

Harvey Norman Holdings Limited

A.C.N. 003 237 545

A1 RICHMOND ROAD
HOMEBUSH WEST N.S.W. 2140
LOCKED BAG 2 SILVERWATER BC,
N.S.W 1811

Telephone: (02) 9201 6111
Facsimile: (02) 9201 6250

7 September 2018

Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

HARVEY NORMAN HOLDINGS LIMITED ("HVN") ENTITLEMENT OFFER Entitlement and Information Booklet

Attached is a copy of the Entitlement and Information Booklet and sample Entitlement and Acceptance Form in relation to the pro rata renounceable entitlement offer announced by HVN on 31 August 2018. Personalised and completed Entitlement and Acceptance Forms, together with the Entitlement and Information Booklet will be despatched to Eligible Shareholders on or around 14 September 2018.

Yours faithfully



Chris Mentis
Company Secretary

HARVEY NORMAN HOLDINGS LIMITED
ACN 003 237 545

**Entitlement
and
Information Booklet**

**for a 1 for 17 pro rata renounceable Entitlement Offer at \$2.50 per Share
to raise \$163.85 million before Offer Costs**

**Entitlement Offer closes: 5.00pm (Sydney time) on
Monday 15 October 2018**

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document, you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, financial adviser, accountant or other professional adviser.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

IMPORTANT NOTICES

This Information Booklet is dated 31 August 2018. Capitalised terms in this section have the meaning given to them in this Information Booklet.

The Entitlement Offer is being made without a prospectus in accordance with Section 708AA of the *Corporations Act* (as modified by *ASIC Corporations (Non-Traditional Rights issues) Instrument 2016/84*). This Information Booklet does not contain all the information which a prospective investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or personal circumstances. HVN is not licensed to provide financial product advice in respect of the New Shares. This Information Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares.

This Information Booklet is important and should be read in its entirety before deciding whether to participate in the Entitlement Offer. This Information Booklet is not a prospectus under the *Corporations Act* and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form together with the requisite Application Monies or otherwise paying for your New Shares through BPAY, in each case in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Information Booklet.

No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Information Booklet is not to be distributed in, and no offer of New Shares is to be made in, countries other than Australia and New Zealand. The distribution of this Information Booklet in other jurisdictions may be restricted by law and therefore persons who come into possession of this Information Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction outside Australia or New Zealand.

The distribution of this Information Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this Information Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for HVN to lawfully receive your Application Monies.

New Zealand

The Entitlements and New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses (as recorded in the Company's share register) in New Zealand or persons in whose favour Entitlements are renounced. The offer of Entitlements and New Shares is being made in New Zealand in reliance on the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand) (as amended).

This Information Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by a New Zealand regulatory authority. This Information Booklet is not an investment statement, prospectus, or product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that those documents under New Zealand law are required to contain.

Definitions, currency and time

Defined terms used in this Information Booklet are contained in Section 10 of this Information Booklet. All references to currency are to Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. While certain tax disclosures are made in Section 9 of this Information Booklet, HVN strongly recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

HVN collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in HVN.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to HVN (directly or through the Share Registry). HVN collects, holds and will use that information to assess your Application. HVN collects your personal information to process and administer your shareholding in HVN and to provide related services to you. HVN may disclose your personal information for purposes related to your shareholding in HVN, including to the Share Registry, HVN's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies.

HVN aims to ensure that the personal information HVN retains about you is accurate, complete and up to date. To assist with this please contact HVN if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information HVN has about you, HVN will take steps to correct it. You can obtain access to personal information that HVN holds about you. To make a request for access to your personal information held by (or on behalf of) HVN, please contact HVN through the Share Registry.

If you do not provide the information in the Entitlement and Acceptance Form, HVN will not be able to issue New Shares in accordance with your instructions.

No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by HVN or any of its officers.

Past performance

Investors should note that HVN's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) HVN's future performance including HVN's future financial position or share price performance.

Future performance

This Information Booklet may contain certain forward-looking statements with respect to the financial condition, results of operations, projects and business of HVN and certain plans and objectives of the management of HVN. Any forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct.

Any forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither HVN or any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. Any such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of HVN. A number of important factors could cause actual results or performance to differ materially from any forward-looking statements. Investors should consider the forward-looking statements contained in this Information Booklet in light of those disclosures.

Risks

Refer to Section 8 of this Information Booklet for a summary of general and specific risk factors that may affect HVN.

United States disclaimer

None of the information in this Information Booklet or the accompanying Entitlement and Acceptance Form constitutes an offer to sell, or the solicitation of an offer to buy any securities in the United States. Neither this Information Booklet (or any part of it), the accompanying ASX announcement nor the accompanying Entitlement and Acceptance Form may be released or distributed directly or indirectly, to persons in the United States.

The New Shares have not been, and will not be, registered under the *US Securities Act* or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the *US Securities Act* and applicable securities laws of any state or other jurisdiction in the United States.

ASX disclosure

HVN has lodged notices with ASX in compliance with its continuous disclosure obligations under the *Corporations Act* and the Listing Rules. You can view HVN's recent announcements on the ASX website www.asx.com.au or at the HVN website www.harveynormanholdings.com.au

When considering whether you should accept all or part of your Entitlement Offer, you should consider HVN's ASX announcements and any risks associated with your personal circumstances. You should also seek professional advice from your stockbroker, financial adviser, accountant or other professional adviser in relation to whether to subscribe for New Shares.

Table of Contents

1.	EXECUTIVE CHAIRMAN'S LETTER	6
2.	SUMMARY OF ENTITLEMENT OFFER	8
3.	KEY DATES	9
4.	ENQUIRIES.....	9
5.	DESCRIPTION AND EFFECT OF THE OFFER.....	10
6.	CAPITAL STRUCTURE	14
7.	HOW TO APPLY	17
8.	RISK FACTORS	23
9.	TAX DISCLOSURES.....	27
10.	DEFINITIONS.....	30
11.	CORPORATE INFORMATION	33

1. Executive Chairman's letter

31 August 2018

Dear Shareholder

On behalf of Harvey Norman Holdings Limited (**Company** or **HVN**), I am pleased to invite you to participate in a 1 for 17 renounceable entitlement offer (**Entitlement Offer**). The Entitlement Offer is targeted to raise approximately \$163.85 million (before Offer Costs) by the issue of approximately 65,540,524 fully paid ordinary shares in HVN (**New Shares**) at an issue price of \$2.50 per New Share (**Issue Price**).

Capital Management

The Entitlement Offer forms part of the Company's ongoing capital management program. It is intended that the proceeds from the Entitlement Offer will be used to reduce the amount of HVN consolidated entity debt.

Entitlement offer overview

Participation in the Entitlement Offer, and the transfer of Entitlements, is restricted to Eligible Shareholders, as described in Section 5.6 of this Information Booklet.

