

**HARVEY NORMAN
HOLDINGS LIMITED**

A.C.N 003 237 545

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15th October 2018

The Manager
Announcements
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

We enclose a copy of the 2018 Notice of Meeting and Proxy form for Harvey Norman Holdings Limited which will accompany the Annual Report to shareholders.

We expect to have the printed Annual Report, Notice of Meeting and Proxy form forwarded to shareholders today.

If you have any queries, please do not hesitate to contact the writer.

Yours faithfully



Chris Mentis
Chief Financial Officer / Company Secretary

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Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of members of Harvey Norman Holdings Limited ACN 003 237 545 will be held at Tattersalls Club, 181 Elizabeth Street, Sydney, New South Wales on **Tuesday 27 November 2018 at 11am (AEDT)**.

AGENDA

Ordinary Business

Statements and Reports

1. To receive the Company's Financial Statements, the Directors' Declaration and the Directors' Report and Independent Audit Report for the year ended 30 June 2018.

Note: Members are not required to vote on this item of business.

Remuneration Report

2. To adopt the Remuneration Report as included in the Directors' Report for the year ended 30 June 2018.

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

Election of Directors

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

"That Mr Michael John Harvey, a Director who retires by rotation at the close of the meeting in accordance with Article 63A of the Constitution of the Company and being eligible, be re-elected as a Director of the Company."

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

"That Mr Christopher Herbert Brown, a Director who retires by rotation at the close of the meeting in accordance with Article 63A of the Constitution of the Company and being eligible, be re-elected as a Director of the Company."

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

"That Mr John Eryn Slack-Smith, a Director who retires by rotation at the close of the meeting in accordance with Article 63A of the Constitution of the Company and being eligible, be re-elected as a Director of the Company."

Special Business

6. To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:

"That, for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant to Mr Gerald Harvey up to

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196,500 performance rights under the Harvey Norman 2016 Long Term Incentive Plan on the terms set out in the Explanatory Notes".

7. To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:

"That, for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant to Ms Kay Lesley Page up to 549,000 performance rights under the Harvey Norman 2016 Long Term Incentive Plan on the terms set out in the Explanatory Notes".

8. To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:

"That, for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant to Mr John Evyn Slack-Smith up to 327,000 performance rights under the Harvey Norman 2016 Long Term Incentive Plan on the terms set out in the Explanatory Notes".

9. To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:

"That, for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant to Mr David Matthew Ackery up to 327,000 performance rights under the Harvey Norman 2016 Long Term Incentive Plan on the terms set out in the Explanatory Notes".

10. To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:

"That, for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant to Mr Chris Mentis up to 249,000 performance rights under the Harvey Norman 2016 Long Term Incentive Plan on the terms set out in the Explanatory Notes".

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ELIGIBILITY TO VOTE

For the purposes of the AGM, the Directors have determined that shares will be taken to be held by persons registered as shareholders of the company at **6pm (AEDT) on Friday 23 November 2018**.

PROXIES

Each shareholder who is entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote at the AGM on the shareholder's behalf. A proxy need not be a shareholder of the Company, and may be either an individual or a body corporate.

Where two proxies are appointed by a shareholder, the shareholder may specify the proportion or number of votes which each proxy is entitled to exercise on a poll. If the appointment does not specify the proportion or number of shareholder's votes, each proxy may exercise one half of the votes on a poll.

CORPORATE REPRESENTATIVES

A body corporate which is a shareholder or the proxy of a shareholder may appoint an individual as its representative to exercise all or any of its powers that it could exercise at the AGM. The representative should bring to the AGM, original documentation evidencing his or her appointment, including any authority under which the appointment is signed.

PROXY DEADLINE

A Proxy Form and, if the Proxy Form is not signed by the shareholder, the power of attorney or other authority (if any) under which the Proxy Form is signed (or a certified copy of that power of attorney or other authority), must be received by the Company at least 48 hours before the time for holding the AGM – that is, by **11am (AEDT) on Sunday 25 November 2018**. Documents may be lodged with the Company by the methods set out in the Proxy Form.

