

# Notice of Annual General Meeting

---

Notice is given that the 2016 Annual General Meeting of Adairs Limited (the **Company**) will be held in the Conference Room at The Westin, 205 Collins St, Melbourne, Victoria, on Friday 18 November 2016 at 11:00am (AEDT) (the **Meeting**).

## Agenda items

---

### **1 Annual Financial Report**

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 3 July 2016.

### **2 Re-election of Directors**

To consider and, if thought fit, pass the following resolutions each as a separate ordinary resolution:

- (a) "That Trent Peterson, being eligible, be re-elected as a Director of the Company."
- (b) "That Kate Spargo, being eligible, be re-elected as a Director of the Company."

### **3 Remuneration Report**

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

"That the Remuneration Report for the year ended 3 July 2016 be adopted."

*Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. A voting exclusion statement applies to this resolution (see item 2 of the notes relating to voting).*

### **4 Approval of long term incentive grant of options to Mark Ronan**

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

"That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of options to Mark Ronan as his annual long term incentive for the year ended 2 July 2017 on the terms described in the explanatory notes accompanying this Notice of Meeting."

*Note: A voting exclusion statement applies to this resolution (see item 2 of the notes relating to voting).*

### **5 Approval of long term incentive grant of options to Michael Cherubino**

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

"That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of options to Michael Cherubino as his annual long term incentive for the year ended 2 July 2017 on the terms described in the explanatory notes accompanying this Notice of Meeting."

*Note: A voting exclusion statement applies to this resolution (see item 2 of the notes relating to voting).*

### **6 Appointment of Auditor**

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

"That Ernst & Young, having been duly nominated by a shareholder of the Company and having consented in writing to act, be appointed as auditor of the Company."

By Order of the Board

**Mark Ronan**  
**Company Secretary**  
**17 October, 2016**

## Notes relating to voting

---

The notes relating to voting and the explanatory notes form part of this Notice of Meeting.

### **1 Entitlement to vote**

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that persons who are registered holders of shares in the Company as at 7:00 pm AEDT on Wednesday 16 November 2016 will be entitled to attend and vote at the Meeting as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

On a poll, shareholders have one vote for every fully paid ordinary share held (subject to the restrictions on voting referred to below).

### **2 Voting exclusions**

#### **Resolution 3**

The Company will disregard any votes cast on resolution 3:

- by or on behalf of a member of the Company's key management personnel (**KMP**) named in the Company's Remuneration Report for the year ended 3 July 2016 or their closely related parties (regardless of the capacity in which the vote is cast); or
- as a proxy by a person who is a member of the Company's KMP at the date of the Meeting or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on resolution 3:

- in accordance with a direction in the proxy form; or
- by the person chairing the Meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though resolution 3 is connected with the remuneration of the KMP.

#### **Resolutions 4 and 5**

The Company will disregard any votes cast on resolutions 4 and 5:

- by or on behalf of Mark Ronan and Michael Cherubino and their associates (regardless of the capacity in which the vote is cast); or
- as a proxy by a person who is a member of the Company's KMP at the date of the Meeting or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on resolutions 4 and 5:

- in accordance with a direction in the proxy form; or
- by the person chairing the Meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though resolution 4 and 5 is connected with the remuneration of the KMP.

### **3 Proxies**

- (a) A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. A shareholder can appoint a proxy by completing and returning a signed proxy form (see section 4 of these notes relating to voting, and the enclosed proxy form).

- (b) A shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.
- (c) If you wish to direct how your proxy should vote, please mark the appropriate boxes on the proxy form. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.
- (d) Unless the Chairman of the Meeting is your proxy, members of the Company's KMP (which includes each of the Directors) will not be able to vote as proxy on resolutions 3, 4 or 5, unless you direct them how to vote. If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, you should ensure that you direct that person how to vote on resolutions 3, 4 and 5.
- (e) If you intend to appoint the Chairman of the Meeting as your proxy, you can direct the Chairman how to vote by marking the boxes for the relevant resolution (for example, if you wish to vote "for", "against" or to "abstain" from voting). However, if you do not mark a box next to resolutions 3, 4 or 5, then by signing and submitting the proxy form, you will be expressly authorising the Chairman to vote as they see fit in respect of resolutions 3, 4 or 5 even though they are connected with the remuneration of the Company's KMP.
- (f) If:
- a poll is duly demanded at the Meeting in relation to a proposed resolution;
  - a shareholder has appointed a proxy (other than the Chairman of the Meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
  - that shareholder's proxy is either not recorded as attending the Meeting or does not vote on the resolution,
- the Chairman of the Meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of that shareholder.
- (g) Please note that for proxies without voting instructions that are exercisable by the Chairman of the Meeting, the Chairman intends to vote all available proxies in favour of each resolution.

