



18 December 2019

Ms Kate Kidson  
Level 4, North Tower, Rialto  
525 Collins Street,  
Melbourne VIC 3000

Dear Kate

## **Appendix 3Ys & Appendix 3B**

### **Appendix 3Ys – Change of Director's Interest Notices**

Attached are two Appendix 3Ys for Mr Mark Ronan and Mr Michael Cherubino for options to acquire ordinary shares in Adairs Limited (**Options**) which were granted to Mr Ronan and Mr Cherubino as their long term incentive awards under the Adairs Limited Equity Incentive Plan.

In preparing the Appendix 3Ys for the grant of Options in respect of Mr Ronan and Mr Cherubino's long term incentives for FY2020, the Company identified that, while approved by shareholders at the 2017 and 2018 Annual General Meetings, the grants of Options to Mr Ronan and Mr Cherubino on 2 November 2017 in respect of their FY2018 long term incentives and on 26 October 2018 in respect of their FY2019 long term incentives had not previously been notified to ASX in an Appendix 3Y.

However, we note that an Appendix 3Y for Mr Cherubino lodged on 7 September 2018 in relation to an on market trade did include 882,000 Options granted to Mr Cherubino in respect of his FY2018 long term incentive. As a result, these 882,000 Options continue to be included in the attached Appendix 3Y in the section for the number of securities held prior to change.

Accordingly, the attached Appendix 3Y for Mr Ronan sets out the changes in Mr Ronan's interests in respect of the grants of Options for Mr Ronan's long term incentive awards for FY2018, FY2019 and FY2020 and the attached Appendix 3 Y for Mr Cherubino sets out the changes in Mr Cherubino's long term incentive awards for FY2019 and FY2020. The terms of these grants were outlined in the company's 2017, 2018 and 2019 Notices of Meeting.

Mr Ronan and Mr Cherubino had provided all required notifications to the company however due to an administrative oversight Appendix 3Ys were not lodged for the grants of Options to Mr Ronan and Mr Cherubino in respect of their FY2018 and FY2019 long term incentive awards.

### **Appendix 3B**

In preparing the attached Appendix 3B for the grant of Options in respect of long term incentive awards for FY2020, the Company identified that the issue of Options under the Adairs Limited Equity Incentive Plan for FY2018 and FY2019 had not been notified to ASX in an Appendix 3B.

As a result, the attached Appendix 3B sets out the issue of Options for long term incentive awards under the Adairs Limited Equity Incentive Plan for FY2018, FY2019 and FY2020.

Adairs Limited has self-identified these errors and has taken steps to strengthen its processes to ensure that this will not occur again.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Fay Hatzis', with a stylized flourish at the end.

**Fay Hatzis**  
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Adairs Limited

ABN

147 375 451

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | Options granted under the Adairs Limited Equity Incentive Plan  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <p>8,190,000 Options, comprising:</p> <ul style="list-style-type: none"><li>• 2,640,000 Options (FY18 long term incentive grant)</li><li>• 2,250,000 Options (FY19 long term incentive grant)</li><li>• 3,300,000 Options (FY20 long term incentive grant)</li></ul> <p>907,500 Options, comprising:</p> <ul style="list-style-type: none"><li>• 232,500 Options (FY17 long term incentive grant)</li><li>• 360,000 Options (FY18 long term incentive grant)</li><li>• 315,000 Options (FY19 long term incentive grant)</li></ul> <p>have lapsed as a result of employee cessation of employment.</p> |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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- |  |   |
|--|---|
| <p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p> | <p>FY18 Tranche - Options granted under the Adairs Limited Equity Incentive Plan. No amount is payable on issue of Options. Options carry an entitlement to receive upon vesting one fully paid ordinary share in Adairs Limited at an exercise price: \$1.75, subject to the satisfaction of applicable conditions<br/>Expiry date of the options are 6 years from grant date.</p> <p>FY19 Tranche - Options granted under the Adairs Limited Equity Incentive Plan. No amount is payable on issue of Options. Options carry an entitlement to receive upon vesting one fully paid ordinary share in Adairs Limited at an exercise price: \$2.40, subject to the satisfaction of applicable conditions<br/>Expiry date of the options are 6 years from grant date.</p> <p>FY20 Tranche - Options granted under the Adairs Limited Equity Incentive Plan. No amount is payable on issue of Options. Options carry an entitlement to receive upon vesting one fully paid ordinary share in Adairs Limited at an exercise price: \$1.86, subject to the satisfaction of applicable conditions<br/>Expiry date of the options are 6 years from grant date.</p> |
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+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Ordinary shares issued on vesting and exercise of the Options will rank equally with existing fully paid ordinary shares.</p>
5	Issue price or consideration	<p>FY18, FY19 and FY20 long term incentives are granted at no cost.</p>
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Options under the Adairs Limited Equity Incentive Plan</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
6b	The date the security holder resolution under rule 7.1A was passed	<p>N/A</p>
6c	Number of +securities issued without security holder approval under rule 7.1	<p>N/A</p>

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A	
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	2/11/2017 (FY18 long term incentive grant) 26/10/2019 (FY19 long term incentive grant) 17/12/2019 (FY20 long term incentive grant)	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		165,874,785	Ordinary Shares

+ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	9,142,500	Options [under the Adairs Limited Equity Incentive Plan]
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

## Part 2 - Pro rata issue

11	Is security holder approval required?	N/A	
12	Is the issue renounceable or non-renounceable?	N/A	
13	Ratio in which the +securities will be offered	N/A	
14	+Class of +securities to which the offer relates	N/A	
15	+Record date to determine entitlements	N/A	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A	
17	Policy for deciding entitlements in relation to fractions	N/A	
18	Names of countries in which the entity has security holders who will not be sent new offer documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	N/A	

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a	N/A

+ See chapter 19 for defined terms.



broker and accept for the balance?

32 How do security holders dispose of their entitlements (except by sale through a broker)?

N/A

33 <sup>+</sup>Issue date

N/A

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a) ☐ <sup>+</sup>Securities described in Part 1

(b) ☐ All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories

1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A					
39	+Class of +securities for which quotation is sought	N/A					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>the date from which they do</li> <li>the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	N/A					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>	Number	+Class	N/A	N/A	
Number	+Class						
N/A	N/A						

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+ See chapter 19 for defined terms.

### Quotation agreement

- 1      +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2      We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
- Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3      We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4      We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

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Sign here:

 ..... Date: 18/12/2019  
(Company secretary)

Print name: FAH HATZIS

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+ See chapter 19 for defined terms.