ATTACHMENTS

- A. **Voting Exclusion Statement**
- B. **Explanatory Notes and Glossary**
- C. **Proxy Form**

Dated this 15th day of October 2018



Chris Mentis
Company Secretary

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ATTACHMENT A

VOTING EXCLUSION STATEMENT

HARVEY NORMAN HOLDINGS LIMITED ACN 003 237 545 ("Company")

On 27 November 2018 at the Annual General Meeting of its members, the Company will disregard any votes cast on the following proposed resolutions:

Ordinary Business

Resolution 2 *To adopt the Remuneration Report as included in the Directors' Report for the year ended 30 June 2018.*

- (a) by any key management personnel of the Company, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, details of whose remuneration are included in the Remuneration Report (**Key Management Personnel**); and
- (b) by any closely related party of any Key Management Personnel.

Closely related parties of Key Management Personnel are defined in the *Corporations Act 2001* (Cth) (**Corporations Act**) and include certain family members and any companies controlled by Key Management Personnel.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- the vote is not cast on behalf of any Key Management Personnel, or any closely related party of any Key Management Personnel.

Special Business

Resolution 6 *Grant of Performance Rights to Gerald Harvey*

- (a) by Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Eryn Slack-Smith, Mr David Matthew Ackery and Mr Chris Mentis; and
- (b) each associate of Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Eryn Slack-Smith, Mr David Matthew Ackery and Mr Chris Mentis.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

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Resolution 7 *Grant of Performance Rights to Kay Lesley Page*

- (a) by Ms Kay Lesley Page, Mr Gerald Harvey, Mr John Evyn Slack-Smith, Mr David Matthew Ackery and Mr Chris Mentis; and
- (b) each associate of Ms Kay Lesley Page, Mr Gerald Harvey, Mr John Evyn Slack-Smith, Mr David Matthew Ackery and Mr Chris Mentis.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 8 *Grant of Performance Rights to John Evyn Slack-Smith*

- (a) by Mr John Evyn Slack-Smith, Mr Gerald Harvey, Ms Kay Lesley Page, Mr David Matthew Ackery and Mr Chris Mentis; and
- (b) each associate of Mr John Evyn Slack-Smith, Mr Gerald Harvey, Ms Kay Lesley Page, Mr David Matthew Ackery and Mr Chris Mentis.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 9 *Grant of Performance Rights to David Matthew Ackery*

- (a) by Mr David Matthew Ackery, Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Evyn Slack-Smith and Mr Chris Mentis; and
- (b) each associate of Mr David Matthew Ackery, Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Evyn Slack-Smith and Mr Chris Mentis.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 10 *Grant of Performance Rights to Chris Mentis*

- (a) by Mr Chris Mentis, Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Evyn Slack-Smith and Mr David Matthew Ackery; and

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- (b) each associate of Mr Chris Mentis, Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Eryn Slack-Smith and Mr David Matthew Ackery.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

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ATTACHMENT B
EXPLANATORY NOTES

Defined Terms

In these Explanatory Notes, capitalised terms are defined in the Glossary included at the end of these Explanatory Notes.

Resolution 1 To receive the Company's Financial Statements, the Directors' Declaration and the Directors' Report and Independent Audit Report for the year ended 30 June 2018

- 1.1 The 2018 Annual Report of the Company has been made available to shareholders and is published on the Company's website (www.harveynormanholdings.com.au/annualreports.htm).
- 1.2 The Chairman will allow a reasonable opportunity for the members as a whole at the meeting to ask questions about or make comments on the management of the Company.
- 1.3 Members will be given a reasonable opportunity to ask the auditor of the Company questions about the conduct of the audit or the content of the Independent Audit Report.

Resolution 2 Adoption of Remuneration Report

- 2.1 Section 250R(2) of the Corporations Act provides that a resolution that the remuneration report be adopted must be put to the vote at the Annual General Meeting of the Company. This vote is advisory only and does not bind the Directors or the Company.
- 2.2 The Chairman will allow a reasonable opportunity for the members as a whole to ask questions about, or make comments on, the remuneration report.
- 2.3 If you appoint the Chairman as your proxy, the Chairman will not vote any undirected proxies in respect of Resolution 2.
- 2.4 If you appoint the Chairman as your proxy and you want your shares to be voted on Resolution 2, you should direct the chairman how to vote on Resolution 2 by completing Step 2 in the Proxy Form.
- 2.5 Votes will not be counted in respect of Resolution 2 if you provide an undirected proxy, unless you nominate as your proxy the Designated Proxy Holder (as defined in the Proxy Form attached to the Notice of Meeting) or any person who is not:
- (a) Key Management Personnel; or
 - (b) a closely related party of any Key Management Personnel.
- 2.6 The Designated Proxy Holder intends to vote undirected proxies **in favour of Resolutions 2 to 10 (inclusive)**.
- 2.7 Sections 250U, 250V and 250W of the Corporations Act provide that if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, members will be required to vote at the

