

CITY CHIC COLLECTIVE LIMITED

ACN 057 569 169

NOTICE OF ANNUAL GENERAL MEETING

AND

**EXPLANATORY MEMORANDUM
TO SHAREHOLDERS**

A PROXY FORM IS ENCLOSED

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the Meeting please complete and return the enclosed Proxy Form in accordance with the specified instructions.

Notice of Annual General Meeting

Notice is given that the annual general meeting of City Chic Collective Limited (the **Company**) will be held at the Pullman Sydney Hyde Park Hotel, 36 College Street, Sydney on Thursday 21st November 2019 at 10am (Sydney time) (**Annual General Meeting** or **Meeting**). If you are unable to attend the Meeting, we encourage you to complete and return the enclosed Proxy Form. The completed Proxy Form must be received by the Company by 10am (Sydney time) on Tuesday 19th November 2019. Proxy Forms can be lodged online at www.linkmarketservices.com.au or by fax on (02) 9287 0309 or posted to Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235.

Agenda Items

Ordinary Business

1 Annual Financial Report

“To receive and consider the Annual Financial Report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2019.”

2 Resolution 1: Adoption of the Remuneration Report

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

“That the Remuneration Report as set out in the Annual Financial Report of the Company for the financial year ended 30 June 2019 be adopted.”

Please refer to the voting exclusion statement in the Notice.

3 Resolution 2: Re-election of Director

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

Retirement by rotation and re-election of Mr Michael Hardwick

“That Mr Michael Hardwick, being a Director of the Company who retires by rotation under clause 23.10(d) of the Company’s Constitution, and being eligible for re-election, be re-elected as a Director of the Company.”

Information about Mr Michael Hardwick is included in the Notice.

4 Resolution 3: Increase in aggregate cap of Non-Executive Directors’ remuneration

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

“That, in accordance with ASX Listing Rule 10.17, clause 26.2(a) of the Company’s Constitution and for all other purposes, the maximum aggregate amount of remuneration which may be provided by the Company to all Non-Executive Directors for their services as Directors be increased by \$400,000, from \$600,000 to a maximum sum of \$1,000,000 in a financial year, effective immediately.”

Please refer to the voting exclusion statement in the Notice.

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5 Resolution 4: Approval of the 2019 Employee Share Plan

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

“That, for the purposes of ASX Listing Rule 7.2 Exception 9, Division 2 of Chapter 2J of the Corporations Act, section 260C(4) of the Corporations Act and for all other purposes, Shareholders approve the 2019 Employee Share Plan described in the Explanatory Memorandum accompanying this Notice of Meeting and the issue of Shares by the Company under the 2019 Employee Share Plan as an exception to ASX Listing Rule 7.1 as described in the Explanatory Memorandum.”

Please refer to the voting exclusion statement in the Notice.

6 Resolution 5: Issue of shares under the 2019 Employee Share Plan to the CEO and Managing Director, Mr Phil Ryan

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

“That, for the purposes of section 200B of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue by the Company to Mr Phil Ryan of up to a maximum of 2,200,000 Shares under the 2019 Employee Share Plan as outlined in the Explanatory Memorandum accompanying this Notice of Meeting.”

Please refer to the voting exclusion statement in the Notice.

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Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary contained in the Explanatory Memorandum.

Entitlement to vote

It has been determined that under the Corporations Regulation 7.11.37, for the purposes of the Meeting, the shareholding of each Shareholder will be taken to be as it appears in the Company's share register at 7pm (Sydney time) on 19th November 2019. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

A Shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative no later than 48 hours prior to commencement of the Meeting.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

If the Shareholder appoints the Chairperson as proxy (or the Chairperson becomes the proxy by default), and the Shareholder does not direct the Chairperson how to vote, then the Shareholder expressly authorises the Chairperson to exercise its proxy as the Chairperson sees fit.

The Chairperson intends to vote all undirected proxy votes in favour of all Resolutions, including Resolutions 1, 3, 4 and 5, even though these Resolutions are connected directly or indirectly with the remuneration of the Company's Key Management Personnel, which include the Chairperson.

A Proxy Form accompanies this Notice of Meeting and to be effective must be received at the Company's registered office or Link Market Services Limited:

Locked bag A14, South Sydney, NSW 1235

OR by facsimile: 02 9287 0309

OR online at www.linkmarketservices.com.au,

by no later than **10am (Sydney time) on 19th November 2019**.

