

NOTICE OF ANNUAL
GENERAL MEETING
2020



MESSAGE FROM THE CHAIRMAN

“WITH THE ONSET OF COVID-19, MY PRIORITY, AND THAT OF THE BOARD, CONTINUES TO BE THE SAFETY AND WELLBEING OF OUR CUSTOMERS AND TEAM MEMBERS AND WORKING WITH THE MANAGEMENT TEAM TO NAVIGATE AND ADAPT TO THE UNPRECEDENTED OPERATING ENVIRONMENT”



Garry Hounsell
Chairman

Dear fellow shareholder,

2020 has been a year like no other, firstly with devastating bushfires, and then with the onset of COVID-19, which has challenged the community's health, the economy, businesses, and Myer.

When the COVID-19 pandemic first hit, as a Board and Executive team, we acted to prioritise the health and wellbeing of our customers, team members, and the broader communities in which we operate.

Throughout FY20, we demonstrated prudent fiscal management as we further deleveraged and de-risked the business. In response to the deterioration of trading conditions, management took decisive action, reducing operating expenses, deferring non-essential expenditure, and preserving cash.

CUSTOMER FIRST PLAN - COVID-19 OVERLAY

While the Customer First Plan remains the right plan, it has been adapted for the current operating environment to ensure Myer can capitalise on available opportunities and mitigate applicable risks as restrictions are eased.

We have put in place a COVID-19 overlay to ensure we are responding in the best way to meet the changed trading environment, and will accelerate, re-sequence and expand various initiatives, especially in the areas of online and factory to customer.

Here are some of the things we have achieved as part of the Customer First Plan this year:

- ✓ Record Online Sales: During FY20, we delivered record online sales of \$422.5 million, up 61.1%, and representing 17% of total sales. This online growth was particularly strong in the second half; up 98.8% and representing 28% of total sales.

- ✓ A one stop, safe shop for our customers: Even during COVID-19, we have seen our highest in-store customer satisfaction scores in three and a half years. These results reflect our dedication to ensuring the safest possible shopping environment, with our enhanced safety measures in place.
- ✓ Getting product to customers faster and more efficiently: In August 2020 we signed a partnership with Australia Post to undertake Third Party Logistics (3PL) for Myer to deliver faster online fulfilment to our customers, but also giving us significant additional capacity as we continue to grow this channel.
- ✓ Reducing our costs: We successfully reduced our CODB by \$138.6 million in FY20. Government subsidies and rent and outgoings waivers provided support during 2H20.
- ✓ Reducing space: We are continuing to negotiate with our landlords as we seek to manage our short and long term space requirements.
- ✓ Continue to grow the online business: We have active plans in place to make our online store significantly bigger, to ensure a leading experience for our customers.

REMUNERATION

Given our ongoing focus on prudent management of costs, there was a freeze on Executive pay in FY20. In addition, no awards were made under the FY20 STI and there was no vesting of awards under the FY18 LTI.

For a period during April, when all stores were closed due to COVID-19, the Executive Management Team elected to either forego their base salaries, or access their existing leave entitlements, and the Chairman and other Non-Executive Directors elected to forego their annual Director fees.

Additionally, for a period in May and June, the Executive Management Team elected to work at reduced base salaries and the Non-Executive Directors elected to receive reduced Director fees.

Furthermore, from 1 July 2020, the Chairman and Non-Executive Directors also elected to reduce their annual base fee to \$250,000 (from \$300,000) and \$100,000 (from \$120,000) respectively. This represents the third reduction to Chairman and Non-Executive Director fees since FY18.

EVOLVING THE BOARD

The Board has evolved significantly during the past three years, with the addition of new and relevant skills and experience. However, it is important that the Board continues to evolve to reflect the current operating environment.

In September 2020, we announced that Lyndsey Cattermole AM and Julie Ann Morrison have made the decision to retire as Directors at the 2020 AGM and do not intend to seek re-election. We thank them both for their service to the Company. As a result of this, and with a view to further reducing Board costs, we will not be seeking to replace these positions.

AGM 2020

In light of the ongoing risks of the COVID-19 pandemic, continuing government restrictions, and in the interests of the health and safety of shareholders, team members and other participants, the Board has decided to hold this year's Myer Annual General Meeting (AGM) virtually. The 2020 AGM is scheduled at 2:30pm on Thursday, 29 October 2020 (Melbourne time).

Unfortunately, shareholders will not be able to physically attend the AGM but we have ensured that you can still participate in various ways, including by watching a live webcast of the AGM or logging into an online platform at <https://agmlive.link/MYR20>, which will allow shareholders

to vote and to ask questions online. Information on how to participate is provided in this Notice of Meeting.