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second of those annual general meetings on a resolution (**Spill Resolution**) that another meeting be held at which all of the directors of the Company, other than the Managing Director, must go up for re-election.

- 2.8 If the Spill Resolution is passed, the Company must convene the extraordinary general meeting within 90 days (**Spill EGM**). All directors, other than the Managing Director, will cease to hold office immediately before the end of the Spill EGM but may stand for re-election at the Spill EGM.

Resolutions 3 to 5 Election of Directors

- 3.1 Article 63A of the Constitution of the Company provides that at every annual general meeting, one third of the directors of the Company must retire from office and that no Director shall retain office for a period exceeding three years, without submitting himself or herself for re-election.

The following Directors retire and submit themselves for re-election.

Resolution 3 – Michael John Harvey

- 3.2 Mr. M. Harvey holds a Bachelor of Commerce degree from the University of New South Wales. Mr. M. Harvey has extensive retail operations experience. Mr M. Harvey became a director of the Company in 1993 and was appointed Managing Director in July 1994. Mr. M. Harvey ceased to be an Executive Director and Managing Director on 30 June 1998.

The Board is satisfied that Mr M. Harvey brings to the Board the necessary skills and attributes for a director, as set out on page 61 of the 2018 Annual Report of the Company.

Mr M. Harvey has a relevant direct and indirect interest in 2,974,897 ordinary shares in the Company.

Resolution 4 – Christopher Herbert Brown OAM FAICD

- 4.1 Mr Brown holds the degree of Master of Laws from the University of Sydney and is a Fellow of the Australian Institute of Company Directors. Mr Brown is the senior partner in Brown Wright Stein Lawyers. Mr Brown was appointed a director of the Company in 1987, when it became a listed public company. Mr Brown is member of each of the Audit, Remuneration and Nomination Committees.

The Board recognises the Corporate Governance Council's recommendation that a majority of the Board should consist of independent directors. The Board further recognises that Mr Brown does not meet the definition of independence.

The Board believes that Mr Brown brings quality and independent judgment to all relevant issues falling within the scope of his role and that the Company as a whole benefits from his long standing experience of its operations and business relationships.

The Board is satisfied that Mr Brown brings to the Board the necessary skills and attributes for a director, as set out on page 61 of the 2018 Annual Report of the Company.

Mr Brown has a relevant direct and indirect interest in 183,323,726 ordinary shares in the Company.

Resolution 5 – John Evyn Slack-Smith

- 5.1 Mr Slack-Smith has substantial retail experience, particularly in the digital, IT and computer markets. As Chief Operating Officer, Mr Slack-Smith has a deep understanding of the core elements of the business of the Company. Mr. Slack-Smith became a director of the Company on 5 February 2001. Mr. Slack-Smith has served as a director of the public company, Sydney Cancer Centre Foundation.

The Board is satisfied that Mr Slack-Smith brings to the Board the necessary skills and attributes for a director, as set out on page 61 of the 2018 Annual Report of the Company.

Mr Slack-Smith has a relevant direct and indirect interest in 899,818 ordinary shares in the Company.

Resolutions 6 to 10 Grant of Performance Rights under the LTI Plan

Long Term Incentive Plan

- 6.1 In Resolutions 6 to 10 inclusive, shareholders are being asked to approve the grant of performance rights, details of which are set out below, under the Harvey Norman 2016 Long Term Incentive Plan. An overview of the rules governing the LTI Plan is set out below.

Remuneration Principles and Strategy

- 6.2 The executive remuneration strategy of the Company is designed to attract, motivate and retain high performing individuals and align the interests of executives with shareholders. A detailed illustration of how the remuneration strategy of the Company aligns with the strategic direction and links remuneration outcomes to performance is set out at pages 32 to 54 of the 2018 Annual Report.