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Voting Exclusions

ASX Listing Rules

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolutions 3, 4 and 5 by the persons detailed in the table below:

Resolutions	Voting Exclusions
Resolution 3 - Increase in aggregate cap of Non-Executive Directors' remuneration	<p>The Company will disregard any votes in favour of this Resolution 3 by or on behalf of:</p> <ul style="list-style-type: none">• a Director; or• any of their associates. <p>However, the Company need not disregard a vote on Resolution 3 if:</p> <ul style="list-style-type: none">• it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or• it is cast by the Chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
Resolution 4 – Approval of the 2019 Employee Share Plan	<p>The Company will disregard any votes cast in favour of this Resolution 4 by or on behalf of:</p> <ul style="list-style-type: none">• a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); or• any of their associates. <p>However, the Company need not disregard a vote on Resolution 4 if:</p> <ul style="list-style-type: none">• it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or• it is cast by the Chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
Resolution 5 – Issue of shares under the 2019 Employee Share Plan to the CEO and Managing Director, Mr Phil Ryan	<p>The Company will disregard any votes cast in favour of this Resolution 5 by or on behalf of:</p> <ul style="list-style-type: none">• any Director who is eligible to participate in the 2019 Employee Share Plan in respect of which Resolution 5 relates; or• any of their respective associates. <p>However, the Company need not disregard a vote on Resolution 5 if:</p> <ul style="list-style-type: none">• it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or• it is cast by the Chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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Corporations Act

In addition, in accordance with section 250BD of the Corporations Act, a vote on Resolutions 1, 3, 4 and 5 must not be cast by or on behalf of a person appointed (including as a proxy), where that person is either a member of the Key Management Personnel or a Closely Related Party of such person.

However, a vote may be cast by such person if:

- the vote is not cast on behalf of a person who is otherwise excluded from voting and the appointment specifies how the proxy is to vote; or
- the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

By Order of the Board

Dated: 17th October 2019



Mark Ohlsson
Company Secretary

City Chic Collective Limited

ACN 057 569 169

Explanatory Memorandum to Shareholders

This Explanatory Memorandum has been prepared to assist shareholders to understand the business to be put to Shareholders at the Annual General Meeting.

Ordinary business

1. Annual Financial Report

The Corporations Act requires:

- the reports of the directors and auditors; and
- the Annual Financial Report, including the financial statements of the Company for the year ended 30 June 2019,

to be laid before the annual general meeting.

Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders will be given ample opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to Shareholders at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

2. Resolution 1: Adoption of the Remuneration Report

The Directors' Report for the year ended 30 June 2019 contains a Remuneration Report. The Remuneration Report is set out on pages 27 to 35 of the 2019 Annual Financial Report.

The Remuneration Report discusses matters including (but not limited to):

- (a) board policies in relation to the nature and amount of remuneration paid to Directors and executives;
- (b) the relationship between the board policies and the Company's performance;
- (c) the remuneration arrangements in place for the directors and key executives of the Company.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors or the Company. However, under the Corporations Act, if 25% or more of the votes on this Resolution are against adopting the Remuneration Report, the Company will be required to consider and report to Shareholders in the next Remuneration Report on what action (if any) has been taken in response to Shareholder concerns, and if no action is proposed to be taken, the Board's reason for this. In addition, the Corporations Act "two strikes" law applies to the results of voting in relation to Resolution 1. This means, that if the resolution proposing adoption of the Remuneration Report receives a "no" vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director who under the ASX Listing Rules may continue to hold office indefinitely without being re-elected) will cease to hold office but be eligible for election, and an election of Directors will

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take place. A simple majority of over 50% of the votes cast at the second annual general meeting is required to pass this extra resolution.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

A voting exclusion statement is included in this Notice of Meeting.

Directors' Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, Shareholders are asked to adopt the Remuneration Report. Shareholders should note that the Chairperson intends to vote all undirected proxies in favour of adopting the Remuneration Report.

3. Resolution 2: Re-election of director

Background

ASX Listing Rule 14.5 imposes a requirement on the Company to hold an election of Directors each year.

Clause 23.10(d) of the Constitution provides that if in any year there is no Director who is required to submit for re-election pursuant to clause 23.10(b) of the Constitution (which provides that a Director (other than the Managing Director) may not hold office for more than three years or beyond the third annual general meeting following the Director's appointment (whichever is the longer period) without submitting for re-election), the Director to retire by rotation at that annual general meeting will be the Director who has been longest in office.

Any Director who retires in accordance with clause 23.10 of the Constitution is eligible for re-election.

Retirement by rotation and re-election of Mr Michael Hardwick

Michael Hardwick retires in accordance with clause 23.10(d) of the Constitution and offers himself for re-election.

Michael Hardwick joined the Company in May 2012. He is an independent, non-executive director. Michael is also the Chair of the Audit and Risk Committee and member of the Nomination and Remuneration Committee.