As always, our 2020 AGM is an important event for Myer and, for you, our valued shareholders. At the AGM, Chief Executive Officer and Managing Director, John King, and I will comment on the performance of Myer during the 2020 financial year. The Board will then seek your support for the FY20 Remuneration Report, my re-election as a Director, and the allocation of performance rights for Mr King. The Board recommends shareholders vote in support of these resolutions.

THANK YOU

Thank you for the confidence you have shown in the Board and Executive Management Team, and we look forward to working with you as we continue to respond and adapt to COVID-19.

We will continue to accelerate key parts of our Customer First Plan to ensure that we are on the best footing to meet the challenges, and to embrace the opportunities of tomorrow, as we enter a COVID normal retail environment.

From the start of this year with the devastating bushfires, to now, during this unprecedented pandemic, every decision we make is in the interests of our customers, team members, and you, our valued shareholders.

We look forward to updating you further at the virtual AGM, but if you have any questions on this year's AGM, please either email: myer.corporate.affairs@myer.com.au or call: 03 8667 7879.



Garry Hounsell
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the eleventh Annual General Meeting (**Meeting**) of Myer Holdings Limited (ABN 14 119 085 602) (**Company**) will be held virtually on Thursday 29 October 2020 at 2.30pm (Melbourne time). Registration will commence at 2.00pm (Melbourne time). The online platform can be accessed at <https://agmlive.link/MYR20>.

ITEMS OF BUSINESS

1. Chairman and Chief Executive Officer Presentations

2. Financial Statements and Reports

To receive and consider the Financial Report for the period ended 25 July 2020, together with the Directors' Report and Auditor's Report as set out in the Annual Report.

The Company's Auditor will be available at the Meeting to answer questions regarding the audit and the Auditor's Report.

3. Re-election of Director

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

"**THAT** Mr Garry Hounsell who retires in accordance with rule 8.1(e) of the Company's Constitution and, being eligible, offers himself for re-election, be elected as a Director of the Company."

Information about Mr Hounsell is set out in the attached Explanatory Notes.

4. Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"**THAT** the Remuneration Report forming part of the Directors' Report for the period ended 25 July 2020 be adopted."

5. Grant of performance rights to the Chief Executive Officer and Managing Director

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

"**THAT** the grant of performance rights to the Chief Executive Officer and Managing Director, Mr John King, and the provision of ordinary shares in the Company on the vesting of those performance rights, under the FY21 Long Term Incentive Plan as part of his long-term incentive arrangements, as described in the Explanatory Notes, be approved."

By order of the Board



Paul Morris
Company Secretary

29 September 2020

INFORMATION FOR SHAREHOLDERS

VIRTUAL MEETING

The Meeting will be made accessible to shareholders via a live webcast and an online platform.

Shareholders who attend the Meeting by logging into the online platform will be able to vote and submit written questions in relation to the business of the Meeting online during the Meeting.

Shareholders may also vote and submit questions prior to the Meeting, or appoint a proxy to attend the Meeting, vote and submit written questions on their behalf.

How to watch the webcast

The Meeting will be webcast live on the Investor Centre section of Myer's website, myer.com.au/investor, and will also be archived on this website. The webcast is 'view only'. Those viewing the webcast through the Myer website will not be able to vote or ask questions.

How to attend and participate in the Meeting online

Shareholders, proxyholders, attorneys and corporate representatives can participate in the virtual Meeting by logging into the online platform provided by the Company's share registry, Link Market Services (**Share Registry**) at <https://agmlive.link/MYR20>.

When you log in to the website, you will need to register your details by providing your name, email address, phone number and company (optional), as well as agreeing to terms and conditions.

Once logged into the website, to then register to ask a question or get a voting card, you will need to click on the 'ask a question' or 'get a voting card' buttons and:

- if you are a shareholder, provide your shareholder number (ie. SRN or HIN, as applicable) and postcode (or if you are an overseas shareholder, your country details); and
- if you are a proxyholder, provide your proxy number. Information on how proxies obtain a proxy number is set out

in the 'Vote online during the Meeting' section below.

Corporate representatives of corporate shareholders or proxyholders should follow the instructions above to register as the shareholder or proxyholder they represent. Corporate representatives must submit a formal notice of Appointment of Corporate Representative signed by the corporation prior to the Meeting. Information on how to submit this notice is set out in the 'Corporate Representative' section below.

Once registered, you will be given details on how to vote and submit questions during the Meeting.

Further information on voting online is set out in the 'How to Vote' section below. Further information on submitting questions online is set out in the 'Shareholder Questions' section below.

