



A.C.N. 006 727 966 A.B.N 64 006 727 966
Level 53, 101 Collins Street, Melbourne, Victoria 3000, Australia
Telephone: 1300 351 598 (Australia) or +61 3 9415 4192 (International)

MYRQ

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

5 November 2018

**Together let's send a clear message to the Myer Board that
ENOUGH IS ENOUGH**

**Vote AGAINST resolutions 3 and 4 at the upcoming AGM to deliver
a SECOND STRIKE against the Myer Board**

**Vote IN FAVOUR of resolution 6 and appoint Premier as your proxy
to decide on resolution 5**

Dear fellow suffering Myer Shareholder,

When together we delivered the Board of Myer Holdings Limited (Myer) a first strike at its 2017 AGM we sent the Board a strong signal. I had hoped that, by now, the Board would have seen the writing on the wall and have resigned in favour of a new independent Board with proven retail experience, a clear direction and a coherent strategy to help support the new Myer management.

Instead, the value of our investments have decreased by more than 33% over the past 12 months. Led by Garry Hounsell, the Myer Board has:

- strongly endorsed its New Myer strategy and accompanying targets at the 2017 Annual General Meeting, only to abandon them 3 months later;
- announced a profit downgrade on 14 December 2017, less than 3 weeks after the 2017 AGM;
- announced a further profit downgrade on 9 February 2018;
- removed its CEO, CFO and other senior executives who had only just recently been fully endorsed by the Board at the 2017 AGM;
- appointed Garry Hounsell, an accountant with no retail experience, as Executive Chairman and paid him at a rate of \$1 million per annum;

245457_024NQA

- written down the value of its assets by half a billion dollars (its market capitalisation was only \$345 million at that time!);
- handed over control of the company to its banks by granting security over all its assets for the first time since listing;
- reported a full year statutory loss of \$486 million;
- stopped paying dividends to shareholders for the foreseeable future;
- launched a "Customer First Plan" but failed to set any targets; and
- dropped its long-term incentive earnings target for 2021 to a level that is 17% below what it was in the disastrous FY17.

Myer is also currently facing a class action law suit in the Federal Court being brought by thousands of Myer shareholders claiming misleading and deceptive conduct and failure by Myer to comply with its continuous disclosure obligations.

Yet Myer now refuses to release quarterly sales updates and won't provide its first quarter FY19 sales and profit or loss numbers ahead of the upcoming AGM, despite providing this same information to its banks.

All these decisions have resulted in Myer's share price falling by 33% (24 cents) since the 2017 AGM to just 48 cents (and to top it all off, with no dividends being paid). This represents the destruction of \$200 million in shareholder value during this short period alone, and more than \$2.1 billion since Myer's ASX listing.

1. Garry Hounsell has normalised value destruction

Since Garry Hounsell joined the Board, Myer's share price has fallen 35%, and Myer has stopped declaring dividends for the first time since its ASX listing.

Myer's FY17 results were a disaster and materially down on FY16. On his appointment on 11 October 2017, Gary Hounsell noted the dreadful FY17 result: "I believe ... the New Myer strategy... is helping the business to compete... I am impatient for a return to profit growth".

Yet under Garry Hounsell, Myer reported a net statutory **LOSS** after tax of **\$486m** for FY18. Even based on Myer's internally defined Net Profit after Tax (pre-implementation costs and individually significant items) of \$33m, it was **down 52%** on FY17.

The value destruction now seems so culturally entrenched that the FY21 earnings hurdles for management's maximum long-term incentives have been set **BELOW** Myer's disastrous FY17 earnings. And not just a little below - **17% BELOW**¹. The only conclusion that shareholders can draw is that Garry Hounsell believes that, that dismal outcome is the best that can be achieved. Ironically, Garry Hounsell stated that he was "impatient" to see growth from this disastrous FY17 result.

¹ The highest EPS targets for the performance rights to be issued in 2019 require 20% per annum growth from the FY18 base. In the absence of clear disclosure by Myer, Premier assumes this be what Myer calls "Basic EPS – adjusted" of 4cps which therefore requires an EPS of only 6.9cps in FY21 (**DOWN 17% on 8.3 cps in FY17**).

2. Urgent action is needed to save Myer from the dustbins of history

Premier Investments Ltd ("Premier") is the largest shareholder in Myer. As a fellow shareholder, we share your concerns about this once-great brand. Furthermore, we are deeply concerned about the future viability of Myer without appropriately skilled retailers on its Board.

