

# Notice of Annual General Meeting

Notice is hereby given that the 2006 Annual General Meeting of Coventry Group Ltd (Company) will be held at the Golden Ballroom North, Sheraton Perth Hotel, 207 Adelaide Terrace, Perth, Western Australia on Monday 6 November 2006 commencing at 3.00 pm WST.

## ORDINARY BUSINESS

**1. Financial and other reports**

To receive and consider the Financial Report, Directors' Report and Audit Report for the year ended 30 June 2006.

**2. Election of a director**

To elect as a director, Mr Joseph Boros, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

**3. Remuneration Report**

To adopt the Remuneration Report of the Company for the year ended 30 June 2006.

**Note:** The vote on this resolution is advisory only and does not bind the directors of the Company.

## SPECIAL BUSINESS

**4. Approval of revised Long Term Incentive arrangements for Mr CJ Glenn (Coventry Group's Chief Executive Officer and Managing Director)**

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

"That approval be given for all purposes to the terms of, and acquisition by Mr Christopher James Glenn of securities under, the service contract between Mr Glenn and the Company as described in the explanatory note accompanying this notice of meeting".

### Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Glenn or any director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## OTHER BUSINESS

5. To consider any other business which may be brought before the meeting in accordance with the Constitution.

By Order of the Board

John Colli  
Company Secretary  
3 October 2006

## **Notice of Annual General Meeting (continued)**

### **Proxies**

Please note that:

- (a) a member of the Company entitled to attend and vote at the annual general meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes; and
- (d) to be effective, a completed proxy form must be received by mail or facsimile at the registered office of the Company (253 Walter Road, Morley WA 6062, facsimile number (08) 9276 1666) not less than 48 hours before the appointed time of the annual general meeting.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

### **Point at which Voting Rights are Determined**

The Corporations Act 2001 permits the Company to specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting.

The Company’s directors have determined that all shares of the Company that are quoted on ASX at 4pm WST on Saturday 4 November 2006 shall, for the purposes of determining voting entitlements at the annual general meeting, be taken to be held by the persons registered as holding the shares at that time.

### **Questions and Comments by Shareholders at the Meeting**

In accordance with the Corporations Act 2001, a reasonable opportunity will be given to shareholders to ask questions about or make comments on the management of Coventry Group at the meeting.

Shareholders may also lodge written questions prior to the AGM by completing the enclosed Shareholder Questions form (on the reverse side of the Proxy Form).

Similarly, a reasonable opportunity will be given to shareholders to ask Coventry Group’s external auditor, KPMG, questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor’s report;
- (c) the accounting policies adopted by Coventry Group in relation to the preparation of its financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit written questions to KPMG if the questions are relevant to the content of KPMG’s audit report or the conduct of its audit of Coventry Group’s financial report for the year ended 30 June 2006 by completing the appropriate section of the enclosed Shareholder Questions form.

Relevant written questions for KPMG must be received by mail or facsimile at the registered office of the Company (253 Walter Road, Morley WA 6062, facsimile number (08) 9276 1666) no later than 5.00 pm WST on Monday 30 October 2006.

# Explanatory Notes on Agenda Items

## Item 1 – Financial and other reports

The Company is required by the Corporations Act 2001 to table the Financial Report and the Reports of the Directors and the Auditors on the Financial Report for the year ended 30 June 2006. Shareholders are not required to vote on these reports but will have ample opportunity to raise questions on the Reports and on the performance of the Company generally at the meeting.

## Item 2 - Election of a director (ordinary resolution)

Messrs W G Kent and J Boros retire as directors in accordance with the annual rotation provisions of the Constitution. Mr Kent does not seek re-election as he will be retiring as a director of the Company with effect from the conclusion of the 2006 AGM. Mr Boros, being eligible, offers himself for re-election. The Board (with the relevant Director abstaining) unanimously recommends that the shareholders vote in favour of the re-election of Mr Boros.

