

Nick Scali Limited

ABN: 82 000 403 896

nickscali
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, 27 October 2016 at 12h00.

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 2016.

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 2016 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 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.

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.

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
26 September 2016

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 12h00 (Sydney time) on Tuesday 25 October 2016, 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 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 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 2017 Annual General Meeting, the Company will be required to put to shareholders a resolution at the 2017 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 2017 Annual General Meeting. All of the Directors who were in office when the 2017 Directors' Report was considered at the 2017 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 John Ingram

In accordance with rule 7.1(f) of the Company's Constitution, Mr John Ingram retires from office at this General Meeting, 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 and an Independent Director of Australian Super.

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