Michael is a Director and the Chief Financial Officer of the Cotton On Group.

Michael is also a non-executive Director of the Grill'd Group of Companies which includes Australia's largest privately owned chain of Burger Restaurants and also Koko Black, a premium branded Australian chocolatier.

Michael is a Chartered Accountant by training and has previously worked at PricewaterhouseCoopers in both Melbourne and New York in the transaction advisory practice. He also spent 10 years as a partner with the New York-based private equity firm Hudson Valley Capital Partners. Michael does not hold any other listed company directorships and has not held any other listed company directorships in the last three years.

He holds 495,000 ordinary shares in the Company.

Directors' Recommendation

The Board (with Mr Michael Hardwick abstaining) recommends the re-election of Mr Michael Hardwick to the Board of the Company.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

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4. Resolution 3: Increase in aggregate cap of Non-Executive Directors' remuneration

In accordance with ASX Listing Rule 10.17 and clause 26.2(a) of the Constitution, Shareholder approval is sought to increase the maximum aggregate amount available for non-executive Directors' remuneration in any financial year by \$400,000, from \$600,000 to \$1,000,000.

The current maximum aggregate amount which may be paid as fees to all non-executive Directors (including the non-executive Chairperson) of the Company for their services as Directors is \$600,000 per annum. This amount does not include "special exertion" fees that may be payable to the non-executive Directors as specified in the Constitution.

The remuneration provided to each non-executive Director for the year ended 30 June 2019 is detailed in the Remuneration Report which is set out on pages 27 to 35 of the 2019 Annual Report

The total value of remuneration paid to all non-executive Directors during the last financial year was \$376,365.

The maximum aggregate has not increased since 2012. It is important for the Company to be able to continue to attract Directors with appropriate skills and experience and to allow for annual adjustments in line with market conditions. It will provide the Board with the flexibility to increase the number of future Board members given the changing structure and continued international expansion. The Board also believes that remuneration for non-executive Directors should reflect the time commitment and responsibilities of the role.

It is critical that the Company has the capacity to pay adequate fees to non-executive Directors in order to attract and retain Directors of the highest calibre. The proposed increase will provide the Company with the flexibility to ensure that a top calibre Board of appropriate size serves the Company and its Shareholders.

The Company has not issued any securities to non-executive Directors under ASX Listing Rule 10.11 or 10.14 with Shareholder approval at any time within the preceding 3 years from the date of this Notice.

A voting exclusion statement is included in the Notice.

Directors' Recommendation

Noting that each non-executive Director has a personal interest in the matter, the Board unanimously recommends that Shareholders approve the increase in the maximum aggregate amount of non-executive Directors' fees proposed by Resolution 3.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

5. Resolution 4: Approval of the 2019 Employee Share

Background

On 6 October 2019, the Board approved a new employee incentive scheme, in the form of a loan funded share plan, called the CCX Loan Funded Share Plan (the "**2019 Employee Share Plan**").

The 2019 Employee Share Plan has been introduced following a review by the Board of the existing remuneration arrangements of the Company. The Board believes the introduction of the 2019 Employee Share Plan is in the best interests of the Company. The purpose of the 2019 Employee Share Plan is to further align the incentive arrangements for the Company's long-standing executive team and the Company's success, in order to keep the executive team together to deliver the potential of the Company. The 2019 Employee Share Plan may also be used to better align the interests of

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Shareholders and the Company's other full-time employees, executives and directors by linking the potential economic wealth of such persons to the long-term success of the Company.

Reason for the Resolution

Shareholder approval is being obtained for the purposes of ASX Listing Rule 7.2 Exception 9, the purposes of the buy-back provisions in division 2 of Chapter 2J of the Corporations Act and also for the purposes of the financial assistance provisions in division 4 of Chapter 2J.3 of the Corporations Act. Further details on these rules and provisions are set out below.

ASX Listing Rules

In general terms, ASX Listing Rule 7.1 restricts the number of equity securities which a listed entity can issue in any 12 month period, without the approval of its shareholders, to 15% of the number of securities on issue at the start of the period, subject to certain exceptions. ASX Listing Rule 7.2 allows certain issues of securities to be excluded from the calculation of the number of securities issued in the 12 month period and therefore the 15% limit imposed by ASX Listing Rule 7.1, including under Exception 9, where an issue is made under an employee incentive scheme, if within 3 years before the date of issue, the terms of the scheme was approved by shareholders.

