

**Notice of Annual General Meeting
The Reject Shop Limited ABN 33 006 122 676**

The Annual General Meeting ("AGM") of The Reject Shop Limited will be held at Bridge Room No.1, Crowne Plaza, 1-5 Spencer Street, Melbourne, at 3.30pm Wednesday 16 October 2013.

Agenda

ORDINARY BUSINESS

1. Financial Statements and Reports

To receive and consider the Directors' Report, Financial Statements and Independent Audit Report for the financial period ended 30 June 2013.

2. Adoption of Remuneration Report

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

"That the Remuneration Report for the financial period ended 30 June 2013 be adopted".

Note – the vote on this resolution is advisory only and does not bind the directors or the Company.

3. Re-election of a Director – Mr Bill Stevens

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

"That Mr William John (Bill) Stevens, who will retire at the close of the meeting in accordance with article 9.3 of the Company's Constitution and being eligible, be re-elected as a director of the Company."

4. Re-election of a Director – Ms Melinda Conrad

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

"That Ms Melinda Conrad, who will retire at the close of the meeting in accordance with article 9.3 of the Company's Constitution and being eligible, be re-elected as a director of the Company."

SPECIAL BUSINESS

5. Approval of the Grant of Performance Rights to Managing Director

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

"That, for the purposes of Listing Rule 10.14 of the ASX Limited (ASX) and for all other purposes, approval be and is hereby given to grant performance rights to Mr Christopher J Bryce, a director of the Company, to subscribe for up to 21,500 shares in the Company for an aggregate exercise price of \$1 pursuant to and in accordance with the terms and conditions summarised in the Explanatory Notes and that approval be given to Mr. Bryce exercising these performance rights accordingly."

OTHER BUSINESS

To deal with any other business that may be brought in accordance with the Constitution and the *Corporations Act 2001* (Cth).

By Order of the Board



Darren Briggs
Company Secretary
13 September, 2013

EXPLANATORY NOTES

Item 1 Financial Statements and Reports

During this item, there will be an opportunity for shareholders to ask questions and comment on the Directors' Report, Financial Statements and Independent Audit Report for the financial period ended 30 June 2013.

Shareholders will also be provided the opportunity to ask questions about the Company generally.

Item 2 Adoption of Remuneration Report

The Board submits its Remuneration Report to shareholders for consideration and adoption by way of non-binding resolution.

This resolution is advisory only and does not bind the directors of the Company. However, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days of the AGM (a "spill meeting") at which all of the Company's directors (other than the Managing Director) cease to hold office immediately before the end of the spill meeting and resolutions to re-elect these directors to the offices be put to vote at the spill meeting.

The Remuneration Report is set out on pages 18 to 25 of The Reject Shop Limited 2013 Annual Report. The Remuneration Report:

- Explains the board's policies in relation to the nature and level of remuneration paid to directors, secretary, and executives;
- Provides a summary of performance conditions;
- Sets out remuneration details for each director and for the key management personnel and other officers of the Company;
- Makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.

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

The board unanimously recommends that shareholders vote in favour of Item 2.

Voting Exclusion Statement

A vote must not be cast (in any capacity) on Item 2 by or on behalf of a member of the Company's key management personnel (including the Directors and the Chairman, where applicable) ("KMP"), details of whose remuneration are included in the Remuneration Report, and their closely related parties.

However, a vote may be cast on Item 2 by a KMP, or a closely related party of a KMP, if:

- the vote is cast as a proxy;
- the appointment is in writing and specifies how the proxy is to vote on Item 2; and
- the vote is not cast on behalf of a KMP or a closely related party of a KMP.

In addition, a vote may be cast on Item 2 by the Chairman of the meeting if:

- the vote is cast as a proxy;
- the appointment is in writing and the shareholder expressly authorizes the Chairman to exercise the proxy at their discretion; and
- the vote is not cast on behalf of a KMP or a closely related party of a KMP.

Item 3 Re-election of a Director – Mr Bill Stevens

Mr Stevens retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election.