Responsibilities of the Remuneration Committee

- 6.3 The remuneration committee of the Board is responsible for making recommendations to the Board on the remuneration arrangements for executive directors and non-executive directors (**NEDs**).
- 6.4 The remuneration committee assesses the appropriateness of the nature and amount of remuneration of NEDs and executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team. In determining the level and composition of executive remuneration, the remuneration committee had regard to information prepared for the committee and engaged an external consultant to provide analysis and observations. The external consultant did not provide any advice or make any remuneration recommendations.
- 6.5 The remuneration committee comprises three NEDs, two of whom are independent NEDs (which includes the chairman of the committee). Further information on the role, responsibilities and membership of the remuneration committee can be seen in the 2018 Annual Report, which is also accessible at www.harveynormanholdings.com.au.

Summary of the LTI Plan Rules

- 6.6 The LTI Plan is part of the Company's executive remuneration framework, aimed at aligning executive remuneration with the creation of sustainable shareholder value over the long-term. The LTI Plan is governed by the **LTI Plan Rules**.
- 6.7 Under the LTI Plan Rules, the Board in its absolute discretion, may invite executive directors of the Company and such other persons as the Board selects, to participate (**Participant**) in the LTI Plan. On acceptance of the invitation, a Participant is granted performance rights (**Performance Rights**), each being a right to acquire one ordinary share in the Company on payment of the exercise price on the terms and conditions determined by the Board. The invitation to Participants will set out the terms of issue of any grant of Performance Rights, including such service conditions and financial and non-financial terms and conditions (**Conditions**) as the Board (after consideration of recommendations of the remuneration committee of the Board), determines from time to time.
- 6.8 Performance Rights:
- (a) will not carry any voting or dividend rights.
 - (b) are non-transferable except in limited circumstances or with the consent of the Board.
 - (c) will not be quoted on the ASX.
- 6.9 In general, where a Participant resigns or is terminated for cause before a Performance Right vests, all unvested Performance Rights will lapse. Subject to the law, the Board (after consideration of the recommendations of the remuneration committee of the Board) has discretion to determine the treatment of any unvested Performance Rights where a Participant ceases employment in "good leaver" circumstances (such as by reason of death, disability or otherwise in circumstances approved by the Board).
- 6.10 The Company has established an employee share trust for the purpose of acquiring and holding shares to be used to satisfy the entitlements of Participants in respect of their vested Performance Rights. For this purpose, the Company may issue new shares to the trust or procure (including by making contributions to the trust) that shares are acquired on market to be held by the trust. Under the LTI Plan Rules, the Board also has the discretion to make it a term of the grant of Performance Rights that shares awarded on the vesting of Performance Rights must be held in the trust for a restricted period before the Participant is entitled to deal with those shares.
- 6.11 In the event of fraud, dishonesty or breach of obligations, the Board (after consideration of the recommendations of the remuneration committee of the Board) may make a determination, including lapsing Performance Rights, to ensure that no unfair benefit is obtained by a Participant.
- 6.12 In the event of a takeover, scheme of arrangement or other transaction which may result in a person becoming entitled to exercise control over the Company, the Board has a discretion to determine whether any unvested Performance Rights should vest, lapse or become subject to different Conditions or whether any restricted period applying to resulting shares should be lifted.
- 6.13 The LTI Plan and its rules are administered by the Board. Subject to the Listing Rules and applicable legal requirements, the Board has the right (after consideration of the recommendations of the remuneration committee of the Board), to:
- (a) make all determinations required under the LTI Plan Rules; and

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- (b) waive or modify the application of all or any of the LTI Plan Rules or any grant made under the LTI Plan Rules, including any Conditions;

as the Board considers appropriate.

- 6.14 A copy of the LTI Plan Rules will be available for inspection at the Company's registered office during normal business hours, prior to the 2018 Annual General Meeting of the Company.

Summary of Terms of Issue

- 6.15 Each executive named in Resolutions 6 to 10 inclusive will be granted performance rights to acquire shares in the Company, subject to the satisfaction of performance conditions and service conditions as determined by the Board (after consideration of the recommendations of the remuneration committee of the Board).

