

Nick Scali Limited

ABN: 82 000 403 896



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: 29 October 2019

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 2019.

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 2019 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 John Ingram

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

"That Mr John Ingram, who retires by rotation in accordance with the Company's Constitution rule 7.1(f), be re-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) in favour of 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.

In accordance with section 250BD of the Corporations Act 2001 (Cth), a vote must not be cast on Resolution 1 as a proxy by a member of the Key Management Personnel at the date of the AGM, or a closely related party of those persons, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chairman where the proxy appointment expressly authorises the

Chairman to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the Key Management Personnel.

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 27 October 2019. 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

Christopher Malley



Company Secretary

27 September 2019

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 27 October 2019, 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 2020 Annual General Meeting, the Company will be required to put to shareholders a resolution at the 2020 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 2020 Annual General Meeting. All of the Directors who were in office when the 2020 Directors' Report was considered at the 2020 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 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.

At the Company's previous annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly the spill resolution is not relevant for this AGM.

The Chairman intends to vote all undirected proxies in favour of Resolution 1.

1.3 Resolution 2 – Re-election of Director John Ingram

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

Mr John Ingram – Independent Non-Executive Director

John was appointed to the Board as non-executive Chairman on 7 April 2004. He is a member of the Audit Committee and the Remuneration Committee of Nick Scali Limited. John was formerly Managing Director of Crane Group Limited and is currently the non-executive Chairman of Shriro Holdings Limited.

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

2. Glossary

ASX means the Australian Securities Exchange.

Board means the Board of Directors of the Company.

Closely Related Party has the meaning given to it in the *Corporations Act 2001* (Cth).

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

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

Key Management Personnel has the meaning given to it in the *Corporations Act 2001* (Cth).

Listing Rules means the listing rules of the ASX.

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

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

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

Resolution means the resolution in the Notice of Meeting.

Shareholders means a person who holds shares in the Company.

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LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Nick Scali 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

PROXY FORM

I/We being a member(s) of Nick Scali Limited 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 **12:00pm (Sydney time) on Tuesday, 29 October 2019 at Nick Scali Head Office, L7, Trinita 2, 39 Delhi Road, North Ryde (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: 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 1, 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

	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director John Ingram	<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)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

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).



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STEP 1

STEP 2

STEP 3

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.

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 **12:00pm on Sunday, 27 October 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

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 MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Nick Scali 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.**