

Harvey Norman Holdings Limited

A.C.N. 003 237 545

A1 RICHMOND ROAD
HOMEBUSH WEST N.S.W. 2140
LOCKED BAG 2 SILVERWATER BC,
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Telephone: (02) 9201 6111
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5 September 2019

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

Dear Sir / Madam

HARVEY NORMAN HOLDINGS LIMITED ("HVN") ENTITLEMENT OFFER 2019

Attached are sample copies of letters mailed today to eligible and ineligible shareholders in relation to the pro rata renounceable entitlement offer announced by HVN on 30 August 2019.

Yours faithfully



Chris Mentis
Company Secretary

Harvey Norman Holdings Limited

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5 September 2019

Dear Shareholder

NOTIFICATION TO INELIGIBLE SHAREHOLDERS

On 30 August 2019 Harvey Norman Holdings Limited (**Company or HVN**) announced a renounceable pro rata entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) to raise approximately \$173.49 million (before costs) (**Entitlement Offer**) with an offer price of \$2.50 per New Share (**Offer Price**).

This letter is to inform you about the Entitlement Offer and to explain to you that as at today's date, as a Shareholder with a registered address outside of Australia or New Zealand, you will not be able to subscribe for New Shares under the Entitlement Offer. If your registered address remains the same on the Record Date of 10 September 2019, you will not be eligible to participate in the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

Entitlement Offer Overview

The Entitlement Offer consists of an offer to eligible shareholders (as described below, **Eligible Shareholders**) to subscribe for one New Share for every 17 existing fully paid ordinary shares held in the Company (**Entitlement**) at 7.00pm (Sydney time) on Tuesday 10 September 2019 (**Record Date**) at the Offer Price of \$2.50 per New Share. The Entitlement Offer will not be underwritten.

The Entitlement Offer is being made in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by the *Australian Securities and Investments Commission (ASIC) Corporations (Non-Traditional Rights Issues) Instrument 2016/84*, meaning that no prospectus needs to be prepared.

New Shares issued under the Entitlement Offer will rank equally with existing fully paid ordinary shares in the Company from issue. New Shares will be issued after the Company's 2019 final dividend record date so the New Shares will not be eligible to participate in the Company's 2019 final dividend payment.

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.

An information booklet in relation to the Entitlement Offer (**Information Booklet**) has been lodged with ASX and will be despatched to Eligible Shareholders on or around 12 September 2019.

Eligibility criteria

Eligible Shareholders are shareholders of the Company who:

- (a) are registered as holders of existing fully paid ordinary shares in the Company as at 7.00pm (Sydney time) on the Record Date (being, Tuesday 10 September 2019);
- (b) have a registered address on the Company 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 offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

The restrictions upon eligibility under the Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to the Company 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 HVN ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled.

The Company has determined, pursuant to Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make or extend offers to shareholders in certain countries under the Entitlement Offer.

Unfortunately, according to our records, as at the date of this letter, you do not satisfy the eligibility criteria for an Eligible Shareholder stated above. If your registered address remains unchanged on the Record Date, you will not be eligible to participate in the Entitlement Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, the Company wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer.

Although you will not be entitled to participate in the Entitlement Offer, the Company will appoint a sale nominee to arrange for the sale of the entitlements that would otherwise have been offered to Ineligible Shareholders had they not been Ineligible Shareholders. The Company will transfer the entitlements of each Ineligible Shareholder to the sale nominee who will account to that Ineligible Shareholder for the net proceeds (if any) of the sale of the entitlements attributable to that Ineligible Shareholder. In your case and with respect to any net proceeds, a cheque in Australian dollars will be sent to your address as it appears in the records of the Company's share registry.

The sale 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 the Company nor the sale 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 sale nominee offering to sell or being invited to sell the entitlements of Ineligible Shareholders, the sale 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 unexercised entitlements will be allowed to lapse. In such circumstances, no money will be payable to Ineligible Shareholders and you will be informed accordingly in writing.

You are not required to do anything in response to this letter

For further information on the Entitlement Offer or if you believe that you are an Eligible Shareholder, please contact 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. If you have any further questions, you should contact your stockbroker, financial adviser, accountant or other professional adviser.

On behalf of the Board of Harvey Norman Holdings Limited, I thank you for your continued support.