The Performance Rights will be granted in three tranches as described below (**Tranches** and each a **Tranche**) with each subject to the relevant performance conditions and service conditions, and are exercisable as follows:

Executive	Tranche FY19 Exercisable between 1 January 2022 and 30 June 2024	Tranche FY20 Exercisable between 1 January 2023 and 30 June 2025	Tranche FY21 Exercisable between 1 January 2024 and 30 June 2026
Gerald Harvey	65,500	65,500	65,500
Kay Lesley Page	183,000	183,000	183,000
John Evyn Slack-Smith	109,000	109,000	109,000
David Matthew Ackery	109,000	109,000	109,000
Chris Mentis	83,000	83,000	83,000

- (a) Tranche FY19 will be granted within five (5) business days after the 2018 AGM
 (b) Tranche FY20 will be granted within five (5) business days after the first anniversary of the 2018 AGM
 (c) Tranche FY21 will be granted within five (5) business days after the second anniversary of the 2018 AGM

- 6.16 No amount is payable in respect of the grant of a Performance Right and Performance Rights will not be listed on the ASX.
- 6.17 The exercise price for each Performance Right will be nil. If exercised, each Performance Right will convert into one ordinary share in the Company. Application will be made to list the shares issued on the exercise of the Performance Rights on the ASX and such shares will rank equally with other ordinary shares of the Company and will not carry restrictions on trading.
- 6.18 Unexercised Performance Rights will lapse, irrespective of whether they have become exercisable, when one of the following events occur:

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- (a) as to:
- (i) Tranche FY19, on 1 July 2024 or such earlier date specified by the Board;
 - (ii) Tranche FY20, on 1 July 2025 or such earlier date specified by the Board;
 - (iii) Tranche FY21, on 1 July 2026 or such earlier date specified by the Board;
- (b) the Board determines the Performance Rights granted to a Participant should lapse, as a result of any fraud, gross misconduct or conduct by that Participant which brings the Company into disrepute; or
- (c) the Board determines the relevant requirements in relation to Performance Rights granted to a Participant, including performance conditions and a service condition, have not been and are incapable of being, met.

- 6.19 Separate performance conditions will apply to each Tranche of Performance Rights, and are to be tested over a three year period. Each Performance Right under a Tranche granted to a Participant is subject to service conditions.
- 6.20 The Board (after consideration of the recommendations of the remuneration committee of the Board), may at any time, reduce the number of exercisable Performance Rights if there is only partial achievement of the performance conditions.
- 6.21 The Board reserves the right to make adjustments to the number of Performance Rights, subject to the Listing Rules, if there is a bonus or rights issue or other reconstruction of capital before the Performance Rights are exercised.
- 6.22 Performance Rights are transferable only after satisfaction of all performance conditions and will carry no right to receive dividends or to vote.
- 6.23 Subject to the Listing Rules, Performance Rights may be exercised before their specified exercise date, in limited circumstances including:
- (a) a change of control in the Company eg. a takeover offer is made to acquire the whole of the Company's shares then the Performance Rights may be exercised; or
 - (b) special circumstances, including retirement, redundancy, death or permanent disability of the Participant.
- 6.24 A Performance Right will not entitle a Participant to participate in new issues without exercising the Performance Right. If there is a reorganisation of the capital of the Company, the rights attaching to a Performance Right may be changed by the Board (after consideration of the recommendations of the remuneration committee of the Board), subject to compliance with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 6.25 If there is a pro rata issue (except a bonus issue) to the holders of underlying securities in the Company, the number of Performance Rights will be adjusted in accordance with the Listing Rules.
- 6.26 Shareholder approval is required under Listing Rule 10.14 for all issues of Performance Rights to directors of the Company. The Board (after consideration of the recommendations of the remuneration committee of the Board), has reviewed the

overall remuneration arrangements of each executive director named in proposed Resolutions 6 to 10 (**Grantee**) and believes the Performance Right allocations proposed are reasonable having regard to the circumstances of the Company, the duties and responsibilities of each Grantee and market levels of remuneration of executives of similar sized organisations.