The following is a profile of Mr Boros.

### Joseph Boros

FCCA, FAICD

Independent non-executive director

Member of the audit & risk committee

age 61

Mr Boros was appointed a director of the Company in March 2004. He has had 40 years experience in the hardware and building industry in financial and general management roles. Mr Boros was Managing Director of the Alco Group when it was acquired by Bunnings in 1990 and was then appointed Managing Director of Bunnings Building Supplies to merge the two businesses. He was also appointed a Director of the parent company, Bunnings Ltd, a listed public company at that time up until its acquisition by Wesfarmers.

During his 13 year term as head of Bunnings, the business grew from a WA, state based enterprise to a national operation with a turnover exceeding \$3 billion and employing 20,000 staff.

Mr Boros is a former director of the Chamber of Commerce and Industry of Western Australia and was a representative of the Retail Shops Advisory Committee.

He held no other listed company directorships during the past 3 financial years.

Mr Boros was last elected at the 2004 annual general meeting.

## Item 3 – Remuneration Report (ordinary resolution)

The Corporations Act 2001 (the Act) requires listed companies to make expanded disclosure in respect of director and executive information. As a result, the Directors' Report must include a section called the "Remuneration Report". This report is set out on pages 16 to 23 of the Annual Report. Additionally, the Act requires listed companies to put the Remuneration Report for each financial year to a vote of members at the Company's annual general meeting.

Under the Act, the vote is advisory only. Accordingly, the vote is not binding on the Company and does not affect the employment arrangements in place for employees of the Company and its subsidiaries.

In summary, the Remuneration Report:

- explains the principles used to determine the nature and amount of remuneration of Key Management Personnel (KMP) of the Company. The KMP have the authority and responsibility for planning, directing and controlling the activities of the Company and include the directors and the 5 highest paid executive officers of the Company and consolidated entity;
- details any performance conditions applicable to the remuneration of KMP;
- sets out the remuneration details for KMP of the Company; and
- sets out particulars of short term and long term incentives and key employment terms of the relevant KMP.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that shareholders vote in favour of the adoption of the Remuneration Report.

## Item 4 – Approval of revised Long Term Incentive arrangements for Mr CJ Glenn (ordinary resolution)

Mr Glenn is the Chief Executive Officer and Managing Director of the Company. His contract of employment (Contract) contains long term incentive provisions which, subject to shareholder approval, require the Company to make an annual offer, unless exceptional circumstances make it inappropriate, of fully paid ordinary shares in the Company (Shares) to Mr Glenn (each an Offer). Shareholders approved the long term incentive provisions of Mr Glenn's contract at the 2003 annual general meeting (AGM). The Company now wishes to refresh that approval, and to obtain approval to a change in the level of the annual long term incentive to be offered to Mr Glenn.

Continued on page 4

## Explanatory Notes on Agenda Items (continued)

In the notice convening the 2003 AGM, it was explained that:

- (a) the number of Shares to be offered to Mr Glenn for each of the financial years ending 30 June 2005 and 2006 was to be the greater of 25% of his fixed annual remuneration (being cash salary plus fringe benefits and superannuation) at the commencement of the relevant financial year, and the number of shares that may be determined by the Board under the provisions of the Company's executive long term incentive plan (ELTIP); and
- (b) the long term incentive provisions of Mr Glenn's Contract are otherwise in line with the provisions of the ELTIP, and require the satisfaction of the performance hurdles set out in the ELTIP for there to be any award of Shares in respect of an Offer.

The ELTIP was approved by shareholders at the 2003 AGM. The ELTIP remains in place although in accordance with its terms has been amended by resolution of the Board (with effect from 1 July 2006) so as to replace the relative total shareholder return hurdle with a return on equity hurdle.