If you require any additional information on how to participate in the Meeting online, please refer to the Virtual Meeting Online Guide lodged by Myer with ASX. Alternatively, you can contact the Share Registry on +61 1300 820 260 between 9.00am and 5.00pm (Melbourne time).

ENTITLEMENT TO VOTE

The Directors have determined that for the purposes of voting at the Meeting, shareholders will be taken to be those persons who are the registered holders of shares in the Company as at 7.00pm (Melbourne time) on Tuesday 27 October 2020.

HOW TO VOTE

If you are entitled to vote at the Meeting you can exercise your vote in the following ways:

Lodge your vote before the Meeting

You can lodge your vote directly at www.linkmarketservices.com.au before the Meeting. To lodge your vote via this website, you will need to select the 'Investor Login' option on the website, and log in to your shareholding account using your holding details (you will need

to provide your shareholder number and the postcode registered on your holding (or if you are an overseas shareholder, your country details)).

Once logged in, you can vote by selecting the 'Voting' tab, and then under the heading 'Action' select the 'Vote' option and follow the prompts to lodge your vote.

If you wish to vote online before the Meeting, your vote must be lodged by 2:30pm (Melbourne time) on Tuesday 27 October 2020.

You can also vote directly before the Meeting by following the voting instructions on your personalised Voting and Proxy Form and submitting this to the Share Registry in one of the following ways:

- **by mail to:**
Myer Holdings Limited
Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235
- **in person by delivering it to the Share Registry at:**
1A Homebush Bay Drive, Rhodes, NSW 2138; or
Level 12, 680 George Street, Sydney, NSW 2000
- **by facsimile to:**
+61 2 9287 0309

Completed Voting and Proxy Forms must be received by the Share Registry no later than 2.30pm (Melbourne time) on Tuesday 27 October 2020.

Appoint a proxy/attorney before the Meeting to vote on your behalf

Shareholders entitled to vote at the Meeting are entitled to appoint a proxy or attorney to attend and vote on their behalf.

You can appoint a proxy online at www.linkmarketservices.com.au. To appoint your proxy via this website, you will need to select the 'Investor Login' option on the website, and log in to your shareholding account using your holding details (you will need to provide your shareholder number and the postcode registered on

INFORMATION FOR SHAREHOLDERS

Continued

your holding (or if you are an overseas shareholder, your country details)).

Once logged in to your shareholder account, you can appoint a proxy by selecting the 'Voting' tab and then under the heading 'Action' select the 'Vote' option and follow the prompts to complete your proxy appointment.

If you wish to appoint a proxy online, your appointment must be submitted by 2:30pm (Melbourne time) on Tuesday 27 October 2020.

You can also appoint a proxy or attorney by following the instructions on your personalised Voting and Proxy Form and submitting this to the Share Registry in one of the following ways:

- **by mail to:**
Myer Holdings Limited
Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235
- **in person by delivering it to the Share Registry at:**
1A Homebush Bay Drive, Rhodes,
NSW 2138; or
Level 12, 680 George Street, Sydney,
NSW 2000
- **by facsimile to:**
+61 2 9287 0309

Proxy/attorney appointments must be received by the Share Registry no later than 2.30pm (Melbourne time) on Tuesday 27 October 2020.

If you have appointed an attorney to attend and vote at the Meeting, or if your proxy is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) must also be received by the Share Registry by 2.30pm (Melbourne time) on Tuesday 27 October 2020, unless this document has previously been lodged with the Share Registry for notation. Powers of attorney may be delivered to the Share Registry by mail (Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235).

Further details on the appointment of, and voting by, proxies/attorneys are provided below.

Vote online during the Meeting

Shareholders, proxyholders, attorneys and corporate representatives who attend the virtual meeting by logging into the online platform <https://agmlive.link/MYR20>, will be able to vote online during the Meeting.

Registration will open from 2.00pm (Melbourne time) on Thursday 29 October 2020.

Details on how to login to the website are provided in the 'How to attend and participate in the Meeting online' section above.

When you log in to the online platform <https://agmlive.link/MYR20> you will be required to register as a shareholder or proxy holder/attorney to be able to vote your shares or the shares you represent as proxy/attorney.

A proxy or attorney who is attending the virtual meeting will need a proxy number, issued by the Share Registry to register to vote once logged in. The Share Registry will endeavour to provide confirmation of the proxy number via email to nominated proxy holders/attorneys prior to the meeting and following lodgement of the proxy /attorney appointment. Alternatively, proxy holders/attorneys can call the Meeting help line on +61 1800 990 363 on the day of the Meeting to request confirmation of the proxy number.