- 6.27 The Board (after consideration of the recommendations of the remuneration committee of the Board), considers the number of performance rights proposed to be granted to each Grantee is appropriate.

Performance Conditions

- 6.28 Performance conditions are deemed to be an essential component of all variable reward entitlements. The proposed allocation of Performance Rights will be subject to service conditions and financial performance conditions. The Board (after consideration of the recommendations of the remuneration committee of the Board) may, in its discretion, impose additional non-financial performance conditions which must be satisfied as a condition of exercise of any Performance Rights by a Grantee.

Financial Performance Conditions

Financial Performance Conditions – Tranche FY19

- 6.29 (a) In this condition the following terms have the following meanings:

Tranche FY19 Aggregate APBT means the aggregate of the amounts of the annual net profit before income tax of the consolidated entity for each of the Tranche FY19 Financial Years, but excluding any amounts accounted for in the financial statements of the consolidated entity for increments or decrements arising from any revaluation of land or buildings in the Tranche FY19 Financial Years;

Tranche FY19 Aggregate Net Assets means the amount equivalent to the aggregate of the amounts of the net assets of the consolidated entity, excluding non-controlling equity interests, as at each of 30 June 2018, 2019 and 2020 as described in the annual report of the consolidated entity in respect of each of the Tranche FY19 Financial Years;

Tranche FY19 Financial Years means the financial years ending 30 June 2019, 2020 and 2021;

Tranche FY19 RONA means the following fraction expressed as a percentage:

$$\frac{\text{Tranche FY19 Aggregate APBT}}{\text{Tranche FY19 Aggregate Net Assets}}$$

- (c) Tranche FY19 RONA is a key financial metric link to performance. Full vesting of the Performance Rights in Tranche FY19 is conditional upon achievement of Tranche FY19 RONA of at least 20%. If an amount of less than 20% is achieved, then only a portion of the Performance Rights in Tranche FY19 will vest as set out in the table below.

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Tranche FY19 RONA achieved	% of Performance Rights in respect of Tranche FY19 that will become exercisable
Less than 16%	Nil
16%	20%
17%	40%
18%	60%
19%	80%
20%	100%

Financial Performance Conditions – Tranche FY20

- 6.30 (a) In this condition the following terms have the following meanings:

Tranche FY20 Aggregate APBT means the aggregate of the amounts of the annual net profit before income tax of the consolidated entity for each of the Tranche FY20 Financial Years, but excluding any amounts accounted for in the financial statements of the consolidated entity for increments or decrements arising from any revaluation of land or buildings in the Tranche FY20 Financial Years;

Tranche FY20 Aggregate Net Assets means the amount equivalent to the aggregate of the amounts of the net assets of the consolidated entity, excluding non-controlling equity interests, as at each of 30 June 2019, 2020 and 2021 as described in the annual report of the consolidated entity in respect of each of the Tranche FY20 Financial Years;

Tranche FY20 Financial Years means the financial years ending 30 June 2020, 2021 and 2022;

Tranche FY20 RONA means the following fraction expressed as a percentage:

$$\frac{\text{Tranche FY20 Aggregate APBT}}{\text{Tranche FY20 Aggregate Net Assets}}$$

- (b) Tranche FY20 RONA is a key financial metric link to performance. Full vesting of the Performance Rights in Tranche FY20 is conditional upon achievement of Tranche FY20 RONA of at least 20%. If an amount of less than 20% is achieved, then only a portion of the Performance Rights in Tranche FY20 will vest as set out in the table below.

Tranche FY20 RONA achieved	% of Performance Rights in respect of Tranche FY20 that will become exercisable
Less than 16%	Nil
16%	20%
17%	40%
18%	60%
19%	80%
20%	100%

Financial Performance Conditions – Tranche FY21

- 6.31 (a) In this condition the following terms have the following meanings:

Tranche FY21 Aggregate APBT means the aggregate of the amounts of the annual net profit before income tax of the consolidated entity for each of the Tranche FY21 Financial Years, but excluding any amounts accounted for in the financial statements of the consolidated entity for increments or decrements arising from any revaluation of land or buildings in the Tranche FY21 Financial Years;