Under the Entitlement Offer, Eligible Shareholders have the opportunity to invest at the Issue Price of \$2.50 per New Share, being a 32.76% discount to the 10-day VWAP of HVN Shares as at 31 August 2018 (being the announcement date of the Entitlement Offer). The number of New Shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that is enclosed in this Information Booklet.

Eligible Shareholders may also apply for additional New Shares in excess of their Entitlement¹ at the same issue price of \$2.50 per New Share under the Top Up Facility as part of the Entitlement Offer. The Top Up Facility provides an opportunity for Eligible Shareholders to apply for Top Up Shares to top up their holdings. Further details regarding the Top Up Facility are contained in section 5.2.

An Entitlement under the Entitlement Offer is renounceable and therefore if you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX between Tuesday 11 September 2018 and Monday 8 October 2018 (inclusive) or transfer all or part of your Entitlement directly to another person (please refer to Section 7 of this Information Booklet for more information).

There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlements on the ASX and the price you may be able to achieve.

¹ There is no guarantee regarding the number of Top Up Shares (if any) that will be available to Shareholders under the Top Up Facility, in addition to their Entitlement under the Entitlement Offer.

The Entitlement Offer closes at 5.00pm (Sydney time) on Monday 15 October 2018².

Accompanying this Information Booklet is your personalised Entitlement and Acceptance Form. Please read in full the details on how to submit your Application, which are set out in this Information Booklet. If you wish to participate in this Entitlement Offer, you must ensure that you have completed your Application by paying Application Monies by BPAY® before 5.00pm (Sydney time) on Monday 15 October 2018 or by lodging your completed Entitlement and Acceptance Form with your Application Monies paid by cheque, bank draft or money order, so that they are received by the HVN Share Registry before 5.00pm (Sydney time) on Monday 15 October 2018.

If you do not wish to take up any of your Entitlements, you do not have to take any action. As the Entitlement Offer is renounceable, Entitlements will be tradeable on the ASX or otherwise transferable (refer to sections 7.4 to 7.6 (inclusive)).

For further information regarding the Entitlement Offer, please call the HVN Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

Section 8 of this Information Booklet identifies some of the major risks associated with an investment in HVN. You should also consult your stockbroker, financial adviser, accountant or other professional adviser with any questions or to evaluate whether to participate in the Entitlement Offer.

On behalf of the Board of HVN, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully



G. Harvey
Executive Chairman
Harvey Norman Holdings Limited

² The Company has the right to extend this Closing Date subject to the Corporations Act and the Listing Rules.

2. Summary of Entitlement Offer

Entitlement Offer	
Ratio	1 New Share for every 17 Existing Shares
Issue Price	\$2.50 per New Share
Maximum number of New Shares ³	65,540,524 ⁴ (approximately)
Maximum amount to be raised under the Entitlement Offer ³	\$163.85 million (approximately) (before Offer Costs)

Your Entitlement is set out in the accompanying personalised Entitlement and Acceptance Form and is calculated on the basis of 1 New Share for every 17 Existing Shares you held on the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares. Eligible Shareholders also have the opportunity to apply for additional New Shares under the Top Up Facility. Details of the Top Up Facility are set out in section 5.2 of this Information Booklet.

Capital structure

Subject to rounding up of fractional Entitlements, the capital structure of HVN following the issue of New Shares is expected to be as follows:

Shares on issue as at Friday 31 August 2018 (announcement of the Entitlement Offer)	1,114,188,911
Maximum number of New Shares to be issued under the Entitlement Offer ³	65,540,524 ⁴ (approximately)
Maximum number of Shares on issue after the Entitlement Offer ³	1,179,729,435 ⁴ (approximately)

No Underwriting

The Entitlement Offer is not underwritten.

Risks

The major risks associated with an investment in HVN are set out in Section 8 of this Information Booklet.

³ Assuming all Entitlements are taken up and New Shares are issued.

⁴ This number is subject to rounding

3. Key dates

The below table sets out the key dates in respect of the Entitlement Offer.

Announcement of Entitlement Offer	Friday 31 August 2018
Entitlements trading on ASX begins on deferred settlement basis	Tuesday 11 September 2018
"Ex" date	Tuesday 11 September 2018
Record date for eligibility in the Entitlement Offer	7.00pm on Wednesday 12 September 2018
Entitlement Offer opens	Friday 14 September 2018
Entitlement Offer and Information Booklet despatched, and Entitlements allotted	Friday 14 September 2018
Entitlement trading on ASX on normal settlement basis begins	Monday 17 September 2018
Entitlements trading on ASX ends	Monday 8 October 2018
New Shares under the Entitlement Offer commence trading on ASX on deferred settlement basis	Tuesday 9 October 2018
Record date for 2018 Final Dividend ⁵	Friday 12 October 2018
Entitlement Offer closes	5.00pm on Monday 15 October 2018
Determination of allocation under Top-Up Facility	Wednesday 17 October 2018
Notification of Shortfall to ASX	Thursday 18 October 2018
Issue of New Shares under the Entitlement Offer	Monday 22 October 2018
Despatch of holding statements for New Shares under the Entitlement Offer	Monday 22 October 2018
New Shares under the Entitlement Offer commence trading on ASX on a normal settlement basis	Tuesday 23 October 2018

Note: Daylight saving time begins in New South Wales on Sunday 7 October 2018

The above timetable is indicative only and subject to change. All time references are to Sydney time. HVN reserves the right to amend any or all these events, dates and times without notice subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws. In particular, HVN reserves the right to extend the Closing Date of the Entitlement Offer (subject to the Corporations Act and Listing Rules), to accept late applications under the Entitlement Offer (either generally or in particular cases), and to withdraw the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue of New Shares.

HVN also reserves the right not to proceed with the whole or part of the Entitlement Offer any time prior to issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

4. Enquiries

For further information on the Entitlement Offer, please call the HVN Offer Information Line on 1300 737 760 (within Australia), or +61 2 9290 9600 (outside Australia), from 8.30 am to 5.30 pm (Sydney time) Monday to Friday, and read the Information Booklet. If you have any further questions, you should contact your stockbroker, financial adviser, accountant or other professional adviser.

If you have lost your Entitlement and Acceptance Form and would like a replacement form, you should contact the HVN Offer Information Line on the above telephone numbers.

⁵ Any New Shares issued under this Entitlement Offer will be issued after the 2018 Final Dividend record date and therefore will not be eligible to participate in the 2018 Final Dividend payment.

5. Description and effect of the Offer

5.1 Overview

The Entitlement Offer is a renounceable offer of approximately 65,540,524 New Shares at \$2.50 per New Share to raise approximately \$163.85 million (before Offer Costs).

The Entitlement Offer forms part of the Company's ongoing capital management program. It is intended that the proceeds from the Entitlement Offer will be used to reduce the amount of HVN consolidated entity debt.