Voting on items 3, 4 and 5 will be by poll and the Chairman of the Meeting will open the poll once the Meeting commences at 2.30pm (Melbourne time) on Thursday 29 October 2020, and you will be able to vote at any time during the Meeting and for a short time afterwards (you will be notified on the platform how much time is left).

If you have lodged a direct vote before the Meeting and then vote online during the Meeting, your direct vote lodged before the Meeting will be cancelled.

APPOINTING PROXIES AND ATTORNEYS

Shareholders entitled to vote at the Meeting are entitled to appoint a proxy or attorney to attend and vote on their behalf. A proxy or attorney need not

be a shareholder and can be either an individual or a body corporate.

A shareholder that is entitled to cast two or more votes may appoint no more than two proxies or attorneys. Shareholders who wish to appoint two proxies or attorneys may specify the percentage of votes or number of shares to be voted by each proxy/attorney when appointing their proxy/attorney. If a shareholder appoints two proxies or attorneys and does not specify the percentage of voting rights that each proxy or attorney may exercise, the rights are deemed to be 50% each. Fractions of votes will be disregarded.

VOTING BY PROXIES

Shareholders should consider directing their proxy as to how to vote on each resolution by marking either the "For", "Against" or "Abstain" box when completing their Voting and Proxy Form to ensure that their proxy appointment specifies the way their proxy is to vote on each resolution. In certain circumstances (see below under the heading "Voting Restrictions"), a proxy may be prohibited from voting undirected proxies.

Where the Chairman is appointed proxy, unless he is restricted from voting on a resolution, he will vote in accordance with the shareholder's directions or, in the absence of a direction, *in favour* of the resolutions contained in this Notice of Meeting.

Under the *Corporations Act 2001* (Cth) (**Corporations Act**), if the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- if the proxy is not the Chairman of the Meeting, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- if the proxy is the Chairman of the Meeting, the proxy must vote on a poll and must vote as directed.

In addition, there are some circumstances where the Chairman of the Meeting will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chairman of the Meeting

as their proxy. This will be the case where:

- the appointment of proxy specifies the way the proxy is to vote on a particular resolution; and
- the appointed proxy is not the Chairman of the Meeting; and
- a poll is called on the resolution, and either of the following applies:
 - the proxy is not recorded as attending the Meeting; or
 - the proxy attends the Meeting but does not vote on the resolution.

CORPORATE REPRESENTATIVES

In accordance with section 250D of the Corporations Act, any corporate shareholder or proxy may appoint a person to act as its representative.

The representative must complete and submit a formal notice of Appointment of Corporate Representative signed by the corporation and this must be received at vote@linkmarketservices.com.au prior to the Meeting. A copy of that notice can be obtained from the Share Registry by calling +61 1300 820 260 between 9.00am and 5.00pm (Melbourne time) or at www.linkmarketservices.com.au.

A copy of the signed Appointment of Corporate Representative, or other evidence satisfactory to the Chairman of the Meeting, must be produced prior to the Meeting.

VOTING RESTRICTIONS

Resolution 4 – Remuneration Report

Except to the extent otherwise permitted by law, any member of the key management personnel of the Company's consolidated group (**KMP**) whose remuneration details are included in the Remuneration Report (or a closely related party of any such member), may not vote, and the Company will disregard the votes cast by or on behalf of such persons on, resolution 4 unless the vote is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or

- by the Chairman of the Meeting as proxy for a person entitled to vote on the resolution and the proxy appointment expressly authorises the Chairman to vote undirected proxies as the Chairman sees fit, even if the resolution is connected directly or indirectly with the remuneration of a KMP.

Resolution 5 – Grant of performance rights to the Chief Executive Officer and Managing Director

The Company will disregard any votes cast in favour of resolution 5 by or on behalf of Mr King and his associates. Further, a vote must not be cast on resolution 5 by a KMP, or a closely related party of a KMP acting as proxy if their appointment does not specify the way the proxy is to vote on the resolution.

However, this does not apply to a vote cast in favour of resolution 5 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- the Chairman (who is a KMP) as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides, even if the resolution is connected directly or indirectly with the remuneration of a KMP; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

SHAREHOLDER QUESTIONS

Shareholders may submit questions in relation to the business of the Meeting prior to the Meeting or online during the Meeting in the following way.

