Allensford

Allensford Pty Ltd in its capacity as trustee for the Allensford Unit Trust Level 16, 644 Chapel Street South Yarra, Victoria 3141

20 December 2018

The Manager ASX Market Announcements ASX Limited 4th Floor, 20 Bridge Street SYDNEY NSW 2000

Dear Sir/Madam

Allensford takeover offer for The Reject Shop Limited - Extension of offer period and second supplementary bidder's statement

Allensford Pty Ltd (ACN 629 924 901) in its capacity as trustee for the Allensford Unit Trust (**Allensford**) has made an on market takeover bid for all of the shares on issue in The Reject Shop Limited pursuant to the bidder's statement dated 21 November 2018 (as supplemented by the replacement bidder's statement dated 3 December 2018) (the **Offer**).

Allensford hereby gives notice under section 649C of the *Corporations Act* (Cth) (**Corporations Act**), that Allensford varies the Offer by extending the offer period, so that the offer period will now expire immediately at the close of trading on 22 January 2019 (unless further extended or withdrawn).

Allensford encloses, pursuant to section 643 of the Corporations Act, a second supplementary bidder's statement. This second supplementary bidder's statement supplements Allensford's first supplementary bidder's statement dated 3 December 2018, which attached the replacement bidder's statement dated 3 December 2018.

A copy of this notice and the second supplementary bidder's statement has been lodged with ASIC and will be provided to The Reject Shop Limited today.

Signed for and on behalf of Allensford Pty Ltd as trustee for the Allensford Unit Trust by:

Zachary Midalia, Director

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This document is a second supplementary bidder's statement under section 643 of the Corporations Act 2001 (Cth) issued by Allensford Pty Ltd as trustee for the Allensford Unit Trust (Allensford) in relation to the on-market takeover offer by Allensford to acquire all of the ordinary shares in The Reject Shop Limited (ACN 006 122 676) for \$2.70 cash per share. It is the second supplementary bidder's statement to the bidder's statement dated 21 November 2018 and lodged with ASIC and ASX on that date, as supplemented by Allensford's first supplementary bidder's statement dated 3 December 2018 (which attached the replacement bidder's statement dated 3 December 2018). This second supplementary bidder's statement supplements, and should be read together with, the first supplementary bidder's statement and the replacement bidder's statement.

Allensford: "Reject Shop in serious decline"

Urgent trading update needed to ensure shareholders are fully informed Allensford offer extended until 22 January 2019

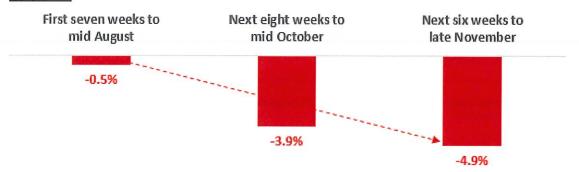
Allensford calls on The Reject Shop ("TRS") to immediately update the market on its current trading performance given TRS is nearly three weeks into the critical December month of trade.

This is in the context of:

- a) TRS's comparable sales already deteriorating at an alarming rate in FY2019;
- b) TRS's ability to meet its guidance for first half of FY2019 being heavily reliant on the TRS board's stated assumption that the comparable sales trend slightly improves in the critical month of December;
- Allensford's current all-cash offer for TRS shares, which is currently supporting the TRS share
 price, being scheduled to close over the holiday period; and
- d) TRS shareholders needing the updated trading information in good time before the close of the offer to make an informed decision in respect of Allensford's takeover offer.

The downward trajectory of TRS's recent comparable sales performance is set out below:

FY19 YTD



Allensford Director Nick Perkins said: "Based on TRS's recent sales performance, the business appears to be in serious decline. The TRS Board are relying on a recovery in Christmas trading to justify the achievement of their current earnings guidance. Given this precarious position, TRS shareholders require an urgent update on the business' trading performance – particularly if this guidance is in jeopardy."

Allensford also calls upon Matthew Campbell and Jack Hanrahan, who joined the TRS Board after the release of the TRS Target's Statement, to expressly confirm their commitment to TRS's stated earnings guidance. The need for updated trading information is particularly acute in the context of TRS's rapidly declining comparable sales, the many business risks (especially the

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challenging retail environment) stated by TRS in its own Target's Statement and other TRS announcements, and the undisclosed trading performance of the business since 25 November 2018 and over the current critical pre-Christmas trading period.

Mr Perkins said: "Allensford's cash offer for TRS is currently supporting the TRS share price. In the context of this offer, it should alarm TRS shareholders that their Board is simply asking for trust given the recent performance of the business. Furthermore, there are two new Board members who have yet to expressly confirm the Board's current guidance.

"TRS shareholders should demand the latest sales data in order to make an informed decision about Allensford's all-cash offer. Our offer represents immediate and certain value for TRS shareholders in the context of the company's continuing deterioration in financial performance."

Accepting the Allensford Offer removes shareholders' exposure to the deteriorating financial performance of TRS, and the risks associated with continuing to hold TRS shares. This includes the real risk that TRS's trading performance continues to be adversely impacted by the challenging consumer environment and competition from other retailers (both online and with bricks and mortar stores).

Allensford is extending its on-market takeover offer for TRS until 4.00pm on Tuesday, 22 January 2019. By this time TRS will have had plenty of time to form a clear and complete picture on first half trading and inform its shareholders accordingly. TRS shareholders require this information to make a fully informed decision regarding Allensford's takeover offer.

This document will prevail in the event of any inconsistency with the first supplementary bidder's statement and the replacement bidder's statement. Unless the context requires otherwise, terms defined in the replacement bidder's statement have the same meaning where used in this document. A copy of this document was lodged with ASIC on and is dated 20 December 2018. Neither ASIC nor any of its officers takes any responsibility for the contents of this document.

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with

this document, you should contact your legal, financial, tax or other professional advisor immediately.

Allensford Offer Information Line: 1300 351 603 (toll free for callers within Australia) or +61 3 9415 4199 (for callers outside Australia)

For media enquiries please contact:
Domestique Consulting
Lauren Thompson / Jon Snowball 0438 954 729 / 0477 946 068 Lauren@domestiqueconsulting.com.au / Jon@domestiqueconsulting.com.au

This second supplementary bidder's statement is dated 20 December 2018 and has been approved by a resolution passed by the directors of Allensford.

Signed for and on behalf of Allensford Pty Ltd as trustee for the Allensford Unit Trust by:

Zachary Midalia, Director