

**Notice of Annual General Meeting (“AGM”)
The Reject Shop Limited ABN 33 006 122 676**

The Annual General Meeting (“AGM”) of The Reject Shop Limited ("Company") will be held at Bridge Room No.2, Crowne Plaza, 1-5 Spencer Street, Melbourne, at 3.30pm (Melbourne time) **Wednesday 19 October 2016.**

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 3 July 2016.

Note: There is no requirement for shareholders to approve these reports.

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 3 July 2016 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 Kevin Elkington

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

"That Mr Kevin Elkington, 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 – Mr Denis Westhorpe

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

"That Mr Denis Westhorpe, 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 Ross Sudano, a director of the Company, to subscribe for up to 32,700 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. Sudano 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
14 September, 2016

EXPLANATORY NOTES

Item 1 Financial Statements and Reports

The Directors' Report, Financial Statements and Independent Audit Report for the financial period ended 3 July 2016 will be laid before the AGM.

During this item of business, 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 3 July 2016.

Shareholders will also be provided a reasonable 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 appoint persons to the vacated offices will be put to vote at the spill meeting.

The Remuneration Report is set out on pages 28 to 38 of The Reject Shop Limited 2016 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 AGM.

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, even if the resolution is connected directly or indirectly with the remuneration of a KMP; 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 Kevin Elkington

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

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

Mr Kevin Elkington is an independent, non-executive director, Chairman of the Audit and Risk Committee and also a member of the Remuneration Committee. Mr Elkington has had a 29 year career as a corporate lawyer and company secretary in some of Australia's leading public companies including Coles Myer. Mr Elkington currently provides legal services and corporate advice to several large commercial clients and is also a director of the Myer Stores Community Fund Ltd. He is also currently a member and regular lecturer with the Governance Institute of Australia in the area of corporate governance.

Mr Elkington joined the Board in February 2008.

The board unanimously recommends that shareholders vote in favour of this Item 3 for the re-election of Mr Elkington.

Item 4 Re-election of a Director – Mr Denis Westhorpe

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

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

Ms Denis Westhorpe is an independent, non-executive director, member of the Audit and Risk Committee and also a member of the Remuneration Committee. Mr Westhorpe has significant experience in senior executive retail roles including 14 years as an Executive Director of Target Australia Pty Ltd. During this time Mr Westhorpe occupied the roles of Store Operations Director, Buying Director and 2 years as Managing Director of Target Specialty Stores. Mr Westhorpe has previously been Chairman of Charles Parsons (Holdings) Pty Ltd where he was a Director for 8 years.

Mr Westhorpe joined the Board in August 2010.

The Board unanimously recommends that shareholders vote in favour of this Item 4 for the re-election of Mr Westhorpe.

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 Sudano of 32,700 performance rights over 32,700 shares in the Company.

It is proposed to grant the performance rights to Mr Ross Sudano, 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 Sudano will be entitled to subscribe for up to 32,700 shares in the Company. This represents the long term incentive component of Mr Sudano’s remuneration package.

There has 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. Mr Sudano, 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 to Mr Sudano pursuant and subject to the TRS Plan. Under the TRS Plan, the key terms of the performance rights granted to Mr Sudano are summarized as follows:

- (i) 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.
- (ii) There are no loans applicable to the granting of these performance rights.
- (iii) 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.
- (iv) The maximum number of shares that may be acquired by Mr Sudano as a result of exercise of the proposed grant of 32,700 performance rights is 32,700 fully paid shares in the Company. Achievement of specified performance hurdles detailed in (vi) below will only result in 50%, or 16,400, of these rights being awarded. The remaining balance of 16,300 performance rights will only be awarded if performance hurdles are materially over achieved, based on the absolute discretion of the Board.
- (v) In addition to the performance hurdles set out in point (vi) below, Mr. Sudano must remain employed by the Company until 1 July 2019 before he is entitled to exercise any performance rights proposed to be granted under this resolution.
- (vi) 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 FY16 underlying EPS (72.8cps) (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).
- (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 Mr Sudano or any of his associates.