Eligible Shareholders who are on HVN's share register at 7.00pm (Sydney time) on the Record Date are entitled to acquire 1 New Share for every 17 Existing Shares held on the Record Date (**Entitlement**). The issue price of \$2.50 per New Share represents a discount of 32.76% to the 10-day VWAP of HVN Shares as at Friday 31 August 2018 (being the date the Entitlement Offer was announced by the Company). Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

As an Eligible Shareholder you may also apply for additional New Shares in excess of your Entitlement⁶ at the same issue price of \$2.50 per New Share (**Top Up Shares**). Further details regarding the Top Up Shares and the operation of the Top Up Facility are set out in Section 5.2.

The Entitlement Offer is renounceable. Accordingly, if you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX between Tuesday 11 September 2018 and Monday 8 October 2018 (inclusive) or sell or transfer all or part of your Entitlement directly to another person (please refer to Section 7 of this Information Booklet for more information).

There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlements on ASX and the price you may be able to achieve.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Information Booklet.

Eligible Shareholders who do not take up all their Entitlements will have their percentage shareholding in HVN diluted.

Some major risks of an investment in HVN are identified in Section 8 of this Information Booklet.

When considering whether you should accept all or part of your Entitlement Offer, you should consider HVN's ASX announcements (see ASX website www.asx.com.au or the HVN website www.harveynormanholdings.com.au) and any risks associated with your personal circumstances. You should also seek professional advice from your stockbroker, financial adviser, accountant or other professional adviser in relation to whether to subscribe for New Shares.

⁶ There is no guarantee regarding the number of New Shares (if any) that will be available to Shareholders under the Top Up Facility, in addition to their Entitlement under the Entitlement Offer.

5.2 Top Up Facility

Eligible Shareholders may also apply for Top Up Shares in excess of their Entitlement at the same issue price of \$2.50 per Top Up Share under the Top Up Facility. The Top Up Facility provides an opportunity for Eligible Shareholders to apply for Top Up Shares to top up their holdings. Participation in the Top Up Facility is subject to compliance with the Corporations Act and other applicable laws.

Top Up Shares will be drawn from New Shares that relate to Entitlements which have not been taken up under the Entitlement Offer and which would otherwise lapse and become part of the Shortfall.

There is no guarantee regarding the number of Top Up Shares (if any) that will be available to Eligible Shareholders, in addition to their Entitlement under the Entitlement Offer. This will depend on how many Entitlements are taken up. If all Entitlements are taken up under the Entitlement Offer, then there will be no Top Up Shares available.

In the event that demand for Top Up Shares exceeds the total number of Top Up Shares that are available then there will be a scale back on a pro rata basis.

Decisions regarding the operation of the Top Up Facility and any necessary scale back will be made by the Company in its absolute discretion.

5.3 Performance rights

The Company currently has 1,200,000 performance rights on issue in respect of unissued shares in the Company. None of these performance rights are eligible for exercise prior to the Record Date. This Entitlement Offer will not result in any adjustment to the total number of those performance rights on issue or the exercise price relating to those performance rights.

5.4 Capital Structure

Details of the impact of the Entitlement Offer on HVN's issued share capital is set out in Section 6 of this Information Booklet.

5.5 Purpose of the Entitlement Offer

The Entitlement Offer forms part of the Company's ongoing capital management program. It is intended that the proceeds from the Entitlement Offer will be used to reduce the amount of HVN consolidated entity debt.

5.6 Eligibility of Shareholders

The Entitlement Offer is being offered to all Eligible Shareholders.

Eligible Shareholders are Shareholders who:

- (a) are registered as a holder of Existing Shares as at 7.00 pm (Sydney time) on the Record Date (Wednesday 12 September 2018);

- (b) have a registered address on the HVN share register in Australia or New Zealand;
- (c) are not in the United States and are not acting (including as nominee or custodian) for the account or benefit of a person in the United States (to the extent such persons hold Shares for the account or benefit of a person in the United States); and
- (d) are eligible under all applicable securities laws to receive an Entitlement under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

The Company has determined that on this occasion it is unreasonable to make an offer of New Shares to Shareholders with registered addresses outside Australia or New Zealand (i.e. Ineligible Shareholders). This decision was made having regard to the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to HVN of complying with these legal and regulatory requirements compared with the relatively small number of Shareholders in those countries, the relatively small number of existing Shares they hold and the relatively low value of New Shares to which those Shareholders would otherwise be entitled.

The Company may in its absolute discretion extend the Entitlement Offer to Shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable laws.

5.7 Nominee for Ineligible Shareholders

The Company will appoint Ord Minnett Limited to act as nominee (**Nominee**) for the Ineligible Shareholders to arrange for the sale of the Entitlements which would have been offered to them had they been eligible to participate in the Entitlement Offer.

If there is a viable market for Entitlements and a premium over the expenses of their sale can be made, the Nominee will arrange the sale of the Entitlements which would have been attributable to Ineligible Shareholders. The Nominee will distribute to the Ineligible Shareholders the net proceeds (if any) of the sale of Entitlements in proportion to each Ineligible Shareholder's Entitlements at the Record Date by arranging for a cheque in Australian dollars to be sent to the address of the Ineligible Shareholder as it appears in the records of HVN's share registry.

The Nominee will have absolute and sole discretion to determine the price for which the Entitlements of Ineligible Shareholders may be sold so that a premium over the expenses of their sale can be made, as well as the timing and manner of such sale. Neither HVN nor the Nominee will be subject to any liability to Ineligible Shareholders for failure to sell the Ineligible Shareholder Entitlements or to sell them at a particular price.

If, as a result of the Nominee offering to sell or being invited to sell the Entitlements of Ineligible Shareholders, the Nominee forms the reasonable opinion that there is not a viable market for the Entitlements or a surplus of sale proceeds over expenses from the sale cannot be obtained for the Entitlements that would otherwise have been offered to the Ineligible Shareholders then the Entitlements will be allowed to lapse and the New Shares will form part of the Top Up Shares or if there is insufficient demand for Top Up Shares, will become part of the Shortfall. In such circumstances, no money will be payable to Ineligible Shareholders and the Ineligible Shareholders will be informed accordingly in writing.

5.8 Directors' intentions

Each of the Directors has confirmed to HVN that he or she will take up his or her Entitlements in full and intends to apply for Top Up Shares. Each of the Director Interests has indicated to HVN that it will also take up its Entitlements in full and intends to apply for Top Up Shares.

5.9 Ranking of New Shares and participation in final 2018 Dividend

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares. The New Shares will not participate in the Company's 2018 final Dividend payment.

5.10 Allotment

HVN has made an application for quotation of the New Shares on ASX. Trading of New Shares will occur, subject to ASX approval, shortly after allotment. It is expected that allotment of the New Shares under the Entitlement Offer will take place no more than 5 Business Days after the close of the Entitlement Offer.