Before the Meeting

Shareholders can submit questions before the meeting:

- online at www.linkmarketservices.com.au. To submit your question via this website, you will need to select the 'Investor Login' option on the website, and log in to your shareholding account using your holding details (you will need to provide your shareholder number and the postcode registered on your holding (or if you are an overseas shareholder, your country details)). Once logged in, you can submit your question by selecting the 'Voting' tab and then under the 'Actions' heading, select 'Ask a Question' and follow the prompts to submit your question.
- **by mail to:**
Myer Holdings Limited
Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235
- **by hand at:**
1A Homebush Bay Drive, Rhodes, NSW 2138; or
Level 12, 680 George Street, Sydney, NSW 2000
- **by facsimile to:**
+61 2 9287 0309

Questions must be received online or by the Share Registry by 5.00pm (Melbourne time) on Thursday 22 October 2020.

At the Meeting

Shareholders who attend the virtual meeting by logging into the online platform <https://agmlive.link/MYR20>, will be able to submit written questions online during the Meeting.

Details on how to login to the website are provided in the 'How to attend and participate in the Meeting online' section above. Once registered, you will be given details on how to submit questions during the Meeting.

EXPLANATORY NOTES

ITEM 2 - FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires that the financial report and the reports of the Directors and Auditor be laid before the Meeting. There is no requirement for shareholders to vote on these reports. Shareholders will be given a reasonable opportunity to raise questions and make comments on these reports and on the management of the Company at the Meeting.

ITEM 3 - RE-ELECTION OF DIRECTOR

Rule 8.1(d) of the Company's Constitution requires two of the current Directors to retire by rotation at the Meeting. Each of Ms Lyndsey Cattermole AM and Ms Julie Ann Morrison have notified the Board that they will retire as a Director of the Board at this year's Meeting and do not intend to seek re-election. Accordingly, they will retire at the end of the Meeting.

Rule 8.1(e) of the Company's Constitution requires that no Director who is not the Managing Director may hold office without re-election beyond the third AGM following the meeting at which the Director was last elected or re-elected. Mr Garry Hounsell was last re-elected as a Director on 24 November 2017 and will therefore retire and offer himself for re-election at the Meeting.

The Board (other than Mr Hounsell) consider Mr Hounsell to be independent, and recommends shareholders vote *in favour* of his re-election.

In recommending Mr Hounsell's re-election, the Board took into account factors including Mr Hounsell's performance, the skills, experience and leadership he provides to the Board and Company, and his role in ensuring an appropriate mix of skills and experience on the Board.

Board continuity and stability are particularly important in the current environment, in light of the retirements of Ms Lyndsey Cattermole AM and Ms Julie Ann Morrison, and considering the challenges associated with the COVID-19 pandemic.

The Board considers that the leadership, experience and expertise that Mr Hounsell brings to the Board will be invaluable as the Company continues to navigate the ongoing challenges associated with COVID-19 and seeks to capitalise on opportunities and mitigate risks that arise in a post-COVID-19 environment.

Further details of the qualifications, experience, and special responsibilities of Mr Hounsell are provided below:



Garry Hounsell

- Independent Non-Executive Director
- Member of the Board since 20 September 2017
- Chairman from 24 November 2017 and from 4 June 2018
- Executive Chairman from 14 February 2018 to 3 June 2018
- Chairman – Nomination Committee
- Chairman – Human Resources and Remuneration Committee
- Member – Audit, Finance, and Risk Committee

Garry has been Chairman of Spotless Holdings Limited, PanAust Limited and eMitch Limited and Deputy Chairman of Mitchell Communications Group Limited. He has also been a Director of Qantas Airways Limited, Orica Limited, Nufarm Limited, Integral Diagnostics Limited and Dulux Group Limited. Garry was also a Director of the Burnet Institute Limited and Methodist Ladies' College Limited. He was an Advisory Board member of PanAust Limited and Rothschild Australia Limited.

Garry is a former Chief Executive Officer and Country Managing Partner of Arthur Andersen and a Senior Partner of Ernst & Young. He is a Fellow of Australian Institute of Company Directors and a Fellow of Chartered Accountants Australia and New Zealand. Garry resides in Victoria.

Other current directorships

Garry is the Chairman of Helloworld Travel Limited and a Director of Treasury Wine

Estates Limited. He is also a Director of Commonwealth Superannuation Corporation Limited and Findex Group Limited.

ITEM 4 - REMUNERATION REPORT

The Remuneration Report includes information on:

- the remuneration policy adopted by the Board;
- the relationship between that policy and the Company's performance;
- the remuneration arrangements for each Director and KMP in FY20; and
- the performance conditions that must be met prior to an executive deriving any value from the 'at risk' components of their remuneration.

The Remuneration Report is included in the Company's 2020 Annual Report, which is available on the Investor Centre section of the Company's website, myer.com.au/investor.

At the Meeting, the Chairman will give shareholders a reasonable opportunity to submit questions about or comment on the Remuneration Report via the online platform.