#### **4 Proxy form**

A proxy form accompanies this Notice and to be effective must be received no later than 11:00am (AEDT) Wednesday 16 November 2016 at:

**By Mail:** Locked Bag A14  
SYDNEY SOUTH NSW 1235

**By Hand:** Link Market Services Limited  
Level 12, 680 George Street  
Sydney, NSW 2000

**By Fax:** +61 2 9287 0309

**Online:** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Step 1: Select Investor Login from the right hand menu.

Step 2: Enter Adairs Limited as the Issuer.

Step 3: Enter your Holder Identifier (which appears under the barcode on the front of your proxy form) and your postcode or Country.

Step 4: Enter the security code, tick the box to accept the terms and conditions and click "Login".

Step 5: Select Voting from the top menu and follow the prompts to lodge your Proxy.

## **5 Corporate representatives**

A body corporate that is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it has been signed, unless it has previously been given to the Company.

## **6 Voting by attorney**

A shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the Meeting. An attorney may but need not be a member of the Company.

An attorney may not vote at the Meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms.

## **7 Questions for the Company**

Shareholders may submit written questions to the Chairman about the management of the Company. Written questions must be submitted no later than 11:00am (AEDT) on 11 November 2016 by completing the enclosed question form or submitting them via the Link website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Questions in relation to the management of the Company will be collated and, during the Meeting, the Chairman of the Meeting will seek to address as many of the more frequently raised topics as possible.

## **8 Questions for the Auditor**

Shareholders may submit written questions to the Company's Auditor, Ernst & Young, if the question is relevant to the content of Ernst & Young's Audit Report for the year ended 3 July 2016 or the conduct of its audit of the Company's Financial Report for the year ended 3 July 2016.

Relevant written questions for the Auditor must be received by the Company by no later than 11:00am (AEDT) on 11 November 2016 by completing the enclosed question form or submitting them via the Link website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

A list of written questions will be made available to shareholders attending the meeting. If written answers are tabled at the Meeting, they will be made available to shareholders as soon as practicable after the Meeting.

## Explanatory notes

---

These explanatory notes have been prepared to help shareholders understand the items of business at the forthcoming Meeting.

### Item 1 - Annual Financial Report

---

The Corporations Act requires:

- the reports of the Directors and Auditors; and
- the annual Financial Report, including the Financial Statements of the Company for the year ended 3 July 2016,

to be laid before the Meeting. Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given an opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to shareholders as a whole at the Meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

### Item 2 - Re-election of Directors

---

#### **Re-election of Trent Peterson**

Trent is a Non-Executive Director and joined the Board in 2010. Trent is the chair of the Remuneration Committee and a member of the Audit and Risk Committee and the Nomination Committee.

Trent joined Catalyst in 2000 and was appointed as a Managing Director in 2006 when he acquired the Catalyst business with two partners. Trent is also the founder and Managing Director of Catalyst Direct Capital Management.

Trent was Chairman of the Company's Board from 2010 until the initial public offer on the ASX, being the period of Catalyst's majority ownership.

In addition to Adairs Limited, Trent is a non-executive director and chairman of Cirrus Media, Dusk Retail Holdings Pty Ltd, and AATS (trading as SkyBus) and is also a non-executive director of Power Farming Group, The Shaver Shop, Australia Pure Health (trading as Mr Vitamins) and Max Fashions in New Zealand.

He is a former director of Global Television, EziBuy, Metro GlassTech, Moraitis Group, Taverner Hotel Group, Australian Discount Retail and Just Group.

Trent has over 15 years investment and private equity experience, focused primarily on businesses operating in the consumer, retail and media sectors.

Trent is a qualified Chartered Accountant and holds a Bachelor of Commerce.

#### **Recommendation**

The Board (with Trent Peterson abstaining) unanimously recommends that shareholders vote **in favour** of Trent Peterson's re-election.

## Re-election of Kate Spargo

Kate is a Non-Executive Director and joined the Board in May 2015. The Board considers Kate to be an independent Director. Kate is the chair of the Audit and Risk Committee and a member of the Remuneration Committee and the Nomination Committee.

Kate has been an independent company director for 20 years, covering listed and unlisted companies in a variety of sectors including infrastructure, construction and engineering, energy, financial services, building product manufacture and distribution, and health services.

Kate has broad commercial and organisational experience, as well as a focus on risk, audit and governance, supported by her legal background in both government law and private practice.

