

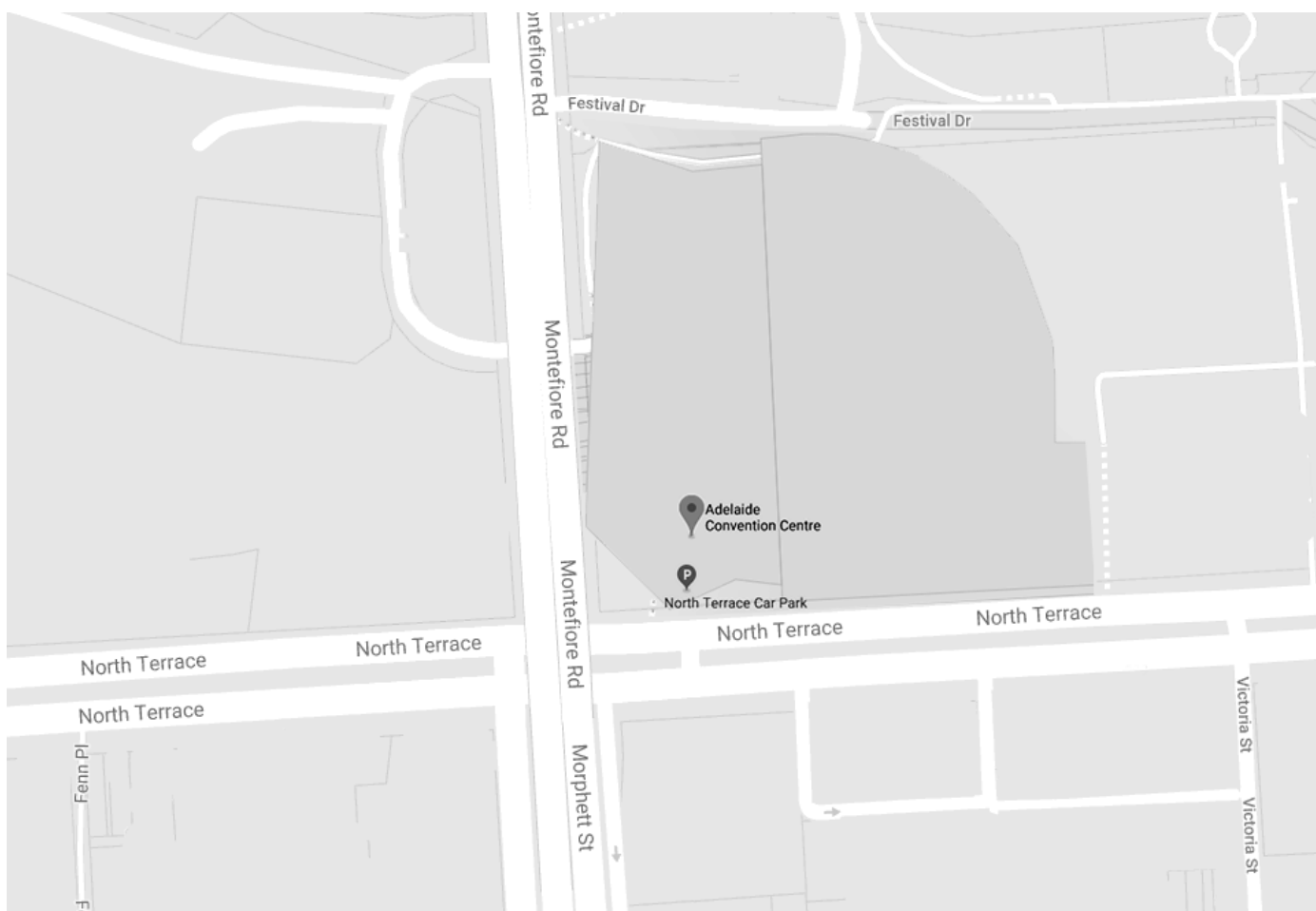


# NOTICE OF MEETING

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2019 Annual General Meeting  
Friday, 8 November 2019  
2:30pm (Adelaide time)

# Where it is



## Adelaide Convention Centre

Riverbank Rooms 2 & 3  
North Terrace, Adelaide  
South Australia 5000

# Letter from the Chairman

Dear Shareholder,

I am pleased to invite you to attend the 2019 Annual General Meeting (**AGM** or **meeting**) of Hills Limited (**Hills** or the **Company**).