Accordingly, Resolution 4 seeks Shareholder approval for the issue of Shares under the 2019 Employee Share Plan for the purposes of ASX Listing Rule 7.2, Exception 9. If Resolution 4 is approved by Shareholders, Shares issued under the 2019 Employee Share Plan over the next 3 years from the date of the Meeting will be treated as having been made with the approval of Shareholders for the purposes of ASX Listing Rule 7.1 and will be excluded from the 15% limit for the purposes of ASX Listing Rule 7.1. This will enable the Company to issue further securities up to the 15% limit in each 12 month period during the next 3 years without Shareholder approval.

As at the date of this Notice, the Company has not issued any Shares under the 2019 Employee Share Plan.

A voting exclusion statement is included in the Notice.

Corporations Act - Buy-back provisions

Under the 2019 Employee Share Plan, the Company has the right to buy-back Shares issued to Participants in certain circumstances. Section 257A of the Corporations Act provides that a Company may only buy-back its own shares if the buy-back does not materially prejudice the company's ability to pay its creditors and the company complies with a strict buy-back procedure. Section 257B of the Corporations Act sets out the procedure for various forms of share buy-backs, including an employee share scheme buy-back. The Company may (in general terms) undertake an employee share scheme buy-back of less than 10% of the Shares in the Company without further Shareholder approval if the employee share scheme has been approved by Shareholders. Accordingly, if Shareholders approve this Resolution 4, the Company will be entitled to buy-back Shares issued to Participants in certain prescribed circumstances in accordance with the terms of the 2019 Employee Share Plan without further Shareholder approval (subject to those shares being less than 10% of the Shares in the Company).

Corporations Act – Financial assistance provisions

Section 260A of the Corporations Act restricts the ability of a company to provide financial assistance to a person for the purpose of acquiring shares in that company. Section 260C(4) exempts financial assistance provided by a company under an employee share scheme that has been approved by shareholders at a general meeting of the company. Accordingly, if Shareholders approve this Resolution

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4, any subsequent loan made by the Company to Participants under the 2019 Employee Share Plan will not be treated as financial assistance for the purpose of section 260A of the Corporations Act.

Summary of the 2019 Employee Share Plan

A summary of the key terms of the 2019 Employee Share Plan (the “Plan”) are set out below.

Eligibility and shares to be issued	The Board may (in its discretion) from time to time invite Eligible Individuals (as defined below) to participate in the Plan and be issued Shares in the Company upon the terms set out in the Plan and upon such additional terms and conditions, including any Vesting Conditions, as the Board determines (“LF Shares”).
Eligible Individuals	<p>An Eligible Individual means a full-time, executive or director of the Company or of any of its related body corporates or subsidiaries or any other person who the Board determines is eligible to participate in the Plan, but excludes the Company’s Non-executive Directors.</p> <p>In this Notice, an Eligible Individual that is issued LF Shares under the Plan is referred to as a “Participant”.</p>
Issue price	LF Shares will be issued at the Company’s share price on the ASX at the time of issue.
Loan	<p>The Company may advance money to Participants to pay for the whole or any part of the subscription price of the LF Shares (“Loan”).</p> <p>Unless otherwise determined the Board, the terms of the Loan are as follows:</p> <ul style="list-style-type: none">• the interest rate payable for each Loan will be 1.9%;• a Loan made to a Participant in respect of an LF Share that has vested will be repayable on the earlier of (but subject to other earlier repayment events):<ul style="list-style-type: none">- cessation of employment (subject to certain prescribed grace periods which extend the repayment date for 6 or 12 months depending on the circumstances of the Participant’s departure); and- 7 years from the agreement by the Board to issue LF Shares under the Plan (unless this time period is extended by the Board);• the Company's recourse in the event it seeks to recover the Loan is limited to the LF Shares. The Company has no right to have recourse to any other asset, property or undertaking of the Participant for the repayment of the Loan;• where a Participant does not repay the Loan by the repayment date, the Participant is deemed to have agreed to sell to the Company pursuant to an employee share scheme buy-back, that number of LF Shares required to repay the Loan to the Company.