I urge fellow shareholders to send the Board a clear message at the upcoming AGM - this may be the last chance we have to avoid the demise of this once great Australian company.

Premier is an experienced retailer and its past predictions about Myer have turned out to be true.

Premier's prediction	Outcome
Premier predicts that the New Myer strategy is destined to fail	<p>11 October 2017 - "I believe in the New Myer strategy which is helping the business to compete... I am impatient for a return to profit growth..." (Garry Hounsell).</p> <p>1 November 2017 - Myer ditches the New Myer strategy and replaces it with a New, New Myer strategy. New long term targets are announced.</p>
Premier warns that the New, New Myer strategy is "dead on arrival" and there are "only weeds" and "no green shoots"	<p>6 November 2017 - "we are positioned to successfully deliver Myer's transformation" (Garry Hounsell).</p> <p>There has been no mention of this strategy or any of its targets in any Myer disclosure for over a year...</p>
Premier asks Myer to confirm its balance sheet is not impaired	<p>24 November 2017 - Myer confirms it stands by its accounting structure and systems, its CFO and its audit committee.</p> <p>9 February 2018 - Myer reluctantly acknowledges it will have to take an impairment hit.</p> <p>21 March 2018 - Myer writes off half a billion dollars in assets, at which time its entire market capitalisation was only \$345 million.</p>
Premier urges Myer to confirm that no more profit downgrades will be forthcoming	<p>24 November 2017 - Myer refuses to confirm and instead comments that it is "dependent on the success of these coming months".</p> <p>14 December 2017 (just 3 weeks later) - Myer issues yet another profit downgrade.</p>
Premier predicts that Myer shareholders will no longer receive dividends	<p>21 March 2018 - Myer ceases paying dividends for the first time since its ASX listing.</p> <p>None have been declared since that time, and onerous banking covenants now prohibit any being paid until certain financial targets are met.</p>

On the other hand, below are some of Garry Hounsell's predictions.

Hounsell Then	Hounsell Later
COMMENTS ON STRATEGY	
11 Oct 17: "I believe in the New Myer strategy which is helping the business to compete in a challenging retail environment".	14 Feb 18 – "...the Board has determined that it is in the interests of all shareholders for there to be a fresh approach to drive our future direction".
23 Oct 17: "The Myer Board has played a central role in developing the New Myer agenda and overseeing its implementation. The evidence to date demonstrates that underlying earnings have been stabilised... I am convinced that the New Myer strategy is the right one ".	12 Sept 18 – Myer announces a New New strategy which it calls its "Customer First Plan". There is no mention of the New Myer Strategy or the New New Myer Strategy and any previous targets.
COMMENTS ON MANAGEMENT	
23 Oct 17: "I come to this role very motivated by how much progress the management team has made in delivering New Myer".	18 Jan 18: Chief Financial Officer removed and new CFO appointed with no retail experience.
30 Oct 17: "The Myer Board and management are a highly cohesive team that are focussed on delivering a complex transformation in tough trading conditions. However, successful transformations take time and we are two years into a five year transformation".	14 Feb 18 – CEO Richard Umbers sacked and Garry Hounsell appointed Executive Chairman at a rate of \$1 million per annum. Informs media: " I may not be one of the world's great retailers, but I know how to make money ".
24 Nov 17: "I'm confident that the Board has the right mix of skills to drive the transformation being executed by Richard, his management team and every one of our employees."	25 Oct 18: "As a shareholder I shared your disappointment with the Company's performance during FY18. As such, the Board made the decisive move to make significant leadership changes...in the critical roles of Chief Executive Officer...Chief Financial Officer and Chief Merchandise Officer".
COMMENTS ON RUNNING MYER	
24 Nov 17: In response to a question from the Australian Shareholders Association, "In terms of my workload, if you want me to be full-time, I think we'll have to have a discussion on fees because the Chairman's fee wouldn't allow that...I don't want to get involved in management. That's Richard's job to manage the business".	14 Feb 18 – CEO Richard Umbers sacked and Garry Hounsell appointed Executive Chairman at a rate of \$1 million per annum. Informs media: "I may not be one of the world's great retailers, but I know how to make money".

Who would have thought that appointing an accountant and self-confessed non-retailer as Executive Chairman of an ailing Myer could result in anything other than value destruction for shareholders?

3. Garry Hounsell has handed over control of Myer to the banks

On 12 September 2018, the Board declared that it had handed over control of Myer to its banks after being forced into a refinancing with security over all its assets being given to the banks for the first time since Myer's ASX listing.