The shareholder vote on this resolution is advisory only and will not bind the Directors or the Company. The vote will, however, be taken into consideration in determining future remuneration policy for Directors and executives.

Further, as a result of provisions in the Corporations Act known generally as the "two strikes rule", shareholders should note that the result of the vote on this resolution may affect next year's Meeting. If 25% or more of the votes cast on this resolution are "against" the resolution both at the 2020 Meeting and the 2021 Meeting then a further resolution whether to hold a meeting to spill the Board would need to be considered at the 2021 Meeting.

The Board recommends that shareholders vote *in favour* of this resolution. The Board encourages shareholders to apply the same level of diligence to voting on this resolution as for the binding resolutions.

ITEM 5 — GRANT OF PERFORMANCE RIGHTS TO THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

WHY WE ARE SEEKING SHAREHOLDER APPROVAL?

ASX Listing Rule 10.14 provides that a listed company must not permit a Director of the Company to acquire equity securities under an employee incentive scheme, unless it obtains the approval of shareholders.

Mr King's remuneration package for FY21 (as set out below) includes an award under the Company's long term incentive plan (LTIP), subject to shareholder approval. The FY21 LTIP award will be in the form of performance rights, which on vesting (subject to the achievement of specified performance hurdles, as described below), give rise to an entitlement to the grant of shares in the Company.

As Mr King is a Director of the Company, the Company is seeking shareholder approval under and for the purposes of ASX Listing Rule 10.14.1 (and all other purposes) to grant such securities to Mr King.

If shareholder approval is given, the performance rights will be granted to Mr King shortly after the Meeting and in any event within 12 months of the Meeting. If shareholder approval is not obtained, the Board will consider alternative arrangements to appropriately remunerate and incentivise Mr King, which may not be consistent with Myer's remuneration principles, such as providing an equivalent long term cash incentive subject to the same performance conditions and performance period as described below for the grant of performance rights.

WHY ARE PERFORMANCE RIGHTS CHOSEN FOR FY21?

After careful consideration the Board, on the recommendation of the Human Resources and Remuneration Committee, has decided that in light of the unforeseen impact of COVID-19 on the Company's share price, the FY21 LTIP grant should be in the form of performance rights for all participating executives, including Mr King.

A traditional 'performance rights' grant was chosen for FY21 LTIP grant over a leveraged 'performance options' grant as provided in previous years in response to shareholder

feedback and to avoid the dilutive impact of the issue of a large number of performance options to Mr King.

PERFORMANCE RIGHTS

Each performance right entitles Mr King to acquire one fully paid ordinary share in the Company if the applicable performance hurdles (as set out below) are met, subject to adjustments for capital actions. The performance rights will be granted in one tranche and will be broadly on the same terms as performance rights granted to other executives participating in the performance rights LTIP offer for FY21 and no issue price is payable.

Subject to shareholder approval at the Meeting, Mr King will be granted performance rights to a maximum value of \$840,000 which represents 70 percent of his Total Fixed Compensation.

The key aspects of the performance rights are described in more detail below.

Number of performance rights proposed to be granted

The number of performance rights granted will be determined by reference to the maximum value of the proposed grant (being \$840,000) divided by the face value attributed to the performance rights. The value attributed to each performance right will be the volume weighted average price (VWAP) of the Company's shares over the five trading days up to and including the day before the FY21 LTIP grant date.

Given the grant date of the award is after the Meeting, we are not able to provide an exact valuation of the award in this Notice. However, to increase transparency on the method for determining the number of performance rights granted to Mr King an indicative calculation has been provided below:

Assuming a VWAP of \$0.20, the proposed grant would result in Mr King receiving 4,200,000 performance rights, i.e. the maximum value of the proposed grant (being \$840,000) divided by the value attributed to each performance right (being \$0.20). This figure of 4,200,000 performance rights is 'indicative' in nature. In a similar way, the calculation will be undertaken on the grant date to determine the actual number of rights to be granted to Mr King. The grant date valuation and the number of rights granted will be dependent on the VWAP of the Company's

shares over the five trading days up to and including the day before the FY21 LTIP grant date.

Performance hurdles

Two stages of performance testing will apply to the performance rights:

Stage 1: an absolute Total Shareholder Return (TSR) test requires the achievement of a positive absolute TSR over the testing period. If the TSR is negative over the testing period, the performance rights lapse.

Stage 2: Only if Stage 1 testing delivers a positive absolute TSR result, will Stage 2 testing be undertaken. Stage 2 testing focuses Executive effort on long-term sustainable performance. Stage 2 requires two performance hurdles to be met:

- 50% of the performance rights will be subject to a hurdle based on the Company's Total Shareholder Return relative to an agreed peer group across the three-year performance period (**Performance Period**). (**rTSR Hurdle**);
- 50% of the performance rights will be subject to a hurdle based on the Company's Earnings Per Share (**EPS**).