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	<p>The price to be paid for LF Shares that are bought back by the Company varies depending on the circumstances of the buy-back, including the issue price of the LF Shares, a price agreed with the Company or the weighted average price of the Company's shares on the ASX on the 5 trading days preceding the day of the buy-back or preceding the day of the end of the term of the Loan (as applicable); and</p> <ul style="list-style-type: none"> • a Participant may repay to the Company at any time all or part of a Loan in respect of vested LF Shares. <p>A Participant may transfer all of their LF Shares to the Company, or such other person as the Board directs, in full and final settlement of the outstanding amount of the Loan.</p>
Dividends	<p>The Company will apply the after-tax amount of any dividends payable in respect of a Participant's LF Shares towards repayment of the outstanding balance of the Loan, and the balance of any dividends remaining will be paid to the Participant.</p>
Vesting	<p>The Board may determine that LF Shares offered will be subject to such Vesting Conditions as it determines.</p> <p>An LF Share will not vest unless:</p> <ul style="list-style-type: none"> • the Vesting Conditions attaching to the LF Share have been satisfied or waived by the Board; • the Board otherwise determines in accordance with the terms of the Plan (which includes in the event of a takeover, scheme of arrangement or winding-up of the Company as summarised below). <p>If the Vesting Conditions are not met, the unvested LF Shares will be forfeited, in which case the LF Shares will be bought back by the Company at the issue price of the LF Shares. Upon completion of such buy-back, the Loan in respect of those LF Shares will be deemed to be repaid.</p> <p>Unvested LF Shares are subject to disposal restrictions until the relevant Vesting Conditions are satisfied or waived and the relevant Loan is repaid or discharged in full. If a Loan in respect of unvested LF Shares is repaid or discharged in full, the relevant unvested LF Shares remain LF Shares until the relevant Vesting Conditions are satisfied or waived.</p> <p>Vested LF Shares are subject to disposal restrictions until the relevant Loan is repaid or discharged in full. Once a Loan in respect of vested LF Shares is repaid or discharged in full, the relevant vested LF Shares cease to be classified as LF Shares and are, for all purposes, Shares. In the case of vested LF Shares, a Participant may, providing that the terms of the Loan are complied with:</p>

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	<ul style="list-style-type: none"> • dispose of those vested LF Shares on their own behalf, provided that the proceeds from any such sale of LF Shares are applied in reduction of the outstanding amount of any Loan; or • request that those vested LF Shares be bought-back by the Company (but the Company is not required to agree to this request).
<p>Forfeiture of Shares</p>	<p>LF Shares are subject to forfeiture in certain prescribed circumstances.</p> <p>In particular, where a Participant ceases to be an employee, the LF Shares held by that Participant will be forfeited, unless the Participant is determined by the Board to be a “Good Leaver” or the Board exercises its discretion to otherwise determine how LF Shares are to be treated. A “Good Leaver” is entitled to retain their vested LF Shares, with a pro-rata accelerated vesting entitlement for their unvested LF Shares based on the portion of the vesting period fulfilled (and subject to the Board’s discretion to permit some or all of their unvested LF Shares to vest having regard to the Board’s assessment of the circumstances in which the Participant has ceased employment). A “Good Leaver” will then have either 6 or 12 months depending on the circumstances of their departure to repay the Loan, before the Company buys back their vested LF shares at the higher of market value, cost, or an agreed price. The Participant’s unvested LF Shares are forfeited and bought back by the Company at cost.</p> <p>Upon completion of the buy-back of the LF Shares, the Loan in respect of those LF Shares will be deemed to be repaid.</p> <p>The Board retains an overriding discretion, including to classify a Participant as a Good Leaver or to waive any forfeiture conditions.</p>
<p>Change of Control</p>	<p>If the Company becomes, or the Board decides (in its discretion) for the purposes of the Plan that it is likely to become, subject to a “Change of Control Event” (as defined below), all LF Shares will automatically vest.</p> <p>A “Change of Control Event” includes (in addition to other events):</p> <ul style="list-style-type: none"> • in the event of a takeover bid where the bidder and/or its associates acquire a relevant interest in more than 50% of the voting shares of the Company; • the Company or any other group company enters into an agreement or agreements to sell the main undertaking or substantially all of the operating assets of the Company and its related bodies corporate and subsidiaries to a third party; • the Company passes a resolution for voluntary winding up; and • any other event which the Board reasonably considers should be regarded as a “Change of Control Event”.
<p>Other</p>	<ul style="list-style-type: none"> • For the purposes of ASX Listing Rule 10.15B, the Board is entitled to determine that LF Shares may be purchased on-market by or on

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	<p>behalf of Eligible Individuals or their associates for the purposes of the Plan. This rule effectively enables the Company to provide LF Shares to Directors or their associates under the Plan without needing to obtain Shareholder approval under ASX Listing Rule 10.14.</p> <ul style="list-style-type: none">• The Company may appoint a trustee, on terms and conditions that it considers appropriate, to do all such things as considered appropriate to enable the implementation of the Plan, including to acquire and hold LF Shares on behalf of Participants or for transfer to future Participants. If the Company appoints a trustee, every exercise of a power or discretion by the Company or the Board in the Plan may be exercised by the trustee.• The Board may at any time and from time to time amend or vary the Plan and all or any rights or obligations of the Participants or any of them. However, no amendments can be made to materially reduce a Participant's accrued benefits or entitlements as they existed before the date of the amendment without the consent of the Participant (except for the purpose of complying with laws (including tax laws) or regulating the maintenance or operation of the Plan, to correct any manifest error or mistake or to enable the Plan or the Company to comply with the Corporations Act, the Listing Rules or its Constitution).• The Board may determine at any time that any or all of the Vesting Conditions and/or disposal restrictions applicable to any or all of a Participant's LF Shares have been removed or, in the case of Vesting Conditions, have been deemed satisfied.
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Directors' Recommendation

