

**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 12 October 2011.

**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 26 June 2011.

**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 26 June 2011 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. 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 9.8 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 27,900 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  
9 September, 2011

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## **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 26 June 2011.

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, under changes to the *Corporations Act 2001* (Cth) which came into effect on 1 July 2011, 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 17 to 26 of The Reject Shop Limited 2011 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 detailed summary of performance conditions;
- Sets out remuneration details for each director and for the five highest paid 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;
- appointed in writing specifying 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.

### **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. Mr. Stevens is a Fellow of the Institute of Chartered Accountants in Australia who had an extensive career with KPMG (formerly Touche Ross) for 37 years, including the last 22 years as a partner. During his time with KPMG, he was the client service and engagement partner for major clients including BHP Billiton, Santos, Pacific Dunlop/Ansell and Pacific Brands. More recently, Mr. Stevens has worked as the CEO of the Pacific Edge Group and LaTrobe Lignite Developments, and he is also a director of Dennis Family Holdings, and National Golf Holdings Ltd.

Bill joined the Board of The Reject Shop in August 2008.

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

### **Item 4 Election of a Director – Ms. Melinda Conrad**

Ms. Conrad having been appointed as a director in August 2011 prior to this annual general meeting is required to retire at the close of this meeting 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** has significant experience in business strategy and marketing to consumer facing organisations in a range of sectors including retail, FMCG, healthcare and government. Previously the founder and CEO of a chain of retail stores, she brings an additional commercial perspective of contemporary retail issues, notably in the areas of risk identification, innovation and the execution of strategy. She has a first-hand understanding of the challenges of 'meeting the market', driving operational efficiency and implementing new concepts in the retail space.

Ms. Conrad's professional qualifications include an MBA from the Harvard Business School. She is a member of the Australian Institute of Company Directors and currently a Non-Executive Director of the NSW Government's Clinical Excellence Commission and Agency for Clinical Innovation, the Garvan Medical Research Institute Foundation and the Australian Brandenburg Orchestra.

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 27,900 performance rights over 27,900 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 27,900 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 27,900 performance rights is 27,900 fully paid shares in the Company.
- (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 2015 before he is entitled to exercise any performance rights proposed to be granted under this resolution.
- (vi) The number of performance rights that will ultimately vest is dependent on the Earnings Per Share ("EPS") of the Company for the financial period ending on 30 June 2014. The vesting of the precise number of performance rights is subject to the EPS conditions and other conditions as set out in accordance with the TRS Plan.

### **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, 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 Chairman of the meeting is appointed as proxy and their appointment expressly authorises the Chairman to exercise the proxy 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 27,900 performance rights to Mr. Bryce in 2011 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 10 October 2011 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.

### **HOW THE CHAIRMAN OF THE MEETING WILL VOTE UNDIRECTED PROXIES**

The Chairman of the meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions, except for Item 2 (Adoption of Remuneration Report). Any undirected proxies held by the Chairman of the meeting will not be voted on Item 2 (Adoption of Remuneration Report).

Accordingly, if you appoint the Chairman of the meeting as your proxy, you should direct him how to vote on Item 2 (Adoption of Remuneration Report) if you want your shares to be voted on that item of business.

### **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 26 June 2011.

Relevant written questions for PricewaterhouseCoopers must be received no later than 5.00pm (Melbourne time) on Wednesday 5<sup>th</sup> October 2011. 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 5<sup>th</sup> October 2011.

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 10 October 2011.


## **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
	(02) 8280 7111
Facsimile Number:	(02) 9287 0309
Website:	<a href="http://www.investorcentre.linkmarketservices.com.au">www.investorcentre.linkmarketservices.com.au</a>

 **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 2 8280 7111



**X99999999999**

**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

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, 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, 12 October 2011, at the Bridge Room No.1, Crown Plaza, 1-5 Spencer Street, Melbourne and at any adjournment or postponement of the meeting.

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

If the Chairman of the Meeting is your proxy, and you fail to provide a voting direction in respect to Item 5 in Step 2, you will be taken to have expressly authorised the Chairman of the Meeting to exercise the proxy even though this Item is connected with the remuneration of a member of the Key Management Personnel for The Reject Shop.

The Chairman of the Meeting is not permitted to vote undirected proxies on Item 2. If the Chairman of the Meeting is your proxy, and you fail to provide a voting direction in respect of Item 2 in Step 2, your vote will not be cast.


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

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

**STEP 2**

**VOTING DIRECTIONS**

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

**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, 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 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 leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### 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:

- 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.
- 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.

## 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, 10 October 2011**, 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.investorcentre.linkmarketservices.com.au](http://www.investorcentre.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, 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.**