The new arrangements also include higher fees and an onerous covenant which prohibits the payment of dividends to shareholders until certain targets have been met.

If Myer continues to fail and goes into some form of insolvency, the banks will control the process. The new facility requires the banks to be preferred over all other creditors. This means that it will be the banks who will decide on the timing, course and outcome of any insolvency process. They will do so in the best interests of the banks and almost certainly not in the interests of employees, suppliers, other creditors and shareholders.

The banking arrangements also require forced six-monthly reductions in the size of the loan facility meaning funds can't be deployed towards investing in the future and are instead boosting the lenders' coffers.

4. Myer refuses to provide critical information to shareholders

Last year, when Myer reluctantly ceded to shareholder pressure to provide quarterly sales information, it proved a forerunner of a dreadful FY18 result.

In Myer's 2017 Notice of Meeting Garry Hounsell wrote: "I am convinced that the New Myer strategy is the right one...Analysis of Myer's results relative to others in the apparel sector demonstrates the strategy is working...".

Premier at the time called for the release of first quarter results on behalf of all shareholders.

Myer eventually released them on 1 November 2017, confessing that first quarter sales had **fallen 2.8%**. The trajectory of this sales decline eventually would lead the massive losses incurred by Myer in FY18. This critical release assisted Myer shareholders in deciding to give Myer a deserving "FIRST STRIKE" at the 2017 AGM. Yet Myer had to be dragged, kicking and screaming to tell shareholders ahead of the 2017 AGM what was really going on.

In this year's Notice of Meeting (issued on 25 October 2018) Garry Hounsell has asked shareholders to back a New New New plan called the "Customer First Plan", with no targets provided. Garry Hounsell states that Myer "...is focused on execution and delivery, not promises...The 2018 AGM is an extremely important event for Myer".

Premier agrees - both that the upcoming AGM is extremely important, and shareholders need to see "delivery, not promises".

That's why, on 31 October 2018 and in line with the prior year, Premier called for Myer to release first quarter 2019 sales, profit or losses and projections. Premier believes that Myer's shares may be trading on an uninformed basis. These numbers are critical for shareholders in assessing how to vote at the AGM.

Myer continues to refuse to give shareholders any information.

WHAT DOES MYER HAVE TO HIDE?
UNFORTUNATELY GIVEN GARRY HOUNSELL'S TRACK RECORD,
SHAREHOLDERS MUST ASSUME THE WORST!

5. Garry Hounsell must own Christmas trading

Myer is destined for another failed Christmas/January period.

Garry Hounsell sacked Richard Umbers as CEO in February 2018 with immediate effect, and appointed himself, an accountant and self-confessed non-retailer, as Executive Chairman at a rate of a million dollars per year.

John King only commenced his role as new CEO in June 2018, well after many of the key 2018 Christmas period decisions would have been made.

Garry Hounsell decided to terminate Richard Umbers' employment and pay him out his notice period, knowing that he would step in as Executive Chairman, effectively paying two CEO's at the same time.

The only person who can be held responsible for Myer's performance over this coming Christmas/January period is Gary Hounsell.

6. The difference retail experience makes

Premier has long been calling for the Myer Board to be replaced with an independent board with the requisite skills to actually deliver for shareholders - the most important skill being **retail experience**.

Premier knows a thing or two about how to operate in the retail industry, and how to consistently outperform its peers and deliver value for shareholders.