The AGM will be held on Friday, 8 November 2019 at 2:30pm at:

Adelaide Convention Centre  
Riverbank Rooms 2 & 3  
North Terrace, Adelaide  
South Australia 5000

## Items of Business

The following pages contain details on the items of business that you have the opportunity to vote on, as well as explanatory notes and voting procedures.

At this year's AGM the following items will be voted on:

- the re-election of Ms Fiona Bennett as a Director of the Company;
- the re-election of Mr Ken Dwyer as a Director of the Company; and
- the proposed amendment of the Company's Constitution relating to the inclusion of proportional takeover provisions which are detailed in the enclosed Notice of Meeting.

You will also be asked to cast a non-binding vote in respect of the adoption of the Remuneration Report as set out in pages 17 to 28 of the 2019 Annual Report.

All resolutions are explained in more detail in the Notice of Meeting and Explanatory Notes.

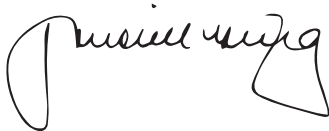
## Questions

We encourage you to submit questions for the Company (or the Company's external auditor) in advance of the AGM. We request that you use the enclosed question sheet to submit any questions that you would like answered at the 2019 AGM. Please return this question sheet in the reply paid envelope or email it to [info@hills.com.au](mailto:info@hills.com.au) by 2.30pm (Adelaide time) Friday, 1 November 2019.

If you are unable to attend the AGM in person, you may vote directly or appoint a proxy to act on your behalf. You may register voting instructions electronically at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or complete and return the enclosed voting form by facsimile or by using the reply paid envelope provided.

We look forward to welcoming you to the 2019 AGM.

Yours sincerely



**Jennifer Hill-Ling**

Chairman

# Notice of meeting

Notice is hereby given that the 62nd Annual General Meeting (**2019 AGM**) of shareholders (**Shareholders**) of Hills Limited (ABN 35 007 573 417) (**Hills** or the **Company**) will be held at the Adelaide Convention Centre, Riverbank Rooms 2 & 3, North Terrace, Adelaide SA 5000 on Friday, 8 November 2019, commencing at 2:30pm, to conduct the following items of business:

## ITEMS OF BUSINESS

### Ordinary Business

#### 1. Receipt of Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the Company for the financial year ended 30 June 2019.

#### 2. Re-election of Ms Fiona Bennett as a Director of the Company

Resolution 1: To consider and, if thought fit, pass the following as an ordinary resolution:

"That, Ms Fiona Bennett, being a Director of the Company who retires by rotation in accordance with Rule 10.3 of the Constitution and, being eligible for re-election, is re-elected as a Director of the Company".

#### 3. Re-election of Mr Ken Dwyer as a Director of the Company

Resolution 2: To consider and, if thought fit, pass the following as an ordinary resolution:

"That, Mr Ken Dwyer, being a Director of the Company who retires by rotation in accordance with Rule 10.3 of the Constitution and, being eligible for re-election, is re-elected as a Director of the Company".

#### 4. Adoption of Remuneration Report

Resolution 3: To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the Remuneration Report contained within the Annual Report of the Company, for the year ended 30 June 2019, be adopted."

### Voting Exclusion Statement

In accordance with sections 250R and 250BD of the Corporations Act:

1. subject to paragraph 2, a vote must not be cast (in any capacity) on this resolution 3 by or on behalf of the Company's key management personnel (**KMP**) (including the Directors), details of whose remuneration are included in the Remuneration Report, or their closely related parties, whether as a Shareholder or as a proxy. However, a vote may be cast on this resolution 3 by a KMP, or a closely related party of a KMP, if the vote is not cast on behalf of a KMP or a closely related party of a KMP and either:
  - (a) the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on this resolution 3; or
  - (b) you appoint the Chairman of the 2019 AGM as your proxy, and you do not direct your proxy how to vote on this resolution 3 on the proxy form and the proxy appointment expressly authorises the Chairman of the 2019 AGM to exercise your proxy even if resolution 3 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the 2019 AGM.