Application Monies will be held by HVN on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

5.11 Information availability

Eligible Shareholders can obtain a copy of this Information Booklet from the ASX website www.asx.com.au and the HVN website www.harveynormanholdings.com.au or by calling the HVN Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) at any time from 8.30am to 5.30pm (Sydney time) Monday to Friday during the period of the Entitlement Offer. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the HVN Offer Information Line on the above numbers.

6. Capital structure

6.1 Impact of the Entitlement Offer

The Entitlement Offer is a pro rata issue to all Eligible Shareholders. If Eligible Shareholders do not take up their Entitlements in full, then their percentage shareholding in the Company will be diluted.

The following tables setting out potential control implications based on three (3) different scenarios:

- (a) **Scenario (a)** - G Harvey Interests and IJ Norman Interests participate for their full Entitlement and apply for an amount of Top Up Shares equal to their full Entitlement and no other Shareholders take up any of their Entitlements under the Entitlement Offer.
- (b) **Scenario (b)** - G Harvey Interests and IJ Norman Interests participate for their full Entitlement and apply for an amount of Top Up Shares equal to their full Entitlement and all other Shareholders take up 50% of their Entitlements under the Entitlement Offer.
- (c) **Scenario (c)** - G Harvey Interests and IJ Norman Interests participate for their full Entitlement under the Entitlement Offer and all other shareholders take up 100% of their Entitlements under the Entitlement Offer.

		Scenario (a)	Scenario (b)	Scenario (c)	
		nil	50%	100%	
Shareholder outcomes in Shares					
		Total Shares on issue before the Entitlement Offer	1,114,188,911	1,114,188,911	1,114,188,911
G Harvey Interests	Shares held before Entitlement Offer		340,157,038	340,157,038	340,157,038
	Number of New Shares subscribed	Includes Entitlement plus application for an amount of Top Up Shares equal to 100% of their Entitlements	42,588,138	31,298,688	20,009,238
	Total shares held following Entitlement Offer		382,745,176	371,455,726	360,166,276
I J Norman Interests	Shares held before Entitlement Offer		183,323,726	183,323,726	183,323,726
	Number of New Shares subscribed	Includes Entitlement plus application for an amount of Top Up Shares equal to 100% of their Entitlements	22,952,387	16,868,068	10,783,749
	Total shares held following Entitlement Offer		206,276,113	200,191,794	194,107,475
Other Shareholders	Shares held before Entitlement Offer		590,708,147	590,708,147	590,708,147
	Number of New Shares subscribed		-	17,373,769	34,747,538
	Total shares held following Entitlement Offer		590,708,147	608,081,916	625,455,685
		Total Shares on issue after the Entitlement Offer	1,179,729,436	1,179,729,436	1,179,729,436

		Scenario (a)	Scenario (b)	Scenario (c)
		nil	50%	100%
Shareholder outcomes in % Ownership				
G Harvey Interests	% of Shares before the Entitlement Offer	30.53%	30.53%	30.53%
	% of Shares held after the Entitlement Offer	32.44%	31.49%	30.53%
	% Increase	1.91%	0.96%	0.00%
I J Norman Interests	% of Shares before the Entitlement Offer	16.45%	16.45%	16.45%
	% of Shares held after the Entitlement Offer	17.49%	16.97%	16.45%
	% Increase	1.03%	0.52%	0.00%
Combined	% Increase	2.95%	1.47%	0.00%

6.2 Performance rights

There are currently 1,200,000 performance rights on issue in HVN. None of these performance rights are eligible for exercise prior to the Record Date. As such, each holder of performance rights in HVN will not be entitled to participate in the Entitlement Offer in respect of their performance rights over unissued shares in HVN.

This Entitlement Offer will not result in any adjustment to the total number of those performance rights on issue or the exercise price relating to those performance rights.

7. How to apply

7.1 Eligible Shareholder's choices

The number of New Shares to which Eligible Shareholders are entitled (their **Entitlement**) is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up their Entitlement in full (in which case they may also apply for Top Up Shares) (refer to Section 7.2);
- (b) take up part of their Entitlement and elect for the balance to be sold or to lapse (refer to Section 7.3);
- (c) sell all or part of their Entitlement on ASX (refer to Section 7.4);
- (d) sell or transfer all or part of their Entitlement other than on-market via ASX (refer to Section 7.5); or
- (e) do nothing and allow all their Entitlement to lapse (refer to Section 7.7).

HVN reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is **5.00pm (Sydney time) on Monday 15 October 2018** (however, that date may be varied by HVN, in accordance with the Corporations Act and the Listing Rules).

7.2 Taking up all your Entitlement

If you wish to take up your Entitlement in full and, if you wish, apply for Top Up Shares, follow the instructions set out in your personalised Entitlement and Acceptance Form.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with Sections 7.9 and 7.10 for the requisite amount to the Share Registry so that it is received no later than 5.00pm (Sydney time) on Monday 15 October 2018 at the address set out below.

By hand delivery (not to be used if mailing)

Harvey Norman Holdings Limited
c/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

By post

Harvey Norman Holdings Limited
c/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

You may also take up all your Entitlement and apply for Top Up Shares (if any) by paying the requisite amount of Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made by BPAY, you do not need to return

the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm (Sydney time) on Monday 15 October 2018.

If you take up and pay for all your Entitlement and any Top Up Shares before the close of the Entitlement Offer, it is expected that you will be issued New Shares on Monday 22 October 2018. HVN's decision as to the number of New Shares to be issued to you will be final. Participation in the Top Up Facility is subject to compliance with the Corporations Act and other applicable laws and the issue of Top Up Shares will be subject to availability.

HVN also reserves the right (in its absolute discretion) to reduce the number of New Shares issued if HVN believes an Applicant's claim to be overstated or if an Applicant or their nominees fail to provide information to substantiate their claims to HVN's satisfaction.

7.3 Taking up part of the Entitlement and electing for the balance to be sold or lapse

If you wish to take up part of your Entitlement and sell the balance on ASX, you need to:

- (a) complete and return your personalised Entitlement and Acceptance Form for the number of New Shares you wish to take up with the requisite Application Monies (or pay your Application Monies via BPAY by following the instructions set out in the Entitlement and Application Form); and
- (b) in respect of Entitlements to be sold on ASX, you should instruct your stockbroker personally and provide them with details they request as set out in your personalised Entitlement and Application Form. Also see section 7.4.

If payment is made through BPAY and HVN receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full. Please also see sections 7.9 and 7.10.

You do not need to take any other action in respect of any portion of your Entitlement that you do not take up, trade or transfer as these will lapse.

7.4 Sale of your Entitlement on ASX

If you wish to sell your Entitlement on ASX, you should instruct your stockbroker personally and provide them with details they request as set out in your personalised Entitlement and Acceptance Form.

Entitlement trading commences on Tuesday 11 September 2018. You must deal with that part of your Entitlement which you do not wish to accept **by no later than 5.00pm (Sydney time) on Monday 8 October 2018** otherwise it will lapse.

