract.

Recommendation

The Remuneration Report forms part of the Directors' Report, adopted in accordance with a unanimous resolution of the directors. Each of the directors recommends the Remuneration Report to shareholders for adoption.

RESOLUTION 4 – APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO EXECUTIVE DIRECTOR UNDER THE LONG TERM INCENTIVE PLAN

The Long Term Incentive Plan (**LTIP**) was approved by shareholders at the Annual General Meeting on 30 October 2008. Following shareholder feedback and advice from the Company's independent external remuneration adviser, Guerdon Associates, a number of important changes were made in 2014 to grants of Performance Rights under the LTIP. These changes apply to any grants of Performance Rights to the Executive Director under the LTIP. The changes are as follows:

- The Earnings Per Share (**EPS**) performance hurdle which applied to previous grants of Performance Rights under the LTIP has been replaced by an assessment of EPS growth relative to growth in dwelling completions. The Company

believes that growth in dwelling completions is a valid proxy for overall growth of the market for the Company's products because a strong historical correlation exists between the Company's EPS performance and dwelling completions. Assessing EPS growth against dwelling completions growth permits a fairer assessment of management performance relative to market opportunity; and

- The Total Shareholder Return (**TSR**) performance hurdle has been replaced by the Return of Funds Employed (**ROFE**) as the second LTIP performance measure. As a measure of capital efficiency, the use of ROFE, together with the modified EPS growth hurdle, permits a more complete assessment of management performance.

The Board is satisfied that measuring EPS growth relative to market growth (i.e. dwelling completions) provides a more robust benchmark for assessing relative performance than the relative TSR hurdle used in previous LTIP grants. The relative TSR peer group was comprised of companies exposed to different business cycles, with no prospect that enough ASX-listed competitors could be included to validly assess management performance. EPS growth more directly focuses on factors management can influence, so that results will be less likely to fluctuate with general market sentiment.

The Board is seeking shareholder approval by ordinary resolution to the grant of up to 65,000 Performance Rights under the LTIP to the Executive Director, Mr Richard Thornton, in accordance with the requirements of Listing Rule 10.14.

A Performance Right is the right to receive one share in the Company, at no exercise price, if and when all applicable vesting conditions are satisfied.

Mr Thornton is eligible to receive \$122,862 in value of Performance Rights under the LTIP which is 30% of his fixed remuneration for FY16, potentially vesting over the performance period from 1 July 2015 to 30 June 2018. Performance Rights which do not vest will lapse and will not be re-tested.

The actual number of Performance Rights to be granted to Mr Thornton (to a maximum of 65,000 Performance Rights) will be determined based on the volume weighted average price of shares in the Company calculated over the 20 trading days after the Company's Annual General Meeting on 30 October 2015.

For example, based on a closing share price of \$2.32 as at 7 August 2015, Mr Thornton would be eligible to be granted 52,957 Performance Rights. He will receive the Performance Rights at no cost to him.

Performance Rights will vest depending upon the Company meeting or exceeding its performance hurdles during the three year performance period from 1 July 2015 to 30 June 2018. Note that the EPS growth over this period will be measured on a lag basis against Australian Bureau of Statistics (**ABS**) dwelling completions statistics from 1 April 2015 to 31 March 2018. Research indicates that earnings growth correlations with dwelling completions on a lag basis is a robust method for fair performance assessment.

Notice of Annual General Meeting Cont.

The basis of the grant to Mr Thornton is as follows:

- 50% of the Performance Rights are subject to an EPS growth hurdle relative to dwelling completions growth; and
- 50% of the Performance Rights are subject to a ROFE hurdle.

The performance hurdles and vesting proportions for each measure that will apply to the grant of Performance Rights during FY16 year are as follows:

GWA Group Limited EPS compound annual growth rate (CAGR) relative to dwelling completions growth over three year performance period	Proportion of Performance Rights to Vest if EPS growth hurdle is met
EPS CAGR less than dwelling completions CAGR	0%
EPS CAGR exceeding dwelling completions CAGR	12.5%
EPS CAGR exceeding dwelling completions CAGR up to 6%	Straight line vesting between 12.5% and 50%
EPS CAGR equal to dwelling completions CAGR plus 6% or higher	50% (i.e. 50% of total grant)

GWA Group Limited ROFE over three year performance period	Proportion of Performance Rights to Vest if ROFE hurdle is met
ROFE less than 15% per annum	0%
ROFE equal to 15% per annum	12.5%
ROFE between 15% and 18% per annum	Straight line vesting between 12.5% and 50%
ROFE equal to 18% or higher per annum	50% (i.e. 50% of total grant)

The EPS hurdle is calculated as net profit after tax as set out in the Company's audited Financial Statements divided by the weighted average number of ordinary shares on issue. The Board has discretion to make reasonable adjustments to the EPS figure where it is unduly distorted by significant or abnormal events. The use of any discretion and the reasons for it will be disclosed.

