

Nick Scali Limited

ABN: 82 000 403 896

nickskali
L I M I T E D

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Nick Scali Limited ("the Company") will be held at Nick Scali Head Office, B1-B3, 3-29 Birnie Avenue, Lidcombe, on Thursday, 29 October 2015 at 10:00 am.

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 2015.

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 2015 as set out on pages 7 to 10 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 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 - Increase in maximum aggregate remuneration for Non-Executive Directors

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

That for all purposes, including for purposes of ASX Listing Rule 10.17, the maximum aggregate remuneration for the Non-Executive Directors of the Company be increased from \$500,000 to \$750,000 each financial year.

Voting exclusion statement

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.

Resolution 3 – Increase in maximum aggregate remuneration for Non-Executive Directors

The Company will disregard any votes cast (in any capacity) on Resolution 3 by or on behalf of :

- a) a Director; and
- b) an Associate of a Director

However, the Company need not disregard a vote if cast :

- a) as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- b) by the Chairman of the meeting under the authority on the proxy form.

For further information, please refer to the Explanatory Notes which form a part of this Notice of Meeting.

By Order of the Board



Kevin Fine
Company Secretary
25 September 2015

Notes

1. Proxies

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate 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.

Key Management Personnel and their Closely Related Parties (other than the Chairman) with proxy appointments that do not contain a direction must not vote those proxy appointments on Resolution 1.

A proxy need not be a holder of Company shares. If you wish to direct a proxy how to vote on any 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 registry, Link Market Services Limited, by no later than 10:00 am (Sydney time) on Tuesday 27 October being 48 hours before the AGM:

By post: 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
 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 meeting, or at the registration desk on the day of the meeting until the commencement of the meeting.

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 Notes

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.

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 7 to 10 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 Committee, which is a Board subcommittee.

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 2016 Annual General Meeting, the Company will be required to put to shareholders a resolution at the 2016 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 2016 Annual General Meeting. All of the Directors who were in office when the 2016 Directors' Report was considered at the 2016 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.

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

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 and has extensive experience in manufacturing and distribution industries. Mr Laurie 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 Bradken Limited and Shiro Holdings Limited and is Chairman of the Audit and Risk committees of both companies

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

RESOLUTION 3 - Increase in maximum aggregate remuneration for Non-Executive Directors

In accordance with ASX Listing Rule 10.17 and the Company's Constitution, an increase in the maximum aggregate remuneration ("fee pool") for the remuneration of Non-Executive Directors requires shareholder approval.

The current maximum aggregate remuneration available for Non-Executive Directors has not changed since the Company was listed on the Australian Securities Exchange in May 2004 and was set at \$500,000, inclusive of applicable statutory superannuation contributions. The Company has an additional director appointed in June 2014. Shareholders are being asked to approve an increase of \$250,000 to \$750,000.

This means that currently the Company has limited capacity to increase fees paid to its Non-Executive Directors or to attract new Non-Executive Directors, putting the Company at risk of being unable to attract and to retain appropriately qualified officers who have the necessary skills and experience to monitor and assist in improving the performance of the Company.

The Directors consider that the fee pool available for Non-Executive Directors should provide sufficient flexibility for the Company to take on additional Directors when deemed necessary and to provide flexibility for succession planning. The Directors consider that the increased aggregate fee pool of \$750,000 will (if approved) provide appropriate capacity for the Company's future requirements. Based on the Board composition, it is not expected that the maximum remuneration payable will be paid to the Board members in the 2016 financial year. However, the increased aggregate fee pool will provide the necessary flexibility to operate the Board with a varying number of Directors to meet the oversight and governance requirements of the Company, as well as the ability to attract and retain appropriately qualified Directors.

No securities have been issued to Non-Executive Directors under Listing Rule 10.11 or 10.14 with shareholder approval at any time within the last three years.

If shareholder approval is obtained, the increased fee pool will apply for the financial year ending 30 June 2016.

The Directors, with Non-Executive Directors abstaining, recommend that Shareholders vote in favour of this Resolution.

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