The Directors, except for Mr Phil Ryan, unanimously recommend that Shareholders vote in favour of Resolution 4. In view of Mr Ryan's participation in the 2019 Employee Share Plan as proposed by Resolution 5, Mr Ryan does not make a recommendation in respect of Resolution 4.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

6. Resolution 5: Issue of shares under the 2019 Employee Share Plan to the CEO and Managing Director, Mr Phil Ryan

Background

Resolution 5 seeks Shareholder approval to issue to Mr Phil Ryan, the Company's CEO and Managing Director and therefore a related party of the Company, up to a maximum of 2,200,000 LF Shares under the 2019 Employee Share Plan.

Reasons for issue of LF Shares to Mr Phil Ryan

The grant of LF Shares to Mr Ryan is proposed following a detailed review by the Board of his existing remuneration arrangements. Importantly, the Board highlights the following key considerations

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regarding the quantum and structure of the LF Shares proposed to be issued to Mr Ryan under Resolution 5:

- The quantum of the LF Share issue is based on the aggregate value of the long-term incentives that would be payable to Mr Ryan over the 3-year period from 1 July 2019 (based on current compensation rates). That is, the issue of the LF Shares to Mr Ryan proposed by Resolution 5 is the aggregate long-term incentive that he is entitled to over the next 3 years. Subject to shareholder approval of the proposed issue of LF Shares to Mr Ryan, it is not currently intended that he will be granted any more LF Shares during the 3-year period.
- As a condition to receiving the LF Shares, Mr Ryan has agreed to forego any short-term bonuses to which he would otherwise have been entitled under his remuneration arrangements.
- Subject to the Board's discretion, if Mr Ryan is not employed by the Company (or any of its related body corporates or subsidiaries) on 1 July 2024, all of his LF Shares will be forfeited. There is therefore a considerable incentive for him to stay with the Company and deliver the targeted performance outcomes.
- Subject to the Board's discretion, if the pre-determined Performance Condition is not achieved by 1 July 2022, all of the LF Shares issued to Mr Ryan will be forfeited. Further details of this Performance Condition are set out below.

Ultimately, in the Board's view, the Vesting Conditions that must be satisfied before the LF Shares proposed to be issued to Mr Ryan vest link the ultimate value of the LF Shares to the continued growth of the Company and therefore provides an incentive for him to ensure the Company continues to deliver sustainable growth (refer below for further details of the Vesting Conditions). Mr Ryan faces considerable ongoing responsibilities and challenges in his role within the Company. The grant of these LF Shares will provide Mr Ryan, who is considered to be key to the future success of the Company, with the opportunity to receive new Shares in order to reward his contribution to the Company achieving the long term strategic objectives set by the Board and the overall future success of the Company.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval by ordinary resolution before a director can acquire securities or rights to securities under an employee incentive scheme. Accordingly, ASX Listing Rule 10.14 requires Shareholders to approve the proposed issue of LF Shares to Mr Ryan.

If approval is given for the issue of LF Shares under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1, and separate approval is not required under ASX Listing Rule 10.11 (which provides a general restriction against issuing securities to directors without shareholder approval).

Information required by ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolution 5 which is not already provided above:

Information	Disclosure
The maximum number of securities that may be acquired by all persons for	2,200,000 LF Shares.