7.5 Transfer of Entitlement other than on-market via ASX

If you wish to sell or transfer all or part of your Entitlement to another person or party other than on-market using ASX, then you must do the following:

- (a) Complete a standard renunciation form (which you can obtain from your stockbroker or the HVN Offer Information Line);

- (b) Have the transferee complete the Entitlement and Acceptance Form;
- (c) Have the transferee organise a cheque for the amount due in respect of the New Shares, payable to **'Harvey Norman Holdings Limited'** and crossed 'not negotiable'; and
- (d) Arrange for each of the documents referred to above to be delivered **so that they are received by no later than 5.00pm (Sydney time) on Monday 15 October 2018** by the Company's Share Registry at:

By hand delivery (not to be used if mailing)

Harvey Norman Holdings Limited
 c/-Boardroom Pty Limited
 Level 12, 225 George Street
 SYDNEY NSW 2000

By post

Harvey Norman Holdings Limited
 c/-Boardroom Pty Limited
 GPO Box 3993
 SYDNEY NSW 2001

Please note you can only transfer/renounce your Entitlements through the Share Registry if they are Issuer Sponsored. You should seek advice from your stockbroker in this regard.

The transferee's address must be an address in Australia or New Zealand (unless HVN otherwise agrees) and the transferee must not be in the United States or acting for the account or benefit of any person in the United States.

IMPORTANT: If you do not accept or sell your Entitlement in accordance with the instructions set out above any Entitlement not accepted or sold will form part of Top Shares available under the Top Up Facility or the Shortfall.

7.6 Sale or transfer of Entitlement

Eligible Shareholders who sell their Entitlement before receiving confirmation of their Entitlement in the Entitlement and Acceptance Form do so at their own risk.

HVN will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade their Entitlements before they receive their personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by HVN or the HVN Share Registry or otherwise, or who otherwise trade or purport to trade Entitlements in error which they do not hold or are not entitled to.

HVN will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by HVN or the HVN Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error which they do not hold or are not entitled to.

You can ascertain your correct Entitlement by calling your stockbroker or the HVN Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.30 am to 5.30 pm (Sydney time) Monday to Friday.

7.7 Allow all your Entitlement to lapse

If you do not wish to accept any part of your Entitlement, do not take any further action and your Entitlement will lapse. You will receive no payment for your lapsed Entitlement.

7.8 Consequences of not accepting your Entitlement

If you do not accept all your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) will form part of the Top Up Shares or the Shortfall. Eligible Shareholders who do not take up all their Entitlements will have their percentage shareholding in HVN diluted.

7.9 Payment

The consideration for the New Shares is payable in full on application by a payment of \$2.50 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Harvey Norman Holdings Limited**' and crossed 'not negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

HVN will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement and any Top Up Shares applied for (if any).

Any Application Monies received for more than your final allocation of New Shares, including any Top Up Shares, will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

If HVN receives an amount that is less than the Issue Price multiplied by your Entitlement and any Top Up Shares (**Reduced Amount**), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

7.10 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form accompanied by the requisite Application Monies, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted for yourself and on behalf of each person on whose account you are acting that you and/or they:

- (a) have read and understood this Information Booklet and your personalised Entitlement and Acceptance Form;
- (b) are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or an issue of New Shares under the Entitlement Offer;
- (c) acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand;
- (d) have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States;
- (e) agree to be bound by the terms of the Entitlement Offer set out in this Information Booklet;
- (f) represent and warrant that all details and statements in the Entitlement and Acceptance Form are completed and accurate;
- (g) are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (h) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's Share Registry using the contact details set out in the Entitlement and Acceptance Form;
- (i) authorise HVN to register you as the holder(s) of New Shares allotted to you;
- (j) were the registered owner(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (k) acknowledge that this Information Booklet is not a prospectus, does not contain all the information that you may require to assess an investment in HVN and is given in the context of HVN's past and ongoing continuous disclosure announcements to ASX;
- (l) acknowledge the major risks contained in Section 8 of this Information Booklet;
- (m) acknowledge that HVN or its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, does not guarantee the performance of HVN, nor do they guarantee the repayment of capital;
- (n) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (o) represent and warrant that the law of any place does not prohibit you from being given this Information Booklet and the personalised Entitlement and Acceptance Form, nor

- does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- (p) acknowledge that once HVN receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY, you may not withdraw your Application or funds provided except as allowed by law;
 - (q) agree to apply for and be issued up to the number of New Shares specified in your personalised Entitlement and Acceptance Form (including, if applicable, an application for Top Up Shares), or for which you have submitted payment of any Application Monies via BPAY, at the Issue Price per New Share;
 - (r) acknowledge that there is no guarantee regarding the number of Top Up Shares (or any at all) that will be available to Shareholders and HVN has absolute discretion to decide any matter in relation to the Top Up Facility, including its operation or any necessary scale back; and
 - (s) acknowledge that the information contained in, or accompanying, this Information Booklet is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs.

7.11 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer. Please note you may incur brokerage if you choose to sell your Entitlement on ASX.

7.12 Notice to nominees and custodians

Nominees and custodians must not:

- (a) distribute any part of this Information Booklet or any Entitlement and Acceptance Form in any country outside Australia, except to existing beneficial holders of Shares in New Zealand; or
- (b) take up any Entitlements on behalf or, or send any documents related to the Entitlement Offer to, any person in the United States.

HVN is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Existing Shares or Entitlements.

8. Risk factors

8.1 Introduction

This section identifies some of the major risks associated with an investment in HVN.

8.2 General market risks

Share market investments

- (a) The price of Shares might rise or fall, and Shares might trade at prices below the Issue Price. There can be no assurance that an active trading market will always exist for the Shares.
- (b) Factors affecting the price at which the Shares are traded on ASX could include economic conditions and investor sentiment. These risks apply generally to any investment in the stock market.

General economic conditions

- (c) HVN's operating and financial performance is influenced by a variety of general economic and business conditions, both domestic and global, including the level of inflation, interest rates and government fiscal, monetary and regulatory policies.

Taxation risks

- (d) A change to the current taxation regime in Australia or overseas may affect HVN and its Shareholders. Personal tax liabilities are the responsibility of each individual investor. HVN is not responsible for either taxation or penalties incurred by investors.

8.3 Specific risks

Every business faces risks with the potential to impair its ability to execute its strategy or achieve its financial objectives. There are a number of key risks, both specific to the Harvey Norman® integrated retail, franchise, property and digital system and external risks, for example the macroeconomic environment, over which the consolidated entity has no control. The HVN consolidated entity acknowledges the existence of these risks, and in the first instance seeks to identify and understand individual risks, and then – to the extent possible – manage and/or minimise risks.