However, the Company need 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 32,700 performance rights to Mr Sudano 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 (the details for which are included on page 7) by 3.30pm (Melbourne time) Monday 17th October 2016 at the latest.

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

1. A shareholder entitled to attend and vote at this AGM 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 AGM.
2. A shareholder who is entitled to cast two or more votes may appoint two proxies and specify the proportion of votes each proxy is appointed to exercise.
3. If the shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the shareholders' votes each proxy may exercise, each proxy may exercise half of the votes. A single proxy exercises all voting rights.
4. The form of proxy must be signed by the shareholder or the shareholder's attorney duly authorised in writing or if the shareholder 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 AGM the appropriate Letter of Representation should be produced prior to admission.
5. In the case of joint holders, the proxy form must be signed by all shareholders.
6. 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) by either marking "For", "Against" or "Abstain" on the proxy form for that item of business. If you do not direct such proxy how to vote on this Resolution, your proxy 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 in accordance with the voting intentions set out below.

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 vote all undirected proxies in accordance with the stated voting intention, even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP. The Chairman currently intends to vote all undirected proxies on, and in favour of, all items of business. If there is a change on how the Chairman intends to vote undirected proxies, the Company will make an announcement to the market.

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 AGM. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the AGM, 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 AGM, 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 AGM.

ADMISSION TO MEETING

Shareholders who will be attending the AGM, 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 AGM are encouraged to complete and return the proxy for each of their holdings of the Company's shares.

SCRUTINEER

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

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 Company at the AGM. In addition, shareholders may also submit any written questions for the Board (Attn: Company Secretary):

- by email to investorrelations@rejectshop.com.au; or
- by facsimile to +61 (3) 9372 1576; or
- to the registered office of the Company at 245 Racecourse Rd Kensington, Vic 3031, no later than 5.00pm (Melbourne time) on Wednesday 12th October 2016.

The Chairman will look to respond to such questions at the AGM or alternatively respond directly to the shareholder in writing as soon as practicable after the AGM.

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 Company 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 Company's financial report for the period ended 3 July 2016.

Relevant written questions for PricewaterhouseCoopers must be received no later than 5.00pm (Melbourne time) on Wednesday 12th October 2016. 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 email to investorrelations@rejectshop.com.au; or
- by facsimile to +61 (3) 9372 1576; or
- to the registered office of the Company at 245 Racecourse Rd Kensington, Vic 3031, no later than 5.00pm (Melbourne time) on Wednesday 12th October 2016.

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 AGM, shares will be taken to be held by those persons recorded on the Company's register as at 7.00pm (Melbourne Time) on Monday 17th October 2016.

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

 **ONLINE**
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

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

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474



X999999999999

PROXY FORM

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

APPOINT A PROXY

the Chairman of the Meeting (mark box)

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:30pm (Melbourne time) on Wednesday, 19 October 2016 at Bridge Room No.2, Crowne Plaza, 1-5 Spencer Street, Melbourne (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 2: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 2, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**). If your proxy is a member of the KMP (other than the Chairman of the Meeting) or one of their closely related parties, or an associate of the Managing Director, please ensure that you direct them how to vote on Resolution 2 otherwise they may not be able to cast a vote as your proxy on this Resolution.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

VOTING DIRECTIONS

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

Resolutions

	For	Against	Abstain*
2 Adoption of Remuneration Report (advisory only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of a Director – Mr Kevin Elkington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of a Director – Mr Denis Westhorpe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 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.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, all securityholders must sign. If signed by the securityholder'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 SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

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

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your Securities 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 Securities 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 security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

Joint Holding: where the holding is in more than one name, all securityholders 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 security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:30pm (Melbourne time) on Monday, 17 October 2016**, 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, securityholders 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

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

**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.**