Tranche FY21 Aggregate Net Assets means the amount equivalent to the aggregate of the amounts of the net assets of the consolidated entity, excluding non-controlling equity interests, as at each of 30 June 2020, 2021 and 2022 as described in the annual report of the consolidated entity in respect of each of the Tranche FY21 Financial Years;

Tranche FY21 Financial Years means the financial years ending 30 June 2021, 2022 and 2023;

Tranche FY21 RONA means the following fraction expressed as a percentage:

$$\frac{\text{Tranche FY21 Aggregate APBT}}{\text{Tranche FY21 Aggregate Net Assets}}$$

- (b) Tranche FY21 RONA is a key financial metric link to performance. Full vesting of the Tranche FY21 performance rights is conditional upon achievement of Tranche FY21 RONA of at least 20%, with lesser vesting as set out in the table below.

Tranche FY21 RONA achieved	% of performance rights in respect of Tranche FY21 that will become exercisable
Less than 16%	Nil
16%	20%
17%	40%
18%	60%
19%	80%
20%	100%

Non-Financial Conditions

- 6.32 The Board (after consideration of the recommendations of the remuneration committee of the Board), may impose non-financial performance conditions consistent with the execution of the strategy of the Company and mitigation of risk. The question as to whether any non-financial performance conditions have been satisfied will be determined by the Board (after consideration of the recommendations of the remuneration committee of the Board).

Service Conditions

- 6.33 The service condition in respect of Performance Rights of a Participant under each Tranche will be deemed to be satisfied if at the time of exercise of the Performance Rights:

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- (a) the Participant has not resigned or provided notice of resignation of employment from the Company, except in order to retire from the workforce;
 - (b) the Company has not terminated the employment of the Participant for cause; and
 - (c) the Board has not determined that the Performance Rights should lapse as a result of any fraud, gross misconduct or conduct of the Participant which brings the Company into disrepute.

6.34 If the Participant dies before the Performance Rights are exercised, but the relevant performance condition has been satisfied and the conditions in paragraph 6.33 do not apply, the estate of the Participant may exercise the Performance Rights.

6.35 No Director may participate in deliberations by the Board about, or decisions of the Board in respect of the remuneration of that Director.

Information required under Listing Rules

6.36 Listing Rule 10.15A requires that a notice of meeting to approve the issue of securities under Listing Rule 10.14 include the following information:

- (a) each Grantee identified in Resolutions 6 to 10 (inclusive) is a director of the Company;
- (b) the maximum number of Performance Rights (each being a right to acquire a share in the Company on the terms and conditions set by the Board) that may be acquired by:
 - (i) Gerald Harvey is 196,500;
 - (ii) Kay Lesley Page is 549,000;
 - (iii) John Evyn Slack-Smith is 327,000;
 - (iv) David Matthew Ackery is 327,000; and
 - (v) Chris Mentis is 249,000;
- (c) the price for each Performance Right and the exercise price of any Performance Right will be nil;
- (d) persons who were granted performance rights and the number granted under the LTI Plan since the last approval given at the Company's 2015 AGM, are set out below. The performance rights were granted for nil price in 3 tranches in accordance with that approval given previously. None of these performance rights have vested.

Participant	Number of Performance Rights
Gerald Harvey	187,500
Kay Lesley Page	337,500
John Evyn Slack-Smith	225,000
David Matthew Ackery	225,000
Chris Mentis	225,000

- (e) the names of all persons entitled to participate in the LTI Plan are Gerald Harvey, Kay Lesley Page, David Matthew Ackery, Chris Mentis and John Evyn Slack-Smith;
 - (f) a voting exclusion statement is set out in Attachment A;
 - (g) no loan is proposed in relation to the acquisition of the Performance Rights or any Shares which result from the exercise of the Performance Rights;
 - (h) details of any securities issued under the LTI Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under Listing Rule 10.14;
 - (i) any additional persons who become entitled to participate in the LTI Plan after the relevant Resolutions in this notice of meeting are approved and who were not named in the notice of meeting will not participate until approval is obtained under Listing Rule 10.14; and
 - (j) it is intended the securities will be issued in three Tranches (as detailed above in paragraph 6.15), but in any event must be issued before that date which is no later than three years after the 2018 AGM.
- 6.37 If shareholder approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.
- 6.38 The non-executive directors are not entitled to participate in the proposed grant of Performance Rights. The non-executive directors are Christopher Herbert Brown, Kenneth William Gunderson-Briggs, Graham Charles Paton and Michael John Harvey.