The Chairman of the 2018 AGM intends to vote undirected proxies in favour of resolution 3.

### Special Business

#### 5. Approval of Proportional Takeover Provisions

Resolution 4: To consider and, if thought fit, pass the following resolution as a special resolution:

"That, from the close of the Meeting, the proportional takeover provisions set out in Annexure A to the Explanatory Statement be inserted into the Constitution as Rules 6.9 to 6.14."

Please refer to the Explanatory Statement for further information on the items of business. The Explanatory Statement forms part of this Notice of Meeting.

By Order of the Board



David Fox

General Counsel and Company Secretary  
16 September 2019

## VOTING AND PROXY INSTRUCTIONS

- (a) Shareholders, who are unable to attend and vote at the 2019 AGM or any adjournment thereof, are entitled to appoint a proxy. Shareholders can appoint a body corporate or an individual as their proxy.
- (b) A Shareholder who is entitled to cast at least two or more votes at the 2019 AGM is entitled to appoint one or two proxies. Where a Shareholder is entitled to, and does, appoint more than one proxy, each proxy must be appointed to represent a specified portion of the Shareholder's voting rights. If a Shareholder appoints two proxies but does not specify how many votes each proxy may exercise, each proxy may exercise half the votes. A proxy need not be a Shareholder of the Company.
- (c) Should a Shareholder desire to direct the proxy how to vote, the Shareholder should place a mark in the appropriate box, otherwise the proxy form will be deemed to constitute a direction to vote as the proxy decides.
- (d) Proxies will only be valid and accepted by the Company if they are received by the Share Registry of the Company by electronic lodgement by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or by forwarding a hard copy to c/- Link Market Services, Locked Bag A14, Sydney South NSW 1235 Australia or by fax +61 2 9287 0309 or by hand to 1A Homebush Bay Drive, Rhodes, NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000 so as to be received not later than 48 hours before the 2019 AGM.
- (e) If the proxy form is signed by an attorney, the original power of attorney under which the proxy form was signed (or a certified copy) must also be received by the Share Registry of the Company not less than 48 hours before the time of the 2019 AGM or at the time of any adjourned meeting, unless it has previously been provided to the Company's Share Registry.
- (f) If you appoint a proxy, you may still attend the 2019 AGM. However, your proxy's right to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the 2019 AGM.
- (g) If a representative of a corporation is to attend the 2019 AGM, an appropriate document appointing the representative should be produced prior to admission.
- (h) The Company has determined in accordance with regulation 7.11.37 of the Corporations Regulations 2001 and ASX Settlement and Operating Rule 5.6.1, that for the purpose of voting at the 2019 AGM, shares of the Company will be taken to be held by the persons who appear on the Company's share register as holding them at 7.00pm (Sydney time) on Wednesday, 6 November 2019.

## EXPLANATORY NOTES

The following Explanatory Notes explain the items of business to be considered at Hills' 2019 AGM and form part of the Notice of Meeting. The Explanatory Notes are set out in the order of items in the Notice of Meeting and should be read with the notice.

### ORDINARY BUSINESS

#### 1. Consideration of Reports

Section 317(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) requires a public company to lay before its Annual General Meeting the financial report, the Directors' report and the Auditor's report for the financial year that ended before the Annual General Meeting.

Shareholders may access a copy of the annual report, which includes the financial report, the Directors' report and the Auditor's report, on the Company's website at <http://www.corporate.hills.com.au/investors>

Shareholders will be given a reasonable opportunity to consider, comment on and ask questions of the Directors and the Auditor of the Company about the management of the Company, the conduct of the audit and the preparation and content of the financial statements and reports for the financial year ended 30 June 2019.

There is no vote on this item.