- (a) *Deterioration in macroeconomic conditions resulting in declining consumer sentiment:*

The HVN consolidated entity has a significant exposure to the economy of the countries in which it operates. There are a number of general economic conditions, including interest and exchange rate movements, overall levels of demand, housing market dynamics, wage growth, employment, economic and political instability and government fiscal, monetary and regulatory policies, that can impact the level of consumer confidence and discretionary retail spending, thereby affecting revenue from sales to customers and franchise fees. The HVN consolidated entity seeks to reduce its exposure to these risks by closely monitoring both internal and external sources of information that provide insights into any changes in demand within the economies in which it operates.

- (b) *Competition resulting in a loss of market share for franchisees in Australia and company-operated stores in overseas markets:*

The integrated retail, franchise, property and digital system, and diverse category mix assists in maintaining the consolidated entity's competitive position. Market consolidation and/or acquisition may result in further competition and changes to market share. Franchisees in Australia and company-operated stores in 7 overseas regions operate across a number of categories in the strongly performing Home and Lifestyle market. Diversity mitigates the risk from existing and potential single-category competitors.

- (c) *Emergence of competitors in new channels:*

The Harvey Norman® Omni Channel Strategy provides customers of franchisees with a diverse, consistent and distinctive Harvey Norman® customer experience through a range of channels. The Harvey Norman® Omni Channel Strategy integrates retail, online, mobile, and social channels. The online operations of franchisees in Australia and the company-operated online operations overseas continue to grow. The digital platform provides new opportunities for growth and new ways to embrace and engage with customers. Data analytics are an important element of the Harvey Norman® Omni Channel Strategy, and are utilised to improve customer experience.

The Harvey Norman® Omni Channel Strategy sets the Harvey Norman® brand apart from other online and digital competitors as the digital, physical complex and distribution channels are fully integrated, providing customers of franchisees with a multitude of engagement options to meet their needs. The Harvey Norman® Omni Channel Strategy, supported by the retail property portfolio of the consolidated entity, makes the Harvey Norman® brand a strong competitor in the market.

- (d) *Economic downturn in the property sector leading to softening property asset values, falling market rentals and reduction of future capital returns on property assets:*

With a property portfolio of \$2.86 billion, the HVN consolidated entity is exposed to potential reductions in commercial property values. The HVN consolidated entity has a selective and prudent acquisition and development strategy and maintains high-quality complexes and a solid, dynamic, complementary tenancy mix in order to maximise the profitability of the property segment.

- (e) *Counterparty risks of service providers:*

This risk relates to the inability of service providers to meet their obligations, including compliance obligations. The consolidated entity closely monitors and evaluates the performance of external service providers to mitigate counterparty risk.

- (f) *Counterparty risk associated with the mining camp accommodation joint ventures:*

Commodity prices are inherently volatile. The provision of services to the mining industry is inherently risky. The HVN consolidated entity has continued its joint ventures with counterparties to provide mining camp accommodation services. The risk in respect of mining camp accommodation joint ventures includes the ability of counterparties to meet

financial and other obligations under mining camp accommodation joint venture agreements.

The HVN consolidated entity closely monitors and evaluates the performance of counterparties of the mining camp accommodation joint ventures by monitoring compliance with joint venture agreements; adopting a prudent and conservative approach to the review of mining camp accommodation cash flows, including future cash flow projections; and ensuring that an adequate level of security is maintained for any funds advanced to mining camp accommodation joint ventures.

(g) *Counterparty risk associated with the KEH Partnership retail joint venture:*

The HVN consolidated entity is a party to a joint venture with counterparties to provide online and retail services. The risk in respect of this retail joint venture includes the ability of counterparties to meet financial and other obligations under the retail joint venture agreement.

The HVN consolidated entity closely monitors and evaluates the performance of counterparties of the retail joint venture by monitoring compliance with the joint venture agreement; adopting a prudent and conservative approach to the review of online and retail cash flows, including future cash flow projections; and ensuring that an adequate level of security is maintained for any funds advanced to the retail joint venture.

(h) *Compliance by franchisees with franchise agreements:*

The risk relates to franchisees acting in breach of the terms and conditions of their respective franchise agreements. The consequences of non-compliance may include damage to the brand, fines or other sanctions from regulators, and/or a reduction in franchise fees received from franchisees.

The franchisor continually monitors and evaluates the financial and operating performance of each franchisee to actively assess compliance with executed franchise agreements. Instances of non-compliance are promptly addressed to protect the Harvey Norman® brand and/or intellectual property of the franchisor.

(i) *Information technology ('IT') security and data security breaches:*

This risk relates to the potential failure in IT security measures resulting in the loss, destruction or theft of customer, supplier, financial or other commercially-sensitive information including intellectual property. This has the potential to adversely affect our operating results which would lead to lawsuits, damage the reputation of the Harvey Norman® brand, and/or create other liabilities for the consolidated entity.

There are a number of key controls either planned or already in place, including an ongoing program of investment in cyber security software; the implementation, maintenance and supervision of operational policies and contracts intended to preserve the confidentiality and integrity of IT systems; regular independent audit and review of IT security; and the ongoing review, practise and updating of a response plan relating to IT systems and incidents.

8.4 Litigation

There is a risk that HVN or its subsidiaries may in future be the subject of or required to commence litigation. There is, however, no litigation material in nature currently underway or threatened.

9. Tax disclosures

9.1 Introduction

This section is a general summary of some key Australian income tax, goods and services tax (**GST**) and stamp duty implications of the Entitlement Offer for Eligible Shareholders.

The taxation implications of the Entitlement Offer will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon your own professional advice before concluding on the taxation treatment that will apply to you.

Neither HVN, nor any of its officers or employees, nor its taxation and other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences or in respect of the taxation consequences.

The comments in this section deal only with the Australian taxation implications of the Entitlement Offer if you:

- (a) are a resident for Australian income tax purposes; and
- (b) hold your Shares on capital account.

The comments in this section do not apply to you if you:

- (a) are not a resident for Australian income tax purposes; or
- (b) hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- (c) are subject to the 'taxation of financial arrangement rules' (commonly referred to as TOFA rules) in Division 230 of the Income Tax Assessment Act 1997 in relation to your holding of Shares, Entitlements or New Shares; or
- (d) acquired the Shares in respect of which Entitlements are issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme; or
- (e) acquired Entitlements otherwise than because you are an Eligible Shareholder.

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the date of this Information Booklet. It does not take into account any financial objectives, tax positions, or investment needs of Eligible Shareholders. It is strongly recommended that each Eligible Shareholder seek their own independent professional tax advice applicable to their particular circumstances.

9.2 Issue of Entitlements

The issue of Entitlements should not, of itself, result in any amount being included in your assessable income.

9.3 Sale of Entitlements

If you sell your Entitlement on ASX or otherwise, you should derive a capital gain for capital gains tax (**CGT**) purposes equal to the sale proceeds less certain non-deductible costs of disposal.

