

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Nick Scali Limited (the **Company**) will be held at:

Date: 23 October 2018

Time: 12 pm

Venue: Nick Scali Head Office, Level 7, Trinita 2, 39 Delhi Road, North Ryde NSW 2113

The attached Explanatory Memorandum explains the items of business to be considered at the Annual General Meeting (**AGM**) and forms part of, and should be read in conjunction with, this Notice of Meeting. Capitalised terms in this Notice of Meeting are defined in the Explanatory Memorandum.

1. **AGENDA**

Consideration of Reports

To receive and consider the Financial Report, the Directors' Report and the Independent Audit Report of the Company for the financial year ended 30 June 2018.

Ordinary Business

Resolution 1 – Remuneration Report

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

"To adopt the Remuneration Report of the Company for the year ended 30 June 2018 as set out on pages 9 to 14 of the Annual Report."

Under the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-election of Director Greg Laurie

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

"That Mr Greg Laurie, who retires by rotation in accordance with the Company's Constitution rule 7.1(f), be re-elected as a Director of the Company."

Resolution 3 – Election of Director Stephen Goddard

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

"That Mr Stephen Goddard, who, having been appointed as a Director since the last general meeting of the Company retires in accordance with the Company's Constitution rule 7.1(d), be elected as a Director of the Company."

2. VOTING EXCLUSION STATEMENTS

Resolution 1 – Remuneration Report

The Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of:

- a) a member of the Key Management Personnel as disclosed in the Remuneration Report; and
- b) a Closely Related Party of those persons.

However, the Company need not disregard a vote if:

- 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
- 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.

If Shareholders (including nominees, custodians or fiduciaries) have questions on the voting restrictions outlined above, they should contact the Company's share registrar, Link Market Services Limited.

For further information, please refer to the Explanatory Memorandum which forms part of this Notice of Meeting.

3. ENTITLEMENT TO ATTEND AND VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) and the ASX Settlement Operating Rules, Company shares will be taken to be held by persons who are registered as Shareholders at 7:00pm (AEST) on 21 October 2018. Accordingly, transfers of shares in the Company registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

By Order of the Board

Kevin Fine



Company Secretary

19 September 2018

Notes

1. Proxies

If you are a Shareholder entitled to attend and vote, you may appoint an individual or a body corporate to vote as a proxy. If a body corporate is appointed as a 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 AGM.

If you are entitled to cast two or more votes, you may nominate one or two persons to vote on your behalf at the AGM. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. Fractions of votes resulting from the appointment of proxies will be disregarded. If no such number or proportion is specified, each proxy may exercise half your votes. A proxy form and a reply paid envelope have been included for members with the Notice. Proxy voting instructions are provided on the back of the proxy form.

A proxy need not be a holder of shares in the Company. If you wish to direct a proxy on how to vote on the Resolution, place a mark (e.g. a cross) in the appropriate box on the proxy form and your votes may only be exercised in that manner. You may split your voting direction by inserting the number of shares or percentage of shares that you wish to vote in the appropriate box.

2. Proxy Delivery

Proxies given by post, fax, delivery or online must be received by the Company's share registrar, Link Market Services Limited, by no later than 12:00pm (Sydney time) on 21 October 2018, being 48 hours before the AGM:

By post: Nick Scali Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By facsimile: In Australia 02 9287 0309
From outside Australia 61 2 9287 0309

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

or

Level 12, 680 George Street
Sydney South NSW 2000

Online www.linkmarketservices.com.au

Any revocations of proxies must be received at one of these places before the commencement of the AGM, or at the registration desk on the day of the AGM until the commencement of the AGM.

3. Voting at the meeting

An ordinary resolution will be passed where more than 50% of the eligible votes cast are in favour of it.