#### 2. Re-election of Ms Fiona Bennett as a Director of the Company

Under the provisions in the Company's Constitution for the rotation of Directors, Ms Fiona Bennett will retire as a Director at the 2019 AGM and offers herself for re-election.

Ms Fiona Bennett was appointed as a Director in May 2010 and was last re-elected as a Director of the Company at its 2016 Annual General Meeting of the Company. She is the Chair of the Audit, Risk and Compliance Committee.

Ms Bennett is a Chartered Accountant with over 30 years' experience in business and financial management, corporate governance, risk management and audit. She has previously held senior executive positions at BHP Billiton Limited and Coles Group Limited and has been a Chief Financial Officer at several organisations in the health sector. She is currently Chairman of the Victorian Legal Services Board and a director of Select Harvests Limited and BWX Limited.

# Notice of meeting

## **Recommendation**

The Board (with Ms Bennett abstaining) unanimously recommends that Shareholders vote in favour of

Ms Bennett's re-election, either by attending the 2019 AGM in person or by placing an "X" in the box marked **"For"** and submitting your proxy form in accordance with the instructions in the note to the Notice of Meeting ("Voting and Proxy Instructions") **(Note)** and the instructions contained in the proxy form.

## **3. Election of Mr Ken Dwyer as a Director of the Company**

Under the provisions in the Company's Constitution for the rotation of Directors, Mr Ken Dwyer will retire as a Director at the 2019 AGM and offers himself for re-election.

Mr Ken Dwyer was appointed by the Directors as a Director of the Company in September 2016 and was elected as a Director of the Company at its 2016 Annual General Meeting. Mr Dwyer is a member of the Audit, Risk and Compliance Committee and the Remuneration and Nomination Committee.

Mr Dwyer brings to the Board over 25 years' experience in the audio industry having founded, built and ultimately sold two significant private businesses, including a market leading distribution business Audio Products Group Pty Ltd in Australia and New Zealand. Prior to the audio industry Mr Dwyer had ten years' investment bank experience specialising in mergers and acquisitions and corporate finance with the Australian investment bank subsidiary of PNC Financial Services Group Inc., a major US bank holding company, where he became General Manager Corporate Finance. For fifteen years Mr Dwyer was a Non-executive Director of private company Peter Law Australia Pty Ltd, a significant Australian distributor of premium European textile machinery. Mr Dwyer is now active in investment and venture capital.

## **Recommendation**

The Board (with Mr Dwyer abstaining) unanimously recommends that Shareholders vote in favour of Mr Dwyer's re-election, either by attending the 2019 AGM in person or by placing an "X" in the box marked **"For"** and submitting your proxy form in accordance with the instructions in the note to the Notice of Meeting ("Voting and Proxy Instructions") **(Note)** and the instructions contained in the proxy form.

## **4. Adoption of Remuneration Report (Non-binding resolution)**

The Company's Remuneration Report for the 2019 financial year is set out in pages 17 to 28 of the 2019 Annual Report which is available at <http://www.corporate.hills.com.au/about-us/governance>. The Remuneration Report explains the Company's approach to executive remuneration, performance and remuneration outcomes for the Company and its Key Management Personnel **(KMP)** for the year ended 30 June 2019. The Remuneration Report has been audited as required by Section 308 (3C) of the Corporations Act.

During this item of business, members as a whole will be given a reasonable opportunity to ask questions about, and make comments on, the Remuneration Report.

## **Remuneration Policy and Practice**

The Remuneration Report explains:

- the Board's policy in relation to the nature and amount of remuneration paid to Directors and Key Management Personnel;
- the relationship between the Board's remuneration policy and the Company's performance, including information about performance hurdles applicable to incentive components of the remuneration of Key Management Personnel, and
- details of the remuneration paid to each Director of the Company and to the Key Management Personnel of the Company for the financial year ended 30 June 2019.
- The Remuneration Report has been audited as required by Section 308 (3C) of the Corporations Act.

# Remuneration Policy and Practice

Hills remuneration philosophy seeks to align with and support the achievement of Hills business strategy, while ensuring remuneration outcomes are aligned with shareholder interests and are market competitive.