The base year EPS for the year ended 30 June 2015 for the purpose of the grant to Mr Thornton under the LTIP is 14.8 cents per share. The Board has exercised its discretion to adjust the EPS figure to exclude the significant items and discontinued operations in FY15. This adjustment has the effect of increasing the base year EPS number from (5.3) cents to 14.8 cents and ensures the hurdle is reflective of underlying trading performance from continuing operations.

The dwelling completions number is obtained from the ABS and represents national moving annual total dwelling completions including conversions. The base year dwelling completions number for the year ended 31 March 2015 for the purposes of the grant to Mr Thornton under the LTIP is 181,964.

The ROFE hurdle is calculated as earnings before interest and tax (**EBIT**) divided by funds employed. Funds employed is calculated as net assets minus cash plus borrowings. The Board has discretion to make reasonable adjustments to the EBIT figure where it is unduly distorted by significant or abnormal events. The use of any discretion and the reasons for it will be disclosed.

Previously, 45,000 Performance Rights were granted to Mr Thornton on 25 February 2015 valued at \$2.72 per right, relating to the three year performance period 1 July 2014 to 30 June 2017. The grant was approved by shareholders at the Annual General Meeting on 24 October 2014. No amount was or is payable by Mr Thornton for these Performance Rights or for shares issued on exercise of these Performance Rights.

Mr Thornton is currently the only director eligible under the LTIP rules to be granted Performance Rights. No person who requires approval to participate in the LTIP under Listing Rule 10.14 will be granted Performance Rights unless and until a separate shareholder approval is obtained for the purposes of Listing Rule 10.14.

No loans will be granted to Mr Thornton in relation to his participation in the LTIP.

In accordance with the rules of the LTIP, Mr Thornton is prohibited from entering into hedging transactions or arrangements which reduce or limit the economic risk of holding unvested Performance Rights.

Further, Mr Thornton will be prohibited from selling or disposing of any shares issued on vesting of the Performance Rights until the fifteenth anniversary of the grant date, and the shares will be subject to a holding lock upon issue. There are limited circumstances where the LTIP permits the sale or disposal of shares during the restriction period including cessation of employment with the Company or where approval is granted by the Board in its discretion.

Details of any Performance Rights granted under the LTIP (and shares issued upon their exercise) will be published in the Company's Annual Report relating to the period in which they have been granted, together with a note that approval of the grant was obtained under Listing Rule 10.14.

Grant of Performance Rights to Mr Thornton will be made no later than 12 months after the date of this meeting. Any issue of shares to Mr Thornton under this approval will be made no later than 3 years after the date of this meeting.

Recommendation

The Board (other than Mr Thornton who is not entitled to vote) recommends that you support the resolution approving the grant of up to 65,000 Performance Rights to the Executive Director, Mr Richard Thornton, under the terms of the Long Term Incentive Plan. None of the directors (other than Mr Thornton) has an interest in the outcome of Resolution 4.



GWA
Group Limited

ABN 15 055 964 380



Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

┌ 000001 000 GWA
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

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

For your vote to be effective it must be received by 10:30am (Brisbane time) Wednesday 28 October 2015

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

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

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 GWA Group 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 GWA Group Limited to be held at in the Conference Room, Emporium Hotel, 1000 Ann Street, Fortitude Valley, on Friday 30 October 2015 commencing at 10:30am (Brisbane time) 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 **Resolutions 3 & 4** (except where I/we have indicated a different voting intention below) even though **Resolutions 3 & 4** 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 **Resolutions 3 & 4** by marking the appropriate box in step 2 below.

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.

Ordinary Business

		For	Against	Abstain
1	Re-election of Director - Mr Bill Barlett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director - Mr Richard Thornton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

4	Approval of grant of Performance Rights to Executive Director under the Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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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.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

GWA

999999A

Computershare +