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whom approval is required	
The price for each security to be acquired under the 2019 Employee Share Plan	<p>LF Shares will be issued at the Company's share price on the ASX at the time of issue.</p> <p>The Company will provide a Loan to Mr Ryan to pay for the whole of the subscription price of the LF Shares as summarised below.</p>
The names of all Directors entitled to participate in the 2019 Employee Share Plan	<p>All executive Directors are entitled to participate in the 2019 Employee Share Plan, which currently includes only Mr Ryan.</p> <p>Non-executive Directors are not entitled to participate in the 2019 Employee Share Plan.</p>
The date by which the entity will issue the securities	<p>The LF Shares will be issued to Mr Ryan as soon as practicable after the Meeting, but in any event no later than 12 months after the Meeting.</p>
The terms of any loan in relation to the acquisition	<p>The terms of the Loan to Mr Ryan are as follows:</p> <ul style="list-style-type: none"> • the amount of the Loan will be equal to the subscription price for the LF Shares; • the interest rate payable for the Loan will be 1.9% per annum • in respect of an LF Share that has vested, the Loan will be repayable on the earlier of (but subject to other earlier repayment events): <ul style="list-style-type: none"> - cessation of employment (subject to certain prescribed grace periods which extend the repayment date for 6 or 12 months depending on the circumstances of Mr Ryan's departure); and - 7 years from the agreement by the Board to issue LF Shares under the Plan to Mr Ryan (unless this time period is extended by the Board); • the Company's recourse in the event it seeks to recover the Loan is limited to the LF Shares. The Company has no right to have recourse to any other asset, property or undertaking of Mr Ryan for the repayment of the Loan; • if Mr Ryan does not repay the Loan by the repayment date, he is deemed to have agreed to sell to the Company pursuant to an employee share scheme buy-back, that number of LF Shares required to repay the Loan to the Company. The price to be paid for LF Shares that are bought back by the Company varies depending on the circumstances of the buy-back, including the issue price of the LF

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	<p>Shares, a price agreed with the Company or the weighted average price of the Company's shares on the ASX on the 5 trading days preceding the day of the buy-back or preceding the day of the end of the term of the Loan (as applicable); and</p> <ul style="list-style-type: none">• Mr Ryan may repay to the Company at any time all or part of a Loan in respect of vested LF Shares. <p>Mr Ryan may transfer all of his LF Shares to the Company, or such other person as the Board directs, in full and final settlement of the outstanding amount of the Loan.</p>
Other	<p>The Company advises that:</p> <ul style="list-style-type: none">• the 2019 Employee Share Plan has never been approved by Shareholders (but it is proposed by this Notice to be approved by Shareholders at the Meeting in accordance with Resolution 4; and• as at the date of this Notice, no securities have been issued under the 2019 Employee Share Plan.

A voting exclusion statement is included in the Notice.

Corporations Act - Acceleration of vesting and Termination Benefits

Part 2D.2, Division 2 of the Corporations Act provides that a listed company must not permit a person in a managerial or executive office (including a Director) to receive a benefit in connection with their retirement or removal from office or employment ("**Termination Benefit**"), except with respect to certain statutory exceptions, over the applicable 'base salary amount' without Shareholder approval. The 'base salary amount' is calculated as 12 months of the applicable person's base salary plus any short term benefits not dependent on performance conditions paid during the relevant period. This section of the Corporations Act, and in particular the meaning of a Termination Benefit, is subject to a broad interpretation.

Under the 2019 Employee Share Plan, where a Participant ceases to be an employee, the LF Shares held by that Participant will be forfeited, unless the Participant is determined by the Board to be a "Good Leaver" or the Board exercises its discretion to otherwise determine how LF Shares are to be treated. A Good Leaver includes (without limitation) where a Participant ceases employment because of physical or mental incapacity, total and permanent disability or death or any other circumstances determined by the Board in its discretion. In addition, as described above, if the Company becomes (or the Board decides in its discretion for the purposes of the Plan that the Company is likely to become) subject to a "Change of Control Event", all LF Shares will immediately vest.

The Board has formed the view that should the LF Shares issued to Mr Ryan not automatically be forfeited on cessation of employment, the value of the LF Shares provided may be considered a Termination Benefit. Similarly, in the event that the LF Shares issued to Mr Ryan immediately vest if the Company becomes (or the Board decides that the Company is likely to become) subject to a "Change of Control Event", the value of the LF Shares provided may be considered a Termination Benefit (particularly if he is no longer employed by the Company after the relevant "Change of Control Event"). Accordingly, Shareholder approval is being sought for any such benefit which Mr Ryan may receive under the 2019 Employee Share Plan.

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If Shareholders approve Resolution 5, the maximum number of LF Shares that may vest upon the retirement or removal from office of Mr Ryan under the Plan will be the number of LF Shares granted to Mr Ryan under Resolution 5 (plus the number of other Performance Rights previously granted to him at). However, the actual number of LF Shares that may vest upon retirement or removal from office (if any) will depend on a range of factors. Accordingly, the precise value of the affected LF Shares cannot presently be ascertained at this time. Matters, events and circumstances that will, or are likely to, affect the calculation of that value include the following:

- the number of unvested LF Shares held by Mr Ryan prior to the cessation of employment;
- the extent to which the relevant Vesting Conditions attaching to the LF Shares before they vest are met at the time;
- the period that has elapsed at that time since the issue of the LF Shares;
- the reasons for cessation of employment;
- the number of LF Shares that vest; and
- the Company's share price at the date of vesting.