The Stage 2 performance hurdles have been chosen to align with shareholder returns and the delivery of shareholder value over the long-term.

The number of performance rights that vest will depend on how well Myer has performed during the Performance Period against the relevant performance hurdle. For outstanding performance, 100% of the performance rights will vest. Only a percentage of performance rights will vest for performance below that level. If Myer does not achieve certain minimum thresholds then all the applicable performance rights will lapse and no performance rights can vest. Further information regarding the vesting schedule for each of the Stage 2 performance hurdles is set out below.

Due to the unforeseen impact the COVID-19 pandemic has had on the Myer share price, the Board after careful consideration, has decided that the EPS growth should be measured using the FY19 EPS as the base year, so as to avoid any undue advantage to management arising from using the lower FY20 EPS as the base.

EXPLANATORY NOTES

Continued

In determining the EPS performance targets, the Board took into account internal financial metrics, prevailing economic conditions and market consensus. The EPS targets for FY21 have been maintained at the same levels as FY20. The Board believes that the FY20 targets provide an appropriate ambition and stretch for Myer that has experienced negative EPS growth in previous years.

Performance Hurdle Description

rTSR Hurdle

Why was it chosen?

The rTSR Hurdle was selected to ensure alignment between comparative shareholder return and reward for executives. This measure also provides a direct comparison of the Company's performance over the Performance Period against a comparator group of companies that would, broadly, be expected to be similarly impacted by changes in market conditions.

How is it tested?

The rTSR Hurdle will be tested following the end of the Performance Period by comparing the Company's total shareholder return performance over the Performance Period relative to a set peer group. The comparator group includes listed companies from the retail and consumer services sector. The constituents are: Accent Group, Adairs, AP Eagers, Automotive Holdings, Baby Bunting, Bapcor, Beacon Lighting, Coles Group, Collins Foods, Corporate Travel Management, Domino's Pizza Enterprises, Flight Centre Travel Group, Harvey Norman Holdings, Helloworld Travel, JB Hi-Fi, Kogan, Lovisa Holdings, Metcash, Michael Hill International, Motorcycle Holdings, National Tyre & Wheel, Nick Scali, Noni B, Premier Investments, Super Retail Group, Webjet, Wesfarmers and Woolworths Group. The table below sets out the percentage of performance options subject to the rTSR Hurdle that can vest depending on the Company's relative TSR performance:

rTSR Percentile Ranking	% of performance rights subject to the rTSR Hurdle that will vest (rounded down to the nearest whole numbers)
Up to but excluding 50th percentile	Nil
Including 50th percentile and up to but excluding 75th percentile	Pro rata, with linear progression between 50% and up to 100%
75th percentile or greater	100%

EPS Hurdle

Why was it chosen?

The Board considers EPS as an effective measure for determining the underlying profitability of the business. When determining normalised EPS for LTI purposes, statutory earnings is adopted as the base and the Board will allow adjustments to be made for significant items on a case by-case basis. To the extent a write-down occurs that is considered to have been within management's control, it will form a part of the EPS calculation.

How is it tested?

The EPS Hurdle will be tested by calculating the compound annual growth rate in the Company's earnings per share (EPS), using EPS at the end of FY19 as the base year. The resulting growth rate will be used to determine the level of vesting for the performance rights subject to the EPS Hurdle. The table below sets out the percentage of performance options subject to the EPS Hurdle that can vest depending on the Company's growth in EPS:

Compound Annual Growth in underlying EPS	% of performance rights subject to the EPS Hurdle that will vest (rounded down to the nearest whole numbers)
Up to but excluding 5%	Nil
Including 5% and up to but excluding 12%	Pro rata, with linear progression between 50% and up to 100%
12% or greater	100%

Each of the performance hurdles under Stage 2 will be assessed separately and apply to different performance rights. This means that both hurdles do not need to be satisfied for any of the performance rights to vest.

For example, it is possible for some or all of the performance rights subject to the rTSR Hurdle to vest, while none of the performance rights subject to the EPS Hurdle vest (and vice versa).

The performance hurdles will be tested once, following the end of the Performance Period and the release of the Company's FY23 financial results. There will be no retesting.

Allocation of shares following vesting

The performance rights issued to Mr King are subject to a four year vesting period i.e. performance rights will vest 12 months after the end of the Performance Period. On vesting and subject to meeting the two stages of performance testing, vested performance rights will convert to fully paid ordinary shares on a one for one basis.