You will be treated as having acquired your Entitlements on the same day on which you acquired your Shares which gave rise to your Entitlements. Accordingly, individuals, trustees or complying superannuation entities that have held their Existing Shares for at least 12 months prior to the date they sell their Entitlements should be entitled to discount the amount of a capital gain resulting from the sale of their Entitlements. The CGT discount is discussed in section 9.6 below.

9.4 Exercise of Entitlements

Neither income tax nor capital gains tax liability will arise for you on the exercise (i.e. taking up) of your Entitlement or your acquisition of additional New Shares under the Top Up Facility.

If you take up all or part of your Entitlement, and to the extent you participate in the Top Up Facility, you will acquire New Shares with a cost base for CGT purposes equal to the Issue Price payable by you for those New Shares plus certain non-deductible incidental costs you incur in acquiring them.

New Shares will be taken to have been acquired on the day you exercise the Entitlement and in the case of additional New Shares acquired under the Top Up Facility, these will be taken to have been acquired on the date the additional New Shares are issued to you.

9.5 Dividends on New Shares as a result of Entitlements taken up

Any future dividends or other distributions made in respect of the New Shares will be subject to the same income tax treatment as dividends made on Existing Shares held in the same circumstances.

9.6 Disposal of New Shares

The disposal of a New Share will constitute a disposal for CGT purposes.

On disposal of a New Share, you will make a net capital gain if the capital proceeds on disposal exceed the total cost base of the New Shares. You will make a capital loss if the capital proceeds are less than the total reduced cost base of the New Share. The cost base of New Shares is described in Section 9.4 above.

Individuals, trustees or complying superannuation entities that have held New Shares for at least 12 months or more at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting any capital losses). The CGT discount factor is 50% for individuals and trustees, and 33¹/₃% for complying superannuation entities.

New Shares will be treated for the purposes of the capital gains tax discount as having been acquired when you exercise your Entitlement. Accordingly, to be eligible for the CGT discount, the New Shares must have been held for at least 12 months after the date that you exercised your Entitlement.

If you make a capital loss, you can only use that loss to offset other capital gains from other sources; i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in an income year it can be carried forward to use in future income years, providing certain tests are satisfied.

9.7 Other Australian taxes

No GST or stamp duty will be payable by you in respect of the issue, sale or taking up of Entitlements or the acquisition of New Shares.

10. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Information Booklet.

Applicant means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Application means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Application Monies means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).

Board means the board of Directors of HVN.

Business Day has the same meaning as in the Listing Rules.

Closing Date means the day the Entitlement Offer closes, being 5.00pm (Sydney time) on Monday 15 October 2018 or such other day as determined by the Directors in accordance with the Listing Rules.

Company or HVN means Harvey Norman Holdings Limited ACN 003 237 545.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Director Interests means the relevant direct and indirect interest of each Director in the Shares of the Company (including the G Harvey Interests and IJ Norman Interests).

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder who:

- (a) is registered as a holder of Shares at 7.00 pm (Sydney time) on the Record Date;
- (b) has a registered address on the HVN share register in Australia or New Zealand;
- (c) is not in the United States and is not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States (to the extent such persons hold Shares for the account or benefit of a person in the United States); and
- (d) is eligible under all applicable securities laws to receive an Entitlement under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

Entitlement or Right means the right to subscribe for 1 New Share for every 17 Existing Shares held on the Record Date pursuant to the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Information Booklet.

Entitlement Offer means a pro rata renounceable offer to Eligible Shareholders to subscribe for New Shares on the basis of 1 Share for every 17 Existing Shares of which the Eligible Shareholder is the registered holder on the Record Date at an Issue Price of \$2.50 per New Share together with an opportunity to apply for Top Up Shares, pursuant to the Information Booklet.

Existing Shares means the Shares already on issue in the Company as at the Record Date.

G Harvey Interests means the issued Shares in which Mr Gerald Harvey currently holds directly or indirectly, or in which he has, a beneficial interest.

IJ Norman Interests means the estate of the late Mr IJ Norman and entities in which that estate has an interest. The executor and trustee named in Mr Norman's will is Mr CH Brown, who also became the sole director of Dimbulu Pty Limited on 29 May 2014 following the death of Mr IJ Norman.

Ineligible Shareholder means a Shareholder (or beneficial holder of Shares) who is not an Eligible Shareholder.

Information Booklet means this document.

Issue Price means \$2.50 per New Share.

Listing Rules means the official listing rules of ASX.

New Shares means Shares to be allotted and issued under the Entitlement Offer.

Offer Costs means direct costs of the Entitlement Offer including fees paid to the Nominee, advisers and to providers of specific services to cover Share Registry, printing and postage costs.

Record Date means 7.00pm (Sydney time) on Wednesday 12 September 2018.

Shareholders means holders of Shares.

Shares means fully paid ordinary shares in the capital of the Company.

Share Registry means Boardroom Pty Limited ABN 14 003 209 836.

Shortfall means, as the context requires, those New Shares not taken up under the Entitlement Offer or the equivalent value of those New Shares based on the Issue Price.

Top Up Facility means the facility through which Eligible Shareholders may apply for Top Up Shares under the Entitlement Offer.

Top Up Shares means additional New Shares which may be applied for by Eligible Shareholders who accept their Entitlement in full and are in excess of their Entitlement at the same Issue Price of \$2.50 per New Share, in accordance with and subject to the conditions set out in section 5.2.

US Securities Act means the *US Securities Act* of 1933, as amended.

VWAP means the volume weighted average price.

11. Corporate information

Company

Harvey Norman Holdings Limited

ACN 003 237 545

www.harveynormanholdings.com.au

Registered office

A1 Richmond Road

Homebush West NSW 2140

Tel: (02) 9201 6111

Fax: (02) 9201 6250

Directors

Gerald Harvey (Executive Chairman)

Kay Lesley Page (Executive Director and CEO)

John Eryn Slack-Smith (Executive Director and COO)

Chris Mentis (Executive Director, CFO and Company Secretary)

David Matthew Ackery (Executive Director)

Christopher Herbert Brown OAM (Non-Executive Director)

Kenneth William Gunderson-Briggs (Non-Executive Director)

Graham Charles Paton AM (Non-Executive Director)

Michael John Harvey (Non-Executive Director)

Company Secretary

Chris Mentis

Share Registry

Boardroom Pty Limited

ABN 14 003 209 836

Level 12, 225 George Street

Sydney NSW 2000

www.boardroomlimited.com.au

Auditor

Ernst & Young

Level 34, 200 George Street

Sydney NSW 2000

www.ey.com.au

Nominee for Ineligible Shareholders under the Entitlement Offer

Ord Minnett Limited

ABN 86 002 733 048, AFSL: 237121

Level 8, 255 George Street

Sydney NSW 2000

www.ords.com.au

Legal Advisor to the Entitlement Offer

Brown Wright Stein Lawyers
Level 6, 179 Elizabeth Street
Sydney NSW 2000

www.bwslawyers.com.au

This page has been left blank intentionally.