Her current board positions include chairman of UGL Ltd, and a non-executive director of Sonic Healthcare Ltd, Fletcher Building Ltd, Sigma Pharmaceuticals Ltd, Geelong Football Club and SMEC Ltd (a consulting engineering business operating in around 50 countries). She is also a member of the ColInvest Ltd board.

Previous board positions have included Pacific Hydro, Fulton Hogan, IOOF, Transfield Services Infrastructure, Suncorp Portfolio Services and AEMO.

Kate holds a Bachelor of Law with honours and a Bachelor of Arts. She is also a Fellow of the Australian Institute of Company Directors.

### Recommendation

The Board (with Kate Spargo abstaining) unanimously recommends that shareholders vote **in favour** of Kate Spargo's re-election.

## Item 3 - Remuneration Report

---

Shareholders will have a reasonable opportunity at the Meeting to ask questions about or make comments on the Remuneration Report. The Remuneration Report on pages 24 - 32 of the Company's Annual Report sets out the remuneration policies of the Company and reports on the remuneration arrangements in place for the Company's KMP during the year ended 3 July 2016. The Annual Report is available on the Company's website at <http://investors.adairs.com.au>.

As prescribed by the Corporations Act, the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote and discussion at the Meeting into account in setting remuneration policy for future years.

### Recommendation

The Board unanimously recommends that shareholders vote **in favour** of the adoption of the Remuneration Report.

## Items 4 and 5 - Approval of long term incentive grant of options

---

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of options to Mark Ronan and Michael Cherubino (each an **Eligible Participant**), as part of their Long Term Incentive (**LTI**) for FY2017.

As announced in an ASX announcement on 6 September 2016, Mark Ronan will be appointed Managing Director and CEO of the Company effective 18 November 2016. Michael Cherubino is Chief Financial Officer and will be transitioning to Executive Director – Property and Business Development effective 17 October 2016. Both Mark and Michael are, or will be, Executive Directors of the Company and shareholder approval is being sought on that basis for ASX Listing Rule 10.14 purposes.

Subject to shareholder approval, the options pursuant to items 4 and 5 will be granted under the Adairs Limited Equity Incentive Plan (the **Plan**) within 12 months of the Meeting.

### **Key terms of the FY2017 LTI grant**

The LTI grant is designed to align the interests of the Eligible Participants with the interests of shareholders by providing the opportunity to receive an equity interest in the Company through the granting of options.

Mr Ronan will be granted 651,000 options and Mr Cherubino will be granted 372,000 options. The number of each Eligible Participant's options have been determined by dividing their LTI opportunity by the fair value of options.

As the options form part of the Eligible Participants' remuneration, they will be issued for nil consideration. The exercise price per option payable by an Eligible Participant if the options vest and become exercisable is \$2.00 per option.

Each option entitles an Eligible Participant to acquire one ordinary share in the Company on payment of the exercise price. Options will only vest and become exercisable if vesting conditions are satisfied. The Board has discretion to make a cash payment in lieu of an allocation of shares on vesting and exercise of options.

Prior to vesting, the options do not entitle Eligible Participants to dividends or voting rights.

### **Performance Period**

The performance period is from 4 July 2016 to 30 June 2020.

### **Vesting conditions**

#### 1. Service condition

Unless the Board determines otherwise, for any options to vest and become exercisable, the Eligible Participant must remain employed on a full time basis by the Group at 30 June 2020 and not given notice of their resignation. The service condition will be tested on 30 June 2020.

#### 2. Performance conditions

Each proposed grant of options will be subject to two separate performance conditions as follows:

- 60% of the options will be subject to an earnings per share (**EPS**) performance condition; and
- 40% of the options will be subject to a like-for-like sales growth performance condition.

#### *EPS performance condition*

The EPS performance condition will be measured by reference to the compound annual growth rate (**CAGR**) of the Company's EPS over a period of 3 financial years, commencing on 4 July 2016 and ending on 30 June 2019.

EPS measures the earnings generated by the Company attributable to each share on issue on a fully diluted basis. Calculation of the CAGR of the EPS and achievement against the performance condition will be determined by the Board in its absolute discretion.

#### *Sales performance condition*

The sales performance condition will be measured by reference to the Company's like-for-like sales growth over FY2017, FY2018 and FY2019. Like-for-like sales growth measures growth in sales in one year compared to the previous year, taking into consideration only like-for-like sales.

Calculation of the achievement against the sales growth performance condition will be determined by the Board in its absolute discretion.