Yours faithfully



G. Harvey
Executive Chairman
Harvey Norman Holdings Limited

Not for Distribution or Release in the United States

Important Information

This letter is issued by Harvey Norman Holdings Limited (**Company** or **HVN**). This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in the Company in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of HVN ordinary shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been, nor will be, registered under the *Securities Act of 1933* (US) (as amended) or the securities laws of any state or other jurisdiction of the United States.

Neither this letter nor any other documents relating to the offer of Entitlements or New Shares may be sent or distributed, in whole or in part, to persons in the United States or to persons that are acting for the account or benefit of persons in the United States.

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5 September 2019

Dear Shareholder

HARVEY NORMAN HOLDINGS LIMITED

RENOUNCEABLE PRO RATA ENTITLEMENT OFFER 2019

On 30 August 2019, Harvey Norman Holdings Limited (**HVN** or **Company**) announced that it would be offering shareholders the opportunity to participate in a renounceable pro rata entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) to raise approximately \$173.49 million (before costs) (**Entitlement Offer**). The offer price is \$2.50 per New Share (**Offer Price**).

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

The Entitlement Offer consists of an offer to eligible shareholders (as described below, **Eligible Shareholders**) to subscribe for one New Share for every 17 existing fully paid ordinary shares held in the Company (**Entitlement**) at 7.00pm (Sydney time) on Tuesday 10 September 2019 (**Record Date**) at the Offer Price of \$2.50 per New Share. The Entitlement Offer will not be underwritten.

The Entitlement Offer is being made in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by the *Australian Securities and Investments Commission (ASIC) Corporations (Non-Traditional Rights Issues) Instrument 2016/84*, meaning that no prospectus needs to be prepared.

An Entitlement under the Entitlement Offer is renounceable and therefore if you do not wish to take up your Entitlement, all or part of your Entitlement may be sold on the ASX between Monday 9 September 2019 and Friday 4 October 2019 (inclusive) or you may transfer all or part of your Entitlement directly to another person. Any Entitlements that are unexercised on the closing date will lapse.

New Shares issued under the Entitlement Offer will rank equally with existing fully paid ordinary shares in the Company from issue. New Shares will be issued after the Company's 2019 final dividend record date so the New Shares will not be eligible to participate in the Company's 2019 final dividend payment.

Eligible Shareholders

Eligible Shareholders are shareholders of the Company who:

- (a) are registered as holders of existing fully paid ordinary shares in the Company as at 7.00pm (Sydney time) on the Record Date (being, Tuesday 10 September 2019);
- (b) have a registered address on the Company 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 offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

Information Booklet

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Entitlement Offer. Full details of the Entitlement Offer are set out in an entitlement and information booklet (**Information Booklet**), copies of which will be available on the ASX website www.asx.com.au and the Company's website at www.harveynormanholdings.com.au from Thursday 5 September 2019.

Eligible Shareholders will be mailed an Information Booklet, together with a personalised Entitlement and Acceptance Form which contains details of your Entitlement, on or around Thursday 12 September 2019. You should read the Information Booklet carefully and in its entirety before deciding whether to participate in the Entitlement Offer.

ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

Your Entitlement may have value and it is important you determine whether (in whole or in part) to take up, transfer, sell or do nothing in respect of your Entitlement. You should ensure that you understand the tax consequences of any action that you take or of doing nothing. If, after reading the Information Booklet, you have any questions about the Entitlement Offer or whether to subscribe for New Shares, you should seek professional advice from your stockbroker, financial adviser, accountant or other professional adviser.

Take up your Entitlement

If you wish to take up all or part of your Entitlement, you will need to pay your Application Monies (as defined in the Information Booklet) using BPAY or alternatively, complete and return the personalised Entitlement and Acceptance Form together with the requisite Application Monies, in each case by following the instructions set out in the personalised Entitlement and Acceptance Form. Applications and Application Monies must be received by the Company's Share Registry by 5.00pm (Sydney time) on Friday 11 October 2019.