Restriction periods

The vesting period for Mr King's rights is four years and there is no additional restriction period following vesting.

Other terms – performance rights

Mr King will not be eligible to receive any dividends on his performance rights during the Performance Period, which is the first three years of vesting. After the Performance Period, and during the fourth year of the vesting period, Mr King will be entitled to receive dividends on his performance rights. Upon vesting of his performance rights, additional shares will be granted to him, equivalent to any dividends paid during the fourth year of vesting. This arrangement aligns Mr King's overall financial outcome with that of other participants who are granted restricted shares after a three year vesting period. It ensures that all participants of the LTIP are treated in a fair and equitable manner. Mr King's vesting period was set at four years instead of three years due to foreign resident tax considerations.

The performance rights do not carry any voting rights.

The terms of the LTIP also allow the Board to claw back any performance rights which were granted on the basis of, or have become eligible to vest as a result of, a material misstatement in, or omission from, the Company's financial statements or the satisfaction of KPI applicable to the LTI. The Board may also adjust the award in cases of fraud or dishonest or gross misconduct, unsustainable performance involving high-risk actions and bringing the company into disrepute. Subject to applicable law, the Board has the discretion to claw back such performance rights by determining that unvested performance rights should lapse, requiring a repayment of the overpaid amount or through another form of alteration to Mr King's remuneration.

Subject to applicable law relating to the provision of benefits, and unless the Board determines otherwise:

- if Mr King's employment with the Company ceases prior to the end of the Performance Period:
 - for a permitted reason as defined in the performance rights terms, a pro-rata portion of the unvested performance rights will lapse, having regard to the portion of the Performance Period that has elapsed

as at the date of cessation and the total Performance Period. Any performance rights that do not lapse will remain on foot to be tested against the applicable performance hurdles following the end of the Performance Period in accordance with their normal terms; and

- for a reason other than a permitted reason, all of his unvested performance rights will lapse; and
- if Mr King's employment with the Company ceases following the end of the Performance Period, but before the exercise date:
 - for a permitted reason as defined in the terms, the performance rights will remain subject to the relevant restriction period until released in accordance with their normal terms; and
 - for a reason other than a permitted reason, all of his performance rights for which the restriction period has not expired are forfeited.

OTHER REQUIRED INFORMATION - ASX LISTING RULES

Mr King's remuneration package was set on his appointment in 2018 with reference to the skills and international experience required to turn around the Company's performance in what is a very challenging time in the retail industry.

Mr King's fixed remuneration was set at the same level as the previous CEO and has not been reviewed since Mr King's appointment. In recognition of the impact COVID-19 has had on Myer's shareholders, customers, team members and the community, for a period during April, when all stores were closed due to COVID-19, Mr King elected to forego his base salary. Additionally, for a period in May and June, Mr King elected to work at a reduced base salary.

As part of the review of the FY21 Executive reward framework, the Board has changed the remuneration mix for the CEO and Managing Director. Under the new framework, to help focus Mr King and other Executives on the immediate strategic priorities for Myer, the total incentive opportunity will be reweighted towards a new Transformation Incentive plan, which will replace the normal short term incentive plan. The LTIP will be granted at a reduced maximum opportunity.

This is a change in remuneration mix only and there is no increase in the total

'maximum' pay for the CEO and Managing Director. This change further aligns incentive arrangements with transforming the business with a long term focus.

It is intended that change will apply only for FY21 and FY22.

In this context, Mr King's maximum remuneration for FY21 is \$3,240,000, comprising:

- \$1,200,000 as Total Fixed Compensation (inclusive of superannuation);
- \$1,200,000 as his maximum opportunity under the Transformation Incentive plan; and
- \$840,000 as his maximum earning opportunity under the LTIP.

Shareholders are referred to the Company's Remuneration Report for further details of Mr King's remuneration and changes to the remuneration framework for FY21.

Mr King has previously been issued with 14,631,014 performance options under the Myer LTIP for FY19 and FY20. No amount was paid by Mr King for the award of the performance options.

No loan will be provided by the Company to Mr King in relation to the grant of performance rights under the FY21 LTIP.

Details of any performance rights issued under the LTIP will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the LTIP after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

BOARD'S RECOMMENDATION

The Non-Executive Directors have concluded that Mr King's remuneration package, including the proposed award of performance rights, is reasonable and appropriate having regard to the Company's circumstances and Mr King's duties and responsibilities. The CEO's current share ownership and remuneration with a heavy equity weighting strongly aligns his interests with creation of shareholder value.

The Board (other than Mr King) recommends that shareholders vote **in favour** of this resolution.

MYER

MY STORE