These hurdles and vesting schedules are set out below:

<b>EPS CAGR Performance (60% Weighting)</b>	<b>Sales Performance (40% Weighting)</b>	<b>Proportion of options that will vest against relevant target</b>
Less than or equal to 5% p.a.	Less than or equal to 2.5%	Nil
Between 5% and 20% p.a.	Between 2.5% and 12.5%	Straight line vesting between 0% and 100%
Equal to, or above, 20% p.a.	Equal to, or above, 12.5%	100%

### **Testing of the vesting conditions**

Testing of the vesting conditions will occur at the end of the performance period. Any options that do not vest will lapse immediately. Any options that vest will be exercisable until 8 years after the date of grant.

### **Cessation of employment**

Where the employment of an Eligible Participant is terminated for cause or they resign, all unvested options and vested but unexercised options will lapse, unless otherwise determined by the Board.

In all other circumstances, a pro rata portion of the unvested options (based on the portion of the performance period that has elapsed) will remain on foot and be subject to the original vesting conditions, as though the Eligible Participant had not ceased employment. Vested but unexercised options will remain on foot and exercisable for a period of 3 months, after which time they will lapse, unless otherwise determined by the Board.

### **Change of control**

In the event of a likely change in control of the Company, the Board has a discretion to determine that some or all of the Eligible Participant's options will vest.

If a change of control occurs before the Board exercises its discretion, a pro-rata portion of the options (equal to the portion of the relevant performance period that has elapsed up to the change of control) will vest and be exercisable for a period of 3 months after the change of control.

### **Clawback**

The Board has broad "clawback" powers to determine that options lapse or shares allocated on exercise of the vested options are forfeited, or that amounts are to be repaid in certain circumstances (for example, in the case of serious misconduct).

### **Restrictions on dealing**

An Eligible Participant must not sell, transfer, encumber, hedge or otherwise deal with options.

An Eligible Participant will be free to deal with the shares allocated on exercise of the options, subject to the requirements of the Company's Securities Dealing Policy.

### **Additional information provided in accordance with ASX Listing Rule 10.15**

- This is the first time the Company is seeking approval under Listing Rule 10.14. These are the first grants to be made to a Director under the Plan.
- Mark Ronan (once appointed) and Michael Cherubino are the only Directors entitled to receive options under the Plan.
- No loan will be made by the Company in relation to the acquisition of options.

- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the options granted to Mark Ronan and Michael Cherubino and any shares issued pursuant to this approval will not use up part of the 15% available under ASX Listing Rule 7.1.

#### **Recommendation**

The Board (with Michael Cherubino abstaining) unanimously recommends that shareholders vote **in favour** of the grant of options to Mark Ronan and Michael Cherubino.

## **Item 6 - Appointment of Auditor**

---

Ernst & Young was appointed as the auditor of the Company by the Board on 16 June 2011.

Section 327B(1)(a) of the Corporations Act requires a public company to appoint an auditor at its first Annual General Meeting. Accordingly, the Company is seeking shareholder approval of the appointment of Ernst & Young as the Company's auditor.

Ernst & Young has been duly nominated for appointment as the Company's auditor by a shareholder of the Company, as required by section 328B of the Corporations Act. A copy of the shareholder's written notice of nomination is set out in Annexure A.

#### **Recommendation**

The Board unanimously recommends that shareholders vote **in favour** of the appointment of Ernst & Young as auditor of the Company.

## Annexure A

---

Notice of nomination of Auditor to Adairs Limited ABN 50 147 375 451

7 October 2016

Mark Ronan  
Chief Operating Officer and  
Company Secretary,  
Adairs Limited  
2 International Court  
Scoresby VIC 3179

Dear Mr Ronan

### **Notice of nomination of auditor**

I am a member of Adairs Limited ACN 147 375 451 (**Company**).

I hereby nominate Ernst & Young for appointment as auditor of the Company.

This letter serves as a Notice of Nomination in accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**).


In accordance with section 328B(3) of the Corporations Act, please send a copy of this notice to Ernst & Young and any person entitled to receive notice of general meetings of the Company.

Yours sincerely


Fay Hatzis


## LODGE YOUR VOTE

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

 **BY MAIL**  
Adairs 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 Adairs 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 **11:00am on Friday, 18 November 2016 at The Westin, 205 Collins St, Melbourne, Victoria, 3000** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Items 3, 4 and 5:** 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 Items 3, 4 and 5, even though the Items are 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

Items	For	Against	Abstain*		For	Against	Abstain*	
2a Re-election of Trent Peterson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5	Approval of long term incentive grant of options to Michael Cherubino	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2b Re-election of Kate Spargo as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
4 Approval of long term incentive grant of options to Mark Ronan	<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).



## 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 Items are 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:

- (a) 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
- (b) 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" should 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](http://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 **11:00am on Wednesday, 16 November 2016**, 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](http://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) as shown on the front of the Proxy Form).



#### 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](http://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

Adairs 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.**