The Company will calculate the value of the LF Shares on the basis of the prevailing share price of the Company at the time.

Corporations Act - Related Party Transactions

Section 208 of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless the giving of the financial benefit falls within one of the permitted exceptions or prior shareholder approval is obtained to giving the financial benefit. For the purposes of Section 208 of the Corporations Act:

- directors of a company and an entity controlled by a director of the company are considered to be a related party; and
- the issuing of shares is an example of the giving of a financial benefit.

Section 211 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is remuneration to a related party as an officer or employee of a public company (or other prescribed entity) and where to give the remuneration would be reasonable given the circumstances of the public company (or entity giving the remuneration) and the related party's circumstances (including the responsibilities involved in the office or employment).

The Company considers that the exception in section 211 of the Corporations Act applies to the proposed issue of LF Shares under Resolution 5 given the circumstances of the Company and the circumstances of Mr Ryan.

Vesting Conditions

Under the 2019 Employee Share Plan, LF Shares are issued but only vest subject to the achievement (or waiver in certain circumstances) of specific Vesting Conditions.

The Vesting Conditions set by the Board for the proposed issue of LF Shares to Mr Ryan include both a time-based vesting condition ("**Vesting Period Condition**") and a performance-based vesting condition ("**Performance Condition**"). In order for any LF Shares to vest, each of these relevant Vesting Conditions must be met as at the testing date (subject to the Plan and unless otherwise waived by the Board), as assessed by the Board in its absolute discretion.

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Vesting Period Condition

The Vesting Period Condition requires Mr Ryan to remain an employee or executive Director of the Company up to and including the 5-year anniversary of 1 July 2019.

Performance Condition

The Performance Condition requires the Company to attain a pre-determined compound annual growth rate in the Company's Adjusted Earnings Per Share ("**AEPS**") prescribed by the Board over the 3 year period commencing on 1 July 2019, in which case (subject to satisfaction of the Vesting Period Condition) the LF Shares held by Mr Ryan will vest in accordance with the following vesting scale:

3-year CAGR AEPS level	Percentage of LF Shares to vest
Target level	25%
Stretch level	100%
Between target and stretch level	Vesting will occur on a straight line pro rata basis between the target and stretch level.

AEPS is equal to the reported earnings per share of the Company, adjusted only for the cost of the shares issued under the Plan (and any other adjustments that the Board, in its absolute discretion, deems reasonable).

Directors' Recommendation

The Directors, except for Mr Phil Ryan, unanimously recommend that Shareholders vote in favour of Resolution 5.

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

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Glossary

In this Notice, the following items have the following meanings unless the context requires otherwise:

\$ means Australian Dollars.

2019 Employee Share Plan or the Plan means the employee incentive scheme of the Company titled the 'CCX Loan Funded Share Plan' adopted by the Board on 6 October 2019.

Annual Financial Report means the Annual Report to Shareholders for the period ended 30 June 2019.

ASX means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the official listing rules of the ASX.

Board means the current board of directors of the Company.

Chairperson means the person chairing the Meeting.

Closely Related Party has the meaning as defined in section 9 of the Corporations Act.

Company means City Chic Collective Limited.

Constitution means the Company's Constitution.

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

Directors means the current directors of the Company.

Eligible Individuals has the meaning given to that term in the Explanatory Memorandum.

Explanatory Memorandum means the explanatory memorandum accompanying and forming part of this Notice.

Key Management Personnel has the meaning as defined in section 9 of the Corporations Act.

LF Share means a Share issued under and pursuant to the terms of the 2019 Employee Share Plan.

Loan has the meaning given to that term in the Explanatory Memorandum.

Meeting or Annual General Meeting means the 2019 Annual General Meeting of Shareholders to be held at Pullman Sydney Hyde Park Hotel, 36 College Street, Sydney on 21st November 2019 at 10am.

Notice means this Notice of Annual General Meeting (including the Explanatory Memorandum and the Proxy Form).

Participants has the meaning given to that term in the Explanatory Memorandum.

Performance Condition has the meaning given to that term in the Explanatory Memorandum.

Proxy Form means the proxy form accompanying this Notice.

Remuneration Report means the remuneration report as set out in the Annual Financial Report.

Resolutions means the resolutions set out in this Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Vesting Conditions mean any condition determined by the Board which must be satisfied or circumstances which must exist before an LF Share vests.

Vesting Period Condition has the meaning given to that term in the Explanatory Memorandum.