SINCE MYER's 2017 AGM to 2 November 2018

MYER HAS DELIVERED

Share price
DOWN 33% or 24c to approx. 48c

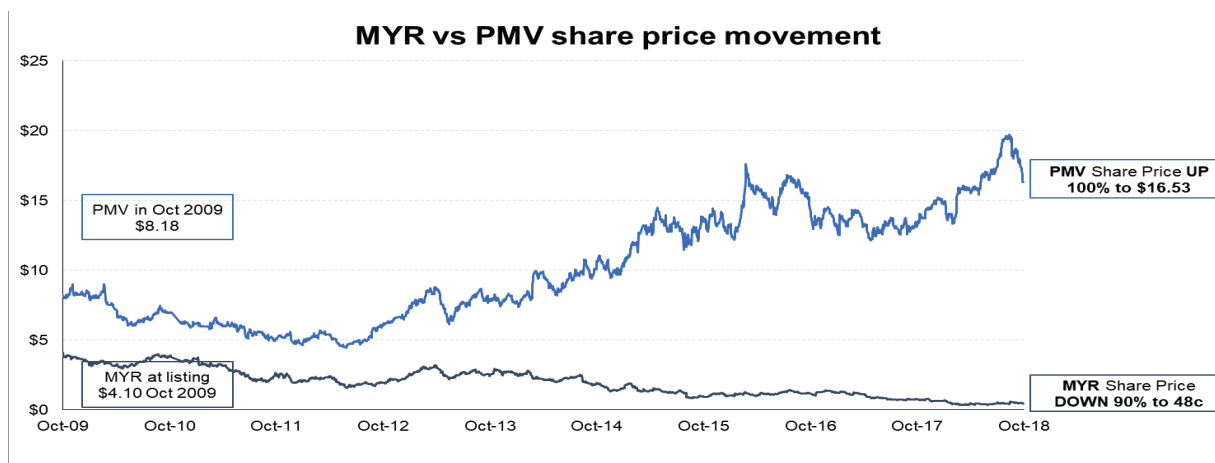
Dividends per share
DOWN 100% to ZERO

PREMIER HAS DELIVERED

Share price
UP 20% or \$2.78 to \$16.53

Dividends per share
UP 17% or 9c to **RECORD 62cps**
 fully franked

Here is a comparison of Myer's share price performance against Premier's since Myer's IPO in October 2009 to 2 November 2018:



You have to wonder why the Myer Board still continues to refuse to listen to what we have to say. Not only are we aligned with all other shareholders, but we actually know how to deliver results for shareholders.

7. ENOUGH OF BROKEN PROMISES – together let's send a clear message to the Myer board

Mr Hounsell talks about “**delivery, not promises**” but then proceeds to deliver another set of **false** promises.

Talk is cheap. Mr Hounsell promised us so much a year ago when he asked for our support **promising** to protect Myer shareholders, **promising** to implement the ‘New New’ Myer strategy, **promising** us the benefit of a coherent management and Board; and **promising** us he was impatient for a return to profit growth.

Mr Hounsell **failed to deliver on every promise**. He cannot be trusted to steer Myer through these difficult times and certainly cannot be trusted to deliver on his **latest set of promises that are doomed to fail**.

We urge you to appoint Premier as your proxy and direct us to **VOTE AGAINST resolutions 3 and 4, VOTE IN FAVOUR of resolution 6** and **leave resolution 5 blank** for Premier to decide at the meeting. For your convenience, please find enclosed with this letter a pre-completed green proxy form which appoints Premier as your proxy for the meeting together with a pre-paid reply envelope.

Even if you have already voted, by signing the enclosed green proxy form, you will negate your previous vote that did not have the benefit of the information in this letter. Proxy forms should be lodged either with Premier's proxy collector, Computershare Investor Services, to be received no later than 11.00am (Melbourne time) on Tuesday 27 November 2018, or directly with Myer's share registry, Link Market Services, by no later than 11.00am (Melbourne time) on Wednesday 28 November 2018.

To provide your completed proxy form to Premier's proxy collector, please either:

- scan and email to: proxies@computershare.com.au;
- fax to: 1800 783 447; or +61 3 9473 2555
- mail to: Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001 Australia.

If you have any questions or want more information about the meeting, please contact the shareholder information line on 1 300 351 598 (for local Australian callers) or +61 3 9415 4192 (for international callers).

Let's work together to save Myer!

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'S Lew'.

Solomon Lew
Chairman
Premier Investments Limited

Myer Holdings Limited

ABN 14 119 085 602



MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

LODGE YOUR QUESTIONS



ONLINE

www.linkmarketservices.com.au



BY MAIL

Myer Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 820 260



DEC

PROXY FORM

I/We being a member(s) of Myer Holdings Limited (ABN 14 119 085 602) and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

PREMIER INVESTMENTS LIMITED

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (Melbourne time) on Friday, 30 November 2018 at Mural Hall, Level 6, Myer Melbourne Store (Bourke St Mall) Melbourne, Victoria (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 4, 5 and 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 4 and 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of items 3a, 3b, 4 and 5 and AGAINST item 6.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed in accordance with the signing instructions overleaf and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
3a Election of Lyndsey Cattermole AM as a Director of the Company	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6 Conditional spill resolution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3b Re-election of Dave Whittle as a Director of the Company	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
4 Adoption of the Remuneration Report	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
5 Grant of Performance Options to the Chief Executive Officer and Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (Melbourne time) on Wednesday, 28 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) or Employee ID as shown on the front of the Proxy Form).



BY MAIL

Myer Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**