Annual General Meeting – Explanatory Memorandum

1. Ordinary Business

1.1 Consideration of the Reports

In accordance with the requirements of the Corporations Act, the Financial Report, Directors' Report and Independent Auditor's Report of the Company for the most recent financial year, which are included in the Company's Annual Report, will be laid before the meeting. Shareholders will be provided with the opportunity to ask questions about the reports or about the Company generally, but there will be no formal resolution put to the meeting. The Auditor will be available at the meeting to answer any questions in relation to the Auditor's Report or the conduct of the audit of the Financial Report.

1.2 Resolution 1 – Remuneration Report

The Corporations Act requires listed companies to put a Remuneration Report relating to director and executive remuneration for each financial year to a resolution of members at their Annual General Meeting. The Remuneration Report is included on pages 9 to 14 of the Company's Annual Report, which accompanies this Notice of Meeting.

The Remuneration Report outlines the remuneration arrangements in place for directors and executives of the Company, and summarises the Company's remuneration philosophy as well as providing details of the Remuneration and Human Resources Committee, which is a Board sub-committee.

Under section 250R(3) of the Corporations Act, the vote on the Remuneration Report is advisory only and does not bind the Directors or the Company. However, under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at the meeting and that occurs again at the 2019 Annual General Meeting, the Company will be required to put to shareholders a resolution at the 2019 Annual General Meeting proposing the calling of an extraordinary general meeting to consider the election of directors of the Company ("spill resolution").

If more than 50% of shareholders vote in favour of the spill resolution, the Company must convene the extraordinary general meeting ("spill meeting") within 90 days of the 2019 Annual General Meeting. All of the Directors who were in office when the 2019 Directors' Report was considered at the 2019 Annual General Meeting, other than the Managing Director, will cease to hold office immediately before the end of the spill meeting but may stand for reelection 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 Chairman intends to vote all undirected proxies in favour of Resolution 1.

1.3 Resolution 2 – Re-election of Director Greg Laurie

In accordance with rule 7.1(f) of the Company's Constitution, Mr Greg Laurie retires from office at this General Meeting, and being eligible to do so, offers himself for re-election.

Mr Greg Laurie – Independent Non-Executive Director

Mr Laurie was appointed to the Board on 7 April 2004. He is the Chairperson of the Audit Committee and a member of the Remuneration and Human Resources Committee. Mr Laurie has extensive experience in manufacturing and distribution industries, and was the Finance Director at Crane Group Limited from 1989 until his retirement from that role in 2003. He is currently a Non-Executive Director of Shriro Holdings Limited and Independent Chairman of Big River Industries Limited.

The Chairman intends to vote all undirected proxies in favour of Resolution 2.

1.3 Resolution 3 – Election of Director Stephen Goddard

In accordance with rule 7.1(d) of the Company's Constitution, Mr Stephen Goddard retires from office at this General Meeting, and being eligible to do so, offers himself for re-election.

Mr Stephen Goddard – Independent Non-Executive Director

Mr Goddard was appointed to the Board on 1 March 2018. He is a member of both the Audit Committee and the Remuneration and Human Resources Committee. Mr Goddard is an experienced retailer having held a broad range of senior executive positions in the industry including Finance Director and Operations Director for David Jones, founding Managing Director of Officeworks, and various senior management roles with Myer. He currently serves as a non-executive director of JB Hifi Limited, GWA Group Limited and Accent Group Limited.

The Chairman intends to vote all undirected proxies in favour of Resolution 3.

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2. Glossary

ASX means the Australian Securities Exchange.

Memorandum means all of the documents accompanying the Notice of Meeting and referred to in the contents section.

Company means Nick Scali Limited (ABN 82 000 403 896).

Notice of Meeting means the notice of meeting which forms part of this Memorandum.

Board means the Board of Directors of the Company.

Proxy Form means the proxy form for the AGM, attached as Attachment B.

Explanatory Memorandum means the explanatory memorandum which forms part of this Memorandum.

Resolution means the resolution in the Notice of Meeting.

Listing Rules means the listing rules of the ASX.

Shareholders means a person who holds shares in the Company.

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