Mr Stevens has provided the following information in support of his re-election:

Mr Bill Stevens is an independent, non-executive director, Chairman of the Board and also a member of the Audit and Remuneration Committees. Mr Stevens is a Fellow of the Institute of Chartered Accountants in Australia with an extensive career with KPMG (and Touche Ross) for 37 years. During his career with KPMG he was the client service partner for major clients including BHP Billiton, Santos, Pacific Dunlop/Ansell and Pacific Brands. More recently he was CEO of the Pacific Edge Group. Mr Stevens is also a director of National Golf Holdings Ltd, the Dennis Family Group and the Pacific Edge Group.

Mr Stevens joined the Board of The Reject Shop in February 2008 and was appointed Chairman in July 2010.

The board unanimously recommends that shareholders vote for the re-election of Mr Stevens.

Item 4 Re-election of a Director – Ms Melinda Conrad

Ms Conrad retires by rotation in accordance with the Constitution and, being eligible, offers herself for re-election.

Ms Conrad has provided the following information in support of her re-election:

Ms Melinda Conrad is an independent, non-executive director, Chairman of the Remuneration Committee and a member of the Audit Committee. Ms Conrad has significant experience in business strategy and marketing to consumer facing organisations in a range of sectors including retail, FMCG, healthcare and government. In her career she was founder and CEO of a retail store chain, Conrad's Warehouse. Ms Conrad's professional qualifications include an MBA from the Harvard Business School. Ms Conrad is currently a Non-Executive Director of APN News and Media Ltd, the NSW Government's Clinical Excellence Commission and Agency for Clinical Innovation, the Garvan Medical Research Institute Foundation, Australian Brandenburg Orchestra and David Jones Limited.

Ms Conrad joined the Board of The Reject Shop Limited in August 2011.

The board unanimously recommends that shareholders vote for the re-election of Ms Conrad.

Item 5 Approval of the Grant of Performance Rights to Managing Director

Under ASX Listing Rule 10.14, a director of the Company may only participate in an employee share or option incentive scheme where such participation is approved by a resolution of the Company in general meeting. Accordingly, shareholder approval is sought for the grant to Mr Bryce of 21,500 performance rights over 21,500 shares in the Company.

It is proposed to grant the performance rights to Mr Christopher Bryce, who is the Managing Director of the Company, pursuant to The Reject Shop Performance Rights Plan (“TRS Plan”). Under the TRS Plan, subject to the vesting conditions, Mr Bryce will be entitled to subscribe for up to 21,500 shares in the Company. This represents the long term incentive component of Mr Bryce’s remuneration package.

There have been no other performance rights granted to directors under the TRS Plan since the Company’s prior year annual general meeting and non-executive directors are not entitled to participate in the TRS Plan or any other employee incentive scheme of the Company. Only Mr Bryce, as an executive director, is entitled to participate in the TRS Plan (along with other relevant employees of the Company).

The performance rights will be granted pursuant and subject to the TRS Plan. Under the TRS Plan, the key terms of the performance rights granted to Mr Bryce are summarised as follows:

- (i) The maximum number of shares that may be acquired by Mr Bryce as a result of exercise of the proposed grant of 21,500 performance rights is 21,500 fully paid shares in the Company. Achievement of specified performance hurdles will only result in 50% of these rights being awarded. The full number will only be awarded if performance hurdles are significantly over achieved, and in particular, the financial hurdles.
- (ii) The exercise price for the performance rights to be granted is \$1 (in aggregate); irrespective of the number of fully paid ordinary shares that may ultimately be issued.
- (iii) There are no loans applicable to the granting of these performance rights.
- (iv) If shareholders approve Item 5, the performance rights will be granted no later than 12 months after the meeting, and as soon as practicable after the meeting.
- (v) In addition to the performance hurdles set out in point (vi) below, Mr. Bryce must remain employed by the Company until 1 July 2017 before he is entitled to exercise any performance rights proposed to be granted under this resolution.
- (vi) The Board has received external expert advice with respect to the TRS Plan and as a result has established a balanced set of both financial and non-financial criteria for the vesting of the performance rights granted. The financial criteria, which will carry a 60% weighting toward the performance rights vesting, consists of the following hurdles:
 - Earnings Per Share (“EPS”) growth;
 - Improved Earnings Before Income Tax, Depreciation and Amortisation (“EBITDA”) to Sales ratio; and
 - Return on Average Capital Employed (“ROACE”).The financial criteria will effectively require in excess of a 10% EPS compound growth rate over the three year vesting period (on underlying 52 week FY12 earnings), with an average ROACE over that period of in excess of 20%. The non-financial criteria, which will carry a 40% weighting toward the performance rights vesting, are linked to a number of improvements in operational aspects, considered crucial to the long-term development of the business. These non-financial criteria encompass:
 - Improved Occupational Health & Safety performance;
 - Staff and Customer Satisfaction; and
 - Brand Development.
- (vii) 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.

Voting Exclusion Statement

Pursuant to ASX Listing Rule 14.11.1, the Company will disregard any votes cast on this resolution by either Mr Bryce or any of his associates.

However, the Company may not disregard a vote if:

- a) 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
- b) it is cast by the person chairing the Annual General 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.

A vote must not be cast on Item 5 by a KMP (other than the Chairman of the meeting), or a closely related party of a KMP, acting as proxy if their appointment as proxy does not specify the way the proxy is to vote on Item 5.

However, the Company will not disregard any proxy votes cast on that resolution by a KMP if the KMP is appointed as proxy and their appointment expressly directs the vote, and even though the resolution is connected with the remuneration of a member of the KMP for the Company.

The non-executive directors of the Company (none of whom have any personal interest in the outcome of this resolution) consider the proposed grant of 21,500 performance rights to Mr Bryce is reasonable given the circumstances of the Company, and each recommend in favour of this resolution by shareholders.

SHAREHOLDER INFORMATION

PROXIES

If you are unable to attend and vote at the meeting and wish to appoint a person who will be attending as your proxy, please complete the enclosed proxy form. This form must be received by the Company's share registry by 3.30pm Monday 14th October 2013 at the latest.

The completed proxy form may be lodged online, using the reply-paid envelope by posting, delivery or facsimile to the Company's share registry (see details below or on proxy form).

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend and vote for the member at the meeting.
2. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes. A single proxy exercises all voting rights.
3. The form of proxy must be signed by the member or the member's attorney duly authorised in writing or if the member is a corporation under its corporate seal or by its duly authorised attorney or representative. If an attorney is to attend the meeting please submit the relevant certified power of attorney for noting and return. If a representative of the corporation or body corporate is to attend the meeting the appropriate Letter of Representation should be produced prior to admission.
4. In the case of joint holders the proxy form must be signed by all shareholders.
5. Proxies will only be valid and accepted by the Company and or the share registry if they are signed and forwarded to the Company at the address or facsimile number quoted below so as to be received not later than 48 hours before the meeting.

APPOINTMENT OF THE CHAIRMAN OR OTHER KEY MANAGEMENT PERSONNEL ("KMP") AS YOUR PROXY

Due to the voting exclusions and requirements referred to in the Explanatory Statement, if you intend to appoint any Director or KMP or their Closely Related Parties, other than the Chairman, as your proxy, you should direct your proxy how to vote on Resolution 2 (Adoption of Remuneration Report) and Resolution 5 (Approval of Grant of Performance Rights to Managing Director) by either marking "For", "Against" or "Abstain" on the proxy form for the relevant items of business. If you do not direct such proxy how to vote on those Resolutions, they will not be able to vote an undirected proxy and your vote will not be counted. This does not apply to the Chairman, who is able to vote undirected proxies.

HOW THE CHAIRMAN OF THE MEETING WILL VOTE UNDIRECTED PROXIES

You should note that if you appoint the Chairman as your proxy, or the Chairman is appointed your proxy by default, you will be taken to authorise the Chairman to exercise the proxy, even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP. The Chairman will vote all undirected proxies in favour of all items of business.