Hills is a business that is heavily focused on key performance indicators (KPIs) and rewards its people at all levels on achievement of those KPIs.

Our Remuneration Policy is designed around the following guiding principles:

1. Remuneration is positioned at the appropriate level relative to the market to be competitive and attract, retain and reward employees;
2. Remuneration is structured to motivate employees to deliver business results and is fair and equitable in its application;
3. Remuneration directly links individual and Company performance;
4. The remuneration structure is simple, and easily understood;
5. Remuneration and incentive outcomes are aligned with business goals and results including supporting the completion of the transformation and delivery of the growth strategy; and
6. The remuneration structure is understood by all stakeholders and employees.

## REMUNERATION STRUCTURE

The structure of Hills remuneration for the CEO and Managing Director, up to 30 June 2019 comprises the following components:

- fixed remuneration;
- a single variable incentive that is subject to performance conditions; and
- where performance conditions are satisfied, 50% of the variable incentive will be paid in cash and 50% in equity with the equity vesting over three years.

Details are as set out on page 20 of the Remuneration Report.

In FY17 the CEO also received a sign-on bonus of 200,000 Performance Rights. The first tranche of 100,000 shares vested in September 2017 and the second tranche vested in September 2019.

The variable incentive for FY19 adopted a balanced scorecard approach which was aligned to the Company's strategic plan. The balanced scorecard focused on the following key areas:

| Element                    | Measure                     |
|----------------------------|-----------------------------|
| <b>Financial (70%)</b>     | Net Profit After Tax (NPAT) |
|                            | Operating Cash Flow         |
|                            | Inventory Management        |
| <b>Non-financial (30%)</b> | Board Discretion            |
|                            | Vendor Commitment           |
|                            | Employee Engagement         |

Weighting is distributed across these measures.

# Remuneration Policy and Practice

FY19 was a year of mixed results. Our Health Solutions and Hills Connection Solutions businesses continued to grow and make significant profit contributions to our business. Unfortunately, our Distribution business did not perform to expectations thus significantly reducing the overall Hills Limited results. As the original financial targets were not met, the Board has determined that a reduced incentive payment was appropriate. These outcomes are reflected in the variable incentive plan results detailed in table 3.5 on page 21 of the Remuneration Report.

To strengthen the governance of the remuneration strategy, Hills has an executive remuneration Clawback Policy in place. The policy is designed to further align the remuneration outcomes of the Hills senior executive team with the long term interests of Hills and its shareholders, to ensure that excessive risk taking is not rewarded, and to provide the Board with the ability to claw back incentives paid, where there has been a material misstatement in Hills Financial Statements.

The vote on Resolution 3 will be advisory only and does not bind the Company or its Directors. Notwithstanding the 'advisory' status of the vote, the Board will take the outcome of the vote into account when considering the future remuneration arrangements of the Company. Members will be given a reasonable opportunity at the AGM to ask questions about, and make comments on, the Remuneration Report. The voting exclusion statement for this resolution is set out on page 3 of this Notice of Meeting. The Directors unanimously recommend that shareholders vote in favour of Resolution 3

The Corporations Act provides that the vote on this resolution is advisory only and does not bind the Directors of the Company. However, if at least 25% of the votes cast at two consecutive Annual General Meetings are against the adoption of the remuneration report, a resolution must be put to Shareholders at the second Annual General Meeting as to whether an extraordinary general meeting (called a Spill Meeting) should be held to consider the election of the Directors.

If that resolution at the Spill Meeting is passed, the Directors (other than a Managing Director) who were Directors when the 25% 'no' vote was passed at the second Annual General Meeting will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The Remuneration Report resolution was passed with a vote of 88.54% in favour at the 2018 Annual General Meeting. A 25% 'no' vote at the 2019 AGM will not result in a spill meeting but could result in such a meeting if 25% or more votes are also against the Remuneration Report at the 2020 Annual General Meeting.

## **Voting**

The vote on this resolution is advisory only and does not bind the Directors of the Company. The Board will take the outcome and comments made by shareholders into consideration when reviewing the remuneration practices and policies of the Company.

