

ASX ANNOUNCEMENT



ASX/Media Release

13 October 2014

Grant of Performance Rights to CEO Ross Sudano

The Reject Shop today announced that in accordance with the terms of his Executive Service Agreement, Mr Sudano has been granted 42,800 Performance Rights under The Reject Shop Performance Rights Plan.

Under the Plan, subject to achievement of Performance Hurdles, and satisfaction of vesting conditions, Mr Sudano will be entitled to subscribe for up to 42,800 shares in the Company, effective from 1st July 2017. This represents the long term incentive component of Mr Sudano's remuneration package, relative to his commencement with the Company on 11th September 2014.

The maximum number of shares that may be acquired as a result of the grant of performance rights is 42,800 fully paid shares in the Company. Achievement of specified financial performance hurdles detailed below will only result in 50%, or 21,400, of these rights being awarded. The full number will only be awarded if the financial performance hurdles are significantly over achieved.

The financial hurdles established for this grant which apply over a three year vesting period are as follows:

- Earnings Per Share (EPS) Growth of a compound 10% per annum on FY14 reported EPS – 50% weighting;
- Improved Earnings Before Income Tax, Depreciation and Amortisation (“EBITDA”) to Sales Ratio of at least 0.15% per annum – 25% weighting; and
- Return on Average Capital Employed of at least 20% - 25% weighting.

The Board retains the right to assess all aspects of the vesting conditions for the performance rights granted in light of any unforeseen material changes in circumstances.

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