It was explained in the notice of the 2003 AGM that Mr Glenn's Contract provides that for financial years after 30 June 2006, the Chairman would renegotiate and agree the relevant terms of any long term incentive with Mr Glenn. That negotiation has taken place and it has been agreed that for financial years commencing 1 July 2006 the number of Shares to be offered to Mr Glenn each financial year under the long term incentive provisions of the Contract will be determined by reference to 35% of his fixed annual remuneration (being cash salary plus fringe benefits plus superannuation) at the commencement of the relevant financial year. The Board may determine whether these Shares are to be purchased on market or issued by the Company.

ASX Listing Rule 10.14 provides that a company must not issue securities to directors or their associates under an employee incentive scheme (such as may occur under the Contract, pursuant to an Offer) without the approval of shareholders. Such approval is sought by the resolution in item 4 of this notice. Approval under ASX Listing Rule 10.14 is an exception to the prohibition on a company issuing securities to related parties under ASX Listing Rule 10.11. In compliance with the information requirements of Listing Rule 10.15A:

- The Company, in accordance with the terms of Mr Glenn's Contract (specifically the revised long term incentive component referred to above), and subject to the approval of shareholders, proposes to make an Offer to Mr Glenn of 46,754 fully paid ordinary shares in the Company for the financial year commencing 1 July 2006. Mr Glenn will only be entitled to legal and beneficial ownership of these shares if the relevant performance criteria are satisfied. These performance criteria relate to earnings per share and return on equity performance thresholds, and are to be measured over a 3 year performance period.
- The maximum number of Shares that will be offered to Mr Glenn in subsequent financial years will depend upon the fixed annual remuneration payable to him at the commencement of the relevant financial year (the long term incentive being determined by reference to 35% of his fixed annual remuneration at the commencement of each such year). Again, Mr Glenn will only become entitled to Shares if the performance criteria stipulated in any subsequent Offer are met.
- The Shares to be granted to Mr Glenn shall be valued by reference to the weighted average price of Shares over the 5 trading days prior to 1 July in the year in which the relevant Offer is made. Note that this price will determine the number of Shares that Mr Glenn is entitled to acquire (subject to the satisfaction of the relevant performance hurdles) pursuant to an Offer – Mr Glenn will not himself have to pay any amount in respect of an acquisition of Shares under an Offer.
- Since the incentive provisions of Mr Glenn's Contract were last approved by shareholders (at the 2003 AGM), Mr Glenn has received the following offers for shares pursuant to the contract:

	<u>No. of Shares Offered</u>	<u>Price</u>
- for the period commencing 1 July 2003 (2003 Offer)	47,362	\$4.98
- for the period commencing 1 July 2004 (2004 Offer)	22,032	\$5.60
- for the period commencing 1 July 2005 (2005 Offer)	22,553	\$5.81
- for the period commencing 1 July 2006 (2006 Offer) <sup>1</sup>	46,754	\$4.13

<sup>1</sup> subject to shareholder approval at the 2006 AGM

Note again, that these prices determined the number of Shares that Mr Glenn was entitled to acquire – Mr Glenn did not himself have to pay any amount to the Company in respect of these acquisitions. As at the date of this notice of meeting, Mr Glenn has not received any shares pursuant to an offer.

Since the end of the 2005/06 financial year, the performance hurdles applicable to the number of shares offered pursuant to the '2003 Offer' totalling 80,081 (which comprises an offer of 32,719 shares approved by shareholders at the 2003 AGM and an offer of 47,362 shares as listed above) have been assessed. Both the earnings per share and relative total shareholder return performance hurdles were not achieved and accordingly the offer for 80,081 shares has lapsed.

- No loan is being made available to Mr Glenn in connection with the Contract or any Offer under it.
- The Company will issue (or procure the transfer of) any Shares to be acquired by Mr Glenn in connection with the shareholder approval sought by resolution 4 not later than 3 years after the date of the 2006 AGM.
- Details of any Shares which the Company may issue to Mr Glenn pursuant to the Contract will be published in each annual report of the Company relating to a period in which Shares have been issued. Such annual reports will also make it clear that approval for the issue of the Shares was obtained under ASX Listing Rule 10.14.