If you wish, you can appoint the Chairman as your proxy and direct the Chairman to cast your votes contrary to the above stated voting intention or to abstain from voting on a Resolution. Simply mark your voting directions on the proxy form before you return it.

CORPORATE REPRESENTATIVES

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the meeting, together with any authority under which it is signed. The appointment must comply with section 250D of the *Corporations Act 2001* (Cth).

ATTORNEYS

A shareholder may appoint an attorney to vote on their behalf. To be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the deadline for receipt of proxy forms (see above), being no later than 48 hours before the meeting.

ADMISSION TO MEETING

Shareholders who will be attending the meeting, and who will not be appointing a proxy, are requested to bring the proxy form to the meeting to help speed admission.

Shareholders who do not plan to attend the meeting are encouraged to complete and return the proxy for each of their holdings of The Reject Shop shares.

SCRUTINEER

The Reject Shop's external auditor, PricewaterhouseCoopers will act as scrutineer for any polls that may be required at the meeting.

QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING

In accordance with the *Corporations Act 2001* (Cth), a reasonable opportunity will be given to shareholders to ask questions about or make comments on the management of The Reject Shop at the meeting.

Similarly, a reasonable opportunity will be given to shareholders to ask the Company's external auditor, PricewaterhouseCoopers, questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditors report;
- (c) the accounting policies adopted by The Reject Shop in relation to the preparation of its financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to PricewaterhouseCoopers if the question is relevant to the content of PricewaterhouseCoopers audit report or the conduct of its audit of The Reject Shop financial report for period ended 30 June 2013.

Relevant written questions for PricewaterhouseCoopers must be received no later than 5.00pm (Melbourne time) on Wednesday 9th October 2013. A list of those relevant written questions will be made available to shareholders attending the AGM. PricewaterhouseCoopers will either answer the

questions at the AGM or table written answers to them at the AGM. If written answers are tabled at the AGM, they will be made available to shareholders as soon as practicable after the AGM.

Please send any written questions for PricewaterhouseCoopers (Attn: Company Secretary):

- by facsimile to +61 (3) 9372 1576; or
- to the registered office of The Reject Shop at 245 Racecourse Rd Kensington, Vic 3031, no later than 5.00pm (Melbourne time) on Wednesday 9th October 2013.

The Company has determined in accordance with regulations pursuant to section 1074E of the *Corporations Act 2001* (Cth) that for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register as at 7.00pm (Melbourne Time) on Monday 14th October 2013.

SHARE REGISTRY

The Company's share register is maintained at the following address:

	Link Market Services Limited
	Level 12, 680 George St
	Sydney, NSW 2000
Postal Address:	Locked Bag A14
	Sydney South NSW 1235
Telephone:	1300 554 474
Facsimile Number:	(02) 9287 0309
Website:	www.linkmarketservices.com.au



By mail:
The Reject Shop Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 **Overseas:** +61 1300 554 474



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SHAREHOLDER VOTING FORM

I/We being a member(s) of The Reject Shop Limited and entitled to attend and vote hereby appoint:

STEP 1

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 (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 3:30pm on Wednesday, 16 October 2013, at Bridge Room No 1, Crowne Plaza, 1-5 Spencer Street, Melbourne and at any adjournment or postponement of the meeting.

Chairman authorised to exercise proxies on remuneration related resolutions (Items 2 and 5): Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Items 2 and 5 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my/our proxy even though Items 2 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

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

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*
Item 2 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of a Director - Mr Bill Stevens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-election of a Director - Ms Melinda Conrad	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Approval of the Grant of Performance Rights to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

i * 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.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, all shareholders must 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 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 a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

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. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

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.
- (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, all shareholders must 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.

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 **3:30pm on Monday, 14 October 2013**, 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) as shown on the front of the proxy form).



by mail:

The Reject Shop 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.

**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.**