RENOUNCEABLE ENTITLEMENT OFFER ENTITLEMENT AND ACCEPTANCE FORM

STOCK BROKER USE ONLY		
Date	Entitlement Reduced to	Signed By

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 7pm
(Sydney time) on Wednesday 12
September 2018**Offer Closes 5pm (Sydney time) Monday 15 October 2018**

RENOUNCEABLE ENTITLEMENT OFFER OF NEW SHARES AT AN ISSUE PRICE OF \$2.50 PER NEW SHARE ON THE BASIS OF ONE (1) NEW SHARE FOR EVERY SEVENTEEN (17) ORDINARY SHARES HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THE INVITATION TO YOU TO PARTICIPATE IN THE ENTITLEMENT OFFER.

A Entitlement Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by no later than 5pm on the Closing Date with payment will constitute acceptance of the invitation to you to participate in the Entitlement Offer. Your signature is only required when an alteration to your address is indicated by you over the page. **You are not required to submit this Entitlement and Acceptance Form if you elect to make payment using BPAY.**

Entitlement to New Shares on the basis of 1 New Share for every 17 Ordinary Shares held	Issue Price Per New Share	Amount Payable for Full Acceptance, at \$2.50 per New Share
	\$2.50 per New Share =	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares accepted	Issue Price Per New Share	Amount Enclosed
	\$2.50 per New Share =	\$

B Apply for Top Up Shares (if available)

If you wish to apply for Top Up Shares in addition to your Entitlement above please insert the number of Top Up Shares in the box below and the appropriate amount payable. These additional Top Up Shares will only be allotted if available.

Number of Top Up Shares Applied for	Price Per Top Up Share	Amount
	\$2.50	\$

C Payment

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Harvey Norman Holdings Limited Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY

Biller Code:
Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

© Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- **If paying by BPAY you do not need to return the Application Form**
- If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of shares you are applying for.

Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to Harvey Norman Holdings Limited and crossed Not Negotiable.
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

D Contact Details

CONTACT NAME	EMAIL ADDRESS	TELEPHONE – WORK	TELEPHONE - HOME

THIS FORM CONTINUES OVERLEAF

Important Information: This document is of value and requires your immediate attention. If in doubt consult your stockbroker, financial adviser, accountant or other professional adviser without delay.

The offer to which this Entitlement and Acceptance Form relates does not constitute an offer to any person who is not an Eligible Shareholder, and in particular is not being made to Shareholders with registered addresses outside Australia or New Zealand. This Entitlement and Acceptance Form does not constitute an offer in the United States of America (or to, or for the account or benefit of, US Persons) or in any jurisdiction in which, or to any persons to whom it would not be lawful to make such an offer.

ACCEPTANCE OF THE OFFER

By either returning the Entitlement and Acceptance Form with payment to the Share Registry, or making payment by BPAY, by 5.00pm (Sydney time) on Monday 15 October 2018:

- you represent and warrant that you have read and understood and agree to the terms set out on this form;
- you represent and warrant that you are not located in the United States or a US Person and are not acting for the account or benefit of a US Person or any other foreign person;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the constitution of Harvey Norman Holdings Limited; and
- your application to acquire New Shares is irrevocable and may not be varied or withdrawn except as allowed by law.

HOW TO ACCEPT NEW SHARES OFFERED

- 1. BPAY payment method:** The total amount payable to accept your entitlement in full is shown in section A on the front of this form. Contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information visit: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm (Sydney time) on Monday 15 October 2018.

If the BPAY payment is for any reason not received in full, the Company may treat you as applying for as many New Shares as will be paid for by the cleared funds. Shareholders using the BPAY facility will be bound by the provisions relating to this Offer.

You are not required to submit this Entitlement and Acceptance Form if you elect to make payment using BPAY.

- 2. Cheque payment method:** The total amount payable to accept your entitlement in full is shown in section A on the front of this form. Complete your payment details in section C and send your cheque/bank draft and the completed form to Boardroom Pty Limited at the address shown below so as to reach the Share Registry before the close of the Offer at 5.00pm (Sydney time) on Monday 15 October 2018. A reply paid envelope is enclosed for your convenience.

Postal Delivery:

Harvey Norman Holdings Limited
C/- Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Hand Delivery:

Harvey Norman Holdings Limited
C/- Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

TO ACCEPT SOME OF THE NEW SHARES OFFERED AND SELL THE REMAINING ENTITLEMENTS THROUGH A STOCKBROKER

Insert in the boxes on the front of this Entitlement and Acceptance Form:

- the number of New Shares accepted; and
- the amount of the cheque for those New Shares.

Indicate in the "Instructions to Your Stockbroker" section below, the number of New Shares you intend to accept, the amount of your cheque for those New Shares and the number of Entitlements which you intend to sell. Send the Entitlement and Acceptance Form to your stockbroker with your cheque for the New Shares accepted. Sale of your Entitlement must be completed by Monday 8 October 2018 when Entitlements trading ceases.

TO SELL ALL YOUR ENTITLEMENTS THROUGH A STOCKBROKER

Insert the information required in the "Instructions to Your Stockbroker" section below. Send the Entitlement and Acceptance Form to your stockbroker. Sale of your Entitlement must be completed by Monday 8 October 2018 when Entitlements trading ceases.

TO RENOUNCE SOME OR ALL OF YOUR ENTITLEMENTS OTHER THAN THROUGH A STOCKBROKER (ISSUER SPONSORED HOLDERS ONLY)

Obtain a Standard Renunciation Form from your stockbroker or Boardroom Pty Limited. Complete the Standard Renunciation Form with the number of Entitlements you are renouncing, making sure that it is signed by both you and the buyer, and your SRN (Securityholder Reference Number) is noted. If you are accepting some of the New Shares offered, insert in the boxes on the front of this Entitlement and Acceptance Form:

- the number of New Shares accepted, and
- the amount of your cheque for those New Shares.

Lodge both the Standard Renunciation Form and the Entitlement and Acceptance Form with Boardroom Pty Limited by 5pm (Sydney time) on Monday 15 October 2018, together with your cheque for any New Shares you are accepting.

Entitlements trading commences on Tuesday 11 September 2018 and ceases at 5.00pm (Sydney time) on Monday 8 October 2018 by which time any sale of part or all of your Entitlement through a stockbroker must be completed.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT BOARDROOM PTY LIMITED FOR ASSISTANCE ON 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

Instructions to Your Stockbroker

To be completed and sent to your stockbroker only if you wish to sell the whole or part of your Entitlement.

Please insert the appropriate number in each of the boxes below:

Number of the New Shares which I intend to ACCEPT

Number of Entitlements which I intend to SELL

I attach a cheque/draft for the full amount of New Shares accepted.

\$