Mr Glenn is the only director entitled to acquire shares in the Company pursuant to the Contract.

# Proxy Form

## SHAREHOLDER

I/We \_\_\_\_\_

of \_\_\_\_\_

Daytime phone no. \_\_\_\_\_

## APPOINT

\_\_\_\_\_  
(insert name of proxy)

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 3.00 pm WST on 6 November 2006 at the Golden Ballroom North, Sheraton Perth Hotel, 207 Adelaide Terrace, Perth, Western Australia and at any adjournment thereof in respect of \_\_\_\_\_% of my/our shares or, failing any percentage being specified, ALL of my/our shares in the Company.

## SIGNATURE OF SHAREHOLDER(S)

**If a natural person:** (all single or joint shareholders must sign this form)

SIGNED by

\_\_\_\_\_  
(Print name) Signature

SIGNED by

\_\_\_\_\_  
(Print name) Signature

SIGNED by

\_\_\_\_\_  
(Print name) Signature

**If a company:**

EXECUTED by

\_\_\_\_\_  
in accordance with section 127(1) of the Corporations Act 2001:

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director (block letters)

\_\_\_\_\_  
Signature of director/company secretary\*

\_\_\_\_\_  
Name of director/company secretary\* (block letters)

\*delete whichever is not applicable

## PROXY'S VOTING INSTRUCTIONS (OPTIONAL)

If you wish to indicate how your proxy is to vote, please tick the appropriate box below. If no indication is given on a resolution, the proxy may abstain or vote at his or her discretion. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is \_\_\_\_\_%. (An additional proxy form will be supplied by the Company on request.)

I/we direct my/our proxy to vote as indicated

RESOLUTION	FOR	AGAINST	ABSTAIN
2. Elect Mr Joseph Boros as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approve revised Long Term Incentive arrangements for Mr CJ Glenn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated \_\_\_\_\_ 2006

**Deadline for Receipt of Proxies** - To be effective, a completed proxy form together with the power of attorney (if any) under which it is signed, must be received by the Company at its registered office not less than 48 hours before the appointed time of the Annual General Meeting ie no later than 3.00 pm WST on 4 November 2006.

**Destination of Completed Proxy Form** - Once the Proxy Form is completed and all details checked by you, the form is to be sent or delivered to the Company's registered office at 253 Walter Road, Morley WA 6062 in the reply paid envelop provided or sent by facsimile to the registered office on (08) 9276 1666.

**For Further Information** - If you need any further information about this form or attendance at the Company's Annual General Meeting, please contact John Colli, Company Secretary on (08) 9276 0222.

(Please see overleaf for Shareholder Questions form)

# Shareholder Questions

The Board of Coventry Group Ltd (CGL) welcomes questions regarding the Company, the Annual Report or any matter relating to the Notice of Meeting.

Shareholders may also ask CGL's external auditor, KPMG, relevant questions (refer Note 1 below). Appropriate questions will be forwarded to KPMG for response.

If you wish to have a question answered at the AGM, please complete this form and return it by 5.00 pm WST, Monday 30 October 2006 in the reply paid envelope provided or send it by facsimile to (08) 9276 1666.

We will endeavour to address as many as possible of the more frequently raised matters during the course of the AGM. If time does not permit us to address all raised issues at the meeting, we will respond, if appropriate, to you directly.

**Shareholder Name:** \_\_\_\_\_  
(Please print)

**Address:** \_\_\_\_\_

**Daytime Phone No.:** \_\_\_\_\_

**Question(s)**

Section A - CGL  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Section B - KPMG  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Note 1 – Questions to KPMG must relate to:**

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) the accounting policies adopted by Coventry Group in relation to the preparation of its financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.