## **Recommendation**

The Board unanimously recommends that Shareholders vote in favour of this resolution, either by attending the 2019 AGM in person or by ticking the box marked "For" and submitting your proxy form in accordance with the instructions in the Note to the Notice of Meeting and the instructions contained in the proxy form.

The Chairman of the meeting intends to vote all available proxies in favour of the adoption of the Remuneration Report.



## **SPECIAL BUSINESS**

### **5. Approval of Proportional Takeover Provisions**

The Company's Constitution currently contains provisions dealing with proportional takeover bids.

Under the Corporations Act, a company may include provisions in its Constitution which prohibit the registration of shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by the Shareholders of the company. A proportional takeover bid is a takeover bid under which the offer is made to each Shareholder only for a proportion of that Shareholder's shares.

Once approved, the provisions relating to proportional takeovers have effect for 3 years from the date of adoption and will then cease to apply unless renewed by special resolution of the Company.

The proportional takeover provisions approved at the General Meeting of the Company's Shareholders on 4 November 2016 as contained in Rules 6.9 to 6.14 of the Company's Constitution, will therefore lapse and cease to apply on 4 November 2019. In accordance with section 648G(3) of the Corporations Act, the Company's Constitution will, at that date, be altered by omitting the provisions.

Approval is sought to re-instate those same proportional takeover provisions in the Constitution that were previously contained in Rules 6.9 to 6.14 (set out in full in Annexure A) that will lapse and the Corporations Act requires that certain information is provided to Shareholders. That information is set out below.

#### ***Effect of the proposed provisions***

If the proportional takeover provisions are renewed and a proportional takeover bid is made, the Directors must ensure that a resolution of Shareholders to approve the takeover bid is voted on at least 14 days before the last day of the bid period. The vote will be decided on a simple majority and each person (other than the bidder and their associates) who, as at the end of the day on which the first offer under the bid was made, held bid class securities, is entitled to vote, on the basis of one vote for each bid class security held at that time.

If the resolution to approve the bid is not passed, transfers resulting from acceptances for the proportional takeover bid will not be registered and the bid will be taken to have been withdrawn. If a resolution to approve the bid is not voted on by the required time, the bid will be taken to have been approved.

If the bid is approved (or taken to have been approved), the transfers resulting from acceptances for the proportional takeover bid must be registered by the Company (provided they comply with other provisions of the Corporations Act and the Constitution).

The proportional takeover approval provisions do not apply to full takeover bids and will only apply for a period of three years commencing on the day Resolution 4 is passed, unless renewed again by special resolution of the Company's Shareholders.

#### ***Reasons for proposing the resolution***

The Board considers that Shareholders should have the opportunity to vote on any proportional takeover bid for the Company.

A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority position and without Shareholders having the opportunity to dispose of all or their shares, so that Shareholders could be at risk of being left as part of a minority interest in the Company. Shareholders may also be exposed to the risk of being left as a minority in the Company with a bidder being able to acquire control of the Company without payment of an adequate premium for all of their shares.

If the Constitution includes these proportional takeover provisions, it will minimise this risk to Shareholders by permitting Shareholders in a general meeting to decide whether a proportional takeover bid should be permitted to proceed.

#### ***Knowledge of any acquisition proposals***

As at the date of this Explanatory Statement, none of the Directors are aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

#### ***Potential advantages and disadvantages of proposed provisions***

##### ***Potential advantages***

The proposed proportional takeover provisions will enable the Directors to formally ascertain the views of the Shareholders on a proportional takeover bid. Apart from this, the Directors consider that the proposed proportional takeover provisions have no potential advantages or potential disadvantages for the Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved.