Glossary

Term	Meaning
AEDT	Australian Eastern Daylight Savings Time
AGM, Annual General Meeting or Meeting	the Annual General Meeting of the Company
Article	An Article of the Constitution
ASX	Australian Securities Exchange
Board	the board of directors of the Company
Company	Harvey Norman Holdings Limited ACN 003 237 545
Conditions	as defined in clause 6.7 of the Explanatory Notes
Consolidated entity	the Company and all controlled entities of the Company
Constitution	Articles of Association of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Designated Proxy Holder	has the meaning given to it in the Proxy Form
Director	a director of the Company
Explanatory Notes	the explanatory notes set out in Attachment B to the Notice of Meeting
Grantee	as defined in clause 6.26 of the Explanatory Notes
Harvey Norman 2016 Long Term Incentive Plan or LTI Plan	the 2016 Long Term Incentive Plan implemented by the Company, on the terms and conditions approved by the shareholders of the Company at the AGM held on 24 November 2015
Key Management Personnel or KMP	Key management personnel of the Company, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, details of whose remuneration are included in the Remuneration Report
Notice of Meeting	this notice of meeting in respect of the 2018 AGM
NEDs	as defined in clause 6.3 of the Explanatory Notes
Participant	as defined in clause 6.7 of the Explanatory Notes
Performance Rights	as defined in clause 6.7 of the Explanatory Notes
Proxy Form	the proxy form in respect of the 2018

Term	Meaning
	AGM, set out in Attachment C to the Notice of Meeting
Remuneration Report	the 2018 Remuneration Report as set out in the 2018 Annual Report of the Company
Spill EGM	as defined in clause 2.8 of the Explanatory Notes
Spill Resolution	as defined in clause 2.7 of the Explanatory Notes
Tranches and each a Tranche	as defined in clause 6.15 of the Explanatory Notes

ATTACHMENT C

See Proxy Form Attached

For personal use only

Harvey Norman

Holdings Limited

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11.00am AEDT on Sunday 25 November 2018.**

📱 TO VOTE ONLINE

STEP 1: VISIT <https://www.votingonline.com.au/hvnagm2018>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Designated Proxy Holder as your proxy, mark the box. If you wish to appoint someone other than the Designated Proxy Holder as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Designated Proxy Holder will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am AEDT on Sunday 25 November 2018.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

📱 **Online** <https://www.votingonline.com.au/hvnagm2018>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Harvey Norman Holdings Limited

ACN 003 237 545

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Harvey Norman Holdings Limited** (Company) and entitled to attend and vote hereby appoint:

the Designated Proxy Holder (mark box)

****Designated Proxy Holder means Geoffrey David Stein, or in his absence, Peter Joseph Wright**

OR if you are **NOT** appointing the Designated Proxy Holder as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Designated Proxy Holder as my/our proxy at the Annual General Meeting of the Company to be held at **Tattersalls Club, 181 Elizabeth Street, Sydney NSW 2000 on Tuesday, 27 November 2018 at 11:00am AEDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Designated Proxy Holder authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Designated Proxy Holder as my/our proxy or the Designated Proxy Holder becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 2 and 6-10 inclusive, I/we expressly authorise the Designated Proxy Holder to exercise my/our proxy in respect of these Resolutions even though Resolutions 2 and 6-10 inclusive is connected with the remuneration of a member of the key management personnel for the Company.

The Designated Proxy Holder will vote all undirected proxies in favour of all Items of business (including Resolutions 2 and 6-10 inclusive). If you wish to appoint the Designated Proxy Holder as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 2	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-Election of Director – Mr Michael John Harvey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-Election of Director – Mr Christopher Herbert Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-Election of Director – Mr John Evyn Slack-Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of 196,500 Performance Rights – Mr Gerald Harvey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Grant of 549,000 Performance Rights – Ms Kay Lesley Page	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Grant of 327,000 Performance Rights – Mr John Evyn Slack-Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Grant of 327,000 Performance Rights – Mr David Matthew Ackery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Grant of 249,000 Performance Rights – Mr Chris Mentis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2018