Sell an Entitlement

If you wish to sell all or part of your entitlement, there are a number of ways in which you can do this, each of which may result in a different value for those Entitlements sold:

- (1) If you wish to sell all of your Entitlement on ASX, you should instruct your stockbroker personally and provide them with the details they request as set out in your personalised Entitlement and Acceptance Form. Entitlements can be sold on ASX from Monday 9 September 2019 to Friday 4 October 2019 (inclusive).
- (2) If you wish to take up a part of your Entitlement and sell the balance on ASX, you need to:
 - (a) in respect of that part of your Entitlement you are taking up, pay your Application Monies via BPAY by following the instructions set out on the Entitlement and Acceptance Form (or complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies); and
 - (b) in respect of the Entitlements to be sold on ASX, you should instruct your stockbroker personally and provide them with the details they request as set out in your personalised Entitlement and Application Form.
- (3) If you wish to sell or transfer all or part of your Entitlements other than on-market using ASX, you will need to complete and return a renunciation form (which you can obtain from your

stockbroker or the HVN Offer Information Line) together with the Entitlement and Acceptance Form and the transferee's Application Monies, to the Company Share Registry by 5.00pm (Sydney time) on Friday 11 October 2019. The transferee's address must be in Australia or New Zealand (unless the Company agrees otherwise) and the transferee must not be in the United States or acting for the account or benefit of a person in the United States.

Please note you may incur brokerage if you choose to sell your Entitlement on ASX. Eligible Shareholders who sell their Entitlement before receiving confirmation of their Entitlement in the Entitlement and Acceptance Form do so at their own risk. 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.

Nominees must not take up Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States.

In order to exercise Entitlements, holders of Entitlements must meet certain eligibility criteria that is set out in the Information Booklet. In particular, persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase or trade Entitlements on ASX or take up or exercise Entitlements purchased on ASX or transferred from another person. It is the responsibility of each purchaser of Entitlements on ASX to inform themselves of the eligibility criteria for exercise of Entitlements. If holders of Entitlements at the end of the trading period do not meet the eligibility criteria, they will not be able to take up or exercise the Entitlements and, as a result they may receive no value for them.

Do nothing

If you do not wish to accept any part of your Entitlement or sell or transfer them, your Entitlements will lapse and you will not receive any proceeds in respect of them.

The tax consequences of selling your Entitlement or from doing nothing, may be different. Before selling your Entitlement or choosing to do nothing in respect of your Entitlement, you should seek your own tax advice (and you may wish to refer to the tax disclosures contained in the Information Booklet which will provide general information on potential taxation implications for Australian resident shareholders).

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| Announcement of Entitlement Offer | Friday 30 August 2019 |
| Lodge notice under section 708AA of the Corporations Act, Appendix 3B and Information Booklet | Thursday 5 September 2019 |
| Entitlements trading on ASX begins on deferred settlement basis | Monday 9 September 2019 |
| "Ex" date | Monday 9 September 2019 |
| Record date for eligibility in the Entitlement Offer | 7.00pm on Tuesday 10 September 2019 |
| Entitlement Offer opens | Thursday 12 September 2019 |
| Entitlement Offer and Information Booklet despatched and Entitlements allotted | Thursday 12 September 2019 |
| Entitlement trading on ASX on normal settlement basis begins | Friday 13 September 2019 |
| Entitlements trading on ASX ends | 5.00pm on Friday 4 October 2019 |
| New Shares under the Entitlement Offer commence trading on ASX on deferred settlement basis | Monday 7 October 2019 |
| Record date for 2019 Final Dividend ¹ | Friday 11 October 2019 |
| Entitlement Offer closes | 5.00pm on Friday 11 October 2019 |
| Notification to ASX of undersubscription | Wednesday 16 October 2019 |
| Issue of New Shares under the Entitlement Offer | Friday 18 October 2019 |
| Despatch of holding statements for New Shares under the Entitlement Offer | Friday 18 October 2019 |
| New Shares under the Entitlement Offer commence trading on ASX on a normal settlement basis | Monday 21 October 2019 |

Note: Daylight saving time begins in New South Wales on Sunday 6 October 2019

The above timetable is indicative only and subject to change. All time references are to Sydney time. The Company reserves the right to amend any or all of these events, dates and times without notice subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws. In particular, the Company 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.

The Company 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.

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 when available. If you have any further questions, you should contact your stockbroker, financial adviser, accountant or other professional adviser.

The Board of Harvey Norman Holdings Limited is pleased to offer this opportunity to you.

Yours faithfully



G. Harvey
Executive Chairman
Harvey Norman Holdings Limited

¹ Any New Shares issued under this Entitlement Offer will be issued after the 2019 Final Dividend record date and therefore will not be eligible to participate in the 2019 Final Dividend payment.