The potential advantages for Shareholders of the proportional takeover provisions include:

- Shareholders (other than the bidder and its associates) will have the right to determine by majority vote whether an offer under a proportional takeover bid should proceed;
- they may help Shareholders to avoid being left as a minority in the Company where a bidder is able to acquire control of the Company without payment of an adequate premium for all of their shares;

# Notice of meeting

- they may increase Shareholders' bargaining power and assist in ensuring that any proportional takeover bid is structured to be attractive to a majority of independent Shareholders; and
- knowing the view of the majority of Shareholders may help each individual Shareholder assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

## *Potential disadvantages*

The potential disadvantages for Shareholders of the proposed proportional takeover provisions include:

- proportional takeover approval provisions may make a proportional takeover bid more difficult to achieve which may have the effect of discouraging proportional takeover bids. This in turn may possibly reduce opportunities for Shareholders to sell some of their shares at an attractive price to persons seeking to secure control of the Company and may reduce an element of takeover speculation from the Company's share price, although this effect may be negligible given the rarity of proportional takeover bids over the last decade; and
- the provisions may constitute a potential restriction on the ability of Shareholders to deal freely with their shares.

However, on balance, the Directors do not perceive those or any other possible disadvantages as justification for not renewing the proportional takeover provisions for a further three years.

## *Review of potential advantages and disadvantages*

Since the current Constitution was adopted and while proportional takeover provisions have been in effect under the Company's Constitution, no takeover bids for the Company have been made, either proportional or otherwise. Accordingly, there are no actual examples against which the advantages or disadvantages of the existing proportional takeover provisions could be reviewed for the Directors and Shareholders of the Company. While it may be argued that during the period from 2016 to 2019 when the existing proportional takeover provisions were in effect, they had the disadvantage of discouraging proportional takeover bids, the Board is not aware of any potential takeover bid that was discouraged by these provisions during that period.

The Board does not believe the potential disadvantages outweigh the potential advantages of including the proportional takeover provisions in the Constitution. Approving the proportional takeover approval provisions in the Constitution will not confer any particular advantages or disadvantages on the Directors in their capacity as Directors of the Company.

## **Recommendation**

The Board considers that it is in the interest of Shareholders to have a continuing right to vote on any proportional takeover and unanimously recommends that you vote in favour of this resolution, either by attending the Meeting in person or by placing an "X" in the box marked "For" and submitting your proxy form in accordance with the instructions in the Note to the Notice of Meeting and the instructions contained in the proxy form.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4.

# Annexure A – Proportional takeover provisions

## 6.9 Resolution required for proportional takeover provisions

Despite articles 6.1, 6.2 and 6.3, if offers are made under a proportional takeover bid for securities of the Company in accordance with the Corporations Act:

- (a) articles 6.9 to 6.13 apply;
- (b) the registration of a transfer giving effect to a takeover contract resulting from acceptance of an offer made under the takeover bid is prohibited unless and until a resolution (an “approving resolution”) to approve the bid is passed or taken to be passed in accordance with article 6.12 or article 6.13; and
- (c) the Directors must ensure that an approving resolution is voted on in accordance with articles 6.10 to 6.11 before the fourteenth day before the last day of the bid period.

## 6.10 Procedure for resolution

The Directors may determine whether the approving resolution is voted on:

- (a) at a meeting of persons entitled to vote on the resolution convened and conducted, subject to the provisions of article 6.11, as if it were a general meeting of the Company convened and conducted in accordance with this Constitution and the Corporations Act with such modifications as the Directors determine the circumstances require; or
- (b) by means of a postal ballot conducted in accordance with the following procedure:
  - (i) a notice of postal ballot and ballot paper must be sent to all persons entitled to vote on the resolution not less than 14 days before the date specified in the notice for closing of the postal ballot, or such lesser period as the Directors determine the circumstances require;
  - (ii) the non-receipt of a notice of postal ballot or ballot paper by, or the accidental omission to give a notice of postal ballot or ballot paper to, a person entitled to receive them does not invalidate the postal ballot or any resolution passed under the postal ballot;
  - (iii) the notice of postal ballot must contain the text of the resolution and the date for closing of the ballot and may contain any other information the Directors consider appropriate;
  - (iv) each ballot paper must specify the name of the person entitled to vote;
  - (v) a postal ballot is only valid if the ballot paper is duly completed and:

- (A) if the person entitled to vote is an individual, signed by the individual or a duly authorised attorney; or
- (B) if the person entitled to vote is a corporation, executed under seal or as permitted by the Corporations Act or under the hand of a duly authorised officer or duly authorised attorney;

- (vi) a postal ballot is only valid if the ballot paper and the power of attorney or other authority, if any, under which the ballot paper is signed or a copy of that power or authority certified as a true copy by statutory declaration is or are received by the Company before close of business on the date specified in the notice of postal ballot for closing of the postal ballot at the Registered Office or share registry of the Company or at such other place as is specified for that purpose in the notice of postal ballot; and

- (vii) a person may revoke a postal ballot vote by notice in writing which to be effective must be received by the Company before the close of business on the date for closing of the postal ballot.

## 6.11 Persons entitled to vote

The only persons entitled to vote on the approving resolution are those persons who, as at the end of the day on which the first offer under the bid was made, held bid class securities. Each person who is entitled to vote is entitled to one vote for each bid class security held by that person at that time.

Neither the bidder nor any associate of the bidder is entitled to vote on the resolution.

## 6.12 Resolution passed or rejected

If the resolution is voted on in accordance with articles 6.9 to 6.11, then it is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one-half, and otherwise is to be taken to have been rejected.

## 6.13 Resolution taken as passed

If a resolution to approve the bid has not been voted on as at the end of the day before the fourteenth day before the last day of the offer period, then a resolution to approve the bid is taken to have been passed in accordance with articles 6.10 to 6.12.

## 6.14 Takeover articles cease to have effect

Articles 6.9 to 6.13 cease to have effect on the day three years after the later of their adoption or last renewal.

**HILLS.**<sup>TM</sup>



Hills Limited

ABN 35 007 573 417

## LODGE YOUR QUESTIONS



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### BY MAIL

Hills Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

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



### ALL ENQUIRIES TO

Telephone: +61 1300 554 474



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Please use this form to submit any questions about Hills Limited ("the Company") that you would like us to respond to at the Company's 2019 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum. If your question is for the Company's auditor it should be relevant to the content of the auditor's report, or the conduct of the audit of the financial report.

This form must be received by the Company's share registrar, Link Market Services Limited, by **2.30 pm (Adelaide time), Friday 1 November 2019**.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

#### My question relates to *(please mark the most appropriate box)*

☐  
☐  
☐

Performance or financial reports  
Remuneration Report  
My question is for the auditor

☐  
☐  
☐

A resolution being put to the AGM  
Sustainability/Environment  
Future direction

☐  
☐

General suggestion  
Other

QUESTIONS

☐  
☐  
☐

Performance or financial reports  
Remuneration Report  
My question is for the auditor

☐  
☐  
☐

A resolution being put to the AGM  
Sustainability/Environment  
Future direction

☐  
☐

General suggestion  
Other



Hills Limited

ABN 35 007 573 417

## LODGE YOUR VOTE



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### BY MAIL

Hills Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

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



### ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of Hills Limited (the **Company**) and entitled to attend and vote hereby appoint:

### 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 **2:30pm on Friday, 8 November 2019 at Adelaide Convention Centre, Riverbank Rooms 2 & 3, North Terrace, Adelaide South Australia 5000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**Important for Resolution 3:** 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 3, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

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 ☒.

#### Resolutions

1 Re-election of Ms Fiona Bennett as a Director

For Against Abstain\*

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

2 Re-election of Mr Ken Dwyer as a Director

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

3 Adoption of Remuneration Report

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

#### Special Resolution

4 Approval of Proportional Takeover Provisions

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|



\* 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.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

|                      |
|----------------------|
| <input type="text"/> |
|----------------------|

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

|                      |
|----------------------|
| <input type="text"/> |
|----------------------|

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

|                      |
|----------------------|
| <input type="text"/> |
|----------------------|

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).

HIL PRX1901C



## HOW TO COMPLETE THIS SHAREHOLDER 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 according to the instructions 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" must 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](http://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 **2:30pm on Wednesday, 6 November 2019**, 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](http://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).



#### BY MAIL

Hills Limited  
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

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**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.**