



The Reject Shop Limited

ABN 33 006 122 676
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Kensington, Victoria, 3031
Australia

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www.rejectshop.com.au

27 February 2020

Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Notice under section 708AA(2)(f) of the Corporations Act 2001

This notice is given by The Reject Shop Limited (ASX:TRS) (**'Company'**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**'Corporations Act'**) as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**'ASIC Instrument'**). All references in this notice to the Corporations Act are references to the Corporations Act as notionally modified by the ASIC Instrument.

The Company has announced its intention to undertake a capital raising by way of a fully underwritten traditional non-renounceable pro rata entitlement offer (**'Entitlement Offer'**) of 1 new fully paid ordinary share in the Company (**'Share'**) for every 3.12 Shares in the Company held as at 7:00pm on Tuesday 3 March 2020 by eligible shareholders with a registered address in Australia or New Zealand.

In respect of all Shares to be issued by the Company under the Entitlement Offer (**'Relevant Securities'**), the Company confirms that:

1. The Company will offer the Relevant Securities for issue without disclosure to investors under Part 6D.2 of the Corporations Act.
2. This notice is given by the Company under section 708AA(2)(f) of the Corporations Act.
3. As at the date of this notice, the Company has complied with:
 - a. the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - b. section 674 of the Corporations Act.
4. As at the date of this notice, there is no 'excluded information' of the nature referred to in sections 708AA(8) and 708AA(9) of the Corporations Act that is required to be set out in this notice.
5. The potential effect that the issue of the Relevant Securities will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand and the number of shares taken up by each existing shareholder who is eligible to participate in the Entitlement Offer (**'Eligible Shareholders'**), as set out in paragraphs (a) and (b) below. Having regard to those arrangements, the Entitlement Offer is not expected to have any material effect or consequence on the control of the Company.

- a. Given the structure of the Entitlement Offer, the potential effect that the new issue of the Shares will have on the control of the Company is as follows:
- (i) if all of the Eligible Shareholders take up their entitlements to Shares under the Entitlement Offer, there will be no material effect on the control of the Company as Eligible Shareholders would continue to hold the same percentage interest in the Company. Shareholders who are ineligible to participate in the Entitlement Offer will have their percentage shareholding in the Company diluted as a consequence of the issue of Shares; and
 - (ii) to the extent that any Eligible Shareholder fails to take up their entitlement under the Entitlement Offer, that Eligible Shareholder's percentage shareholding in the Company would be diluted by the new issue of the Shares relative to those who did take up their full entitlement (and those who acquire more Shares than their entitlement), together with the underwriter and sub-underwriters of the Entitlement Offer.
- b. The Entitlement Offer is being fully underwritten by Ord Minnett Limited ('**Ord Minnett**'). Ord Minnett is entitled to appoint, and has appointed, sub-underwriters. Had Ord Minnett not appointed any sub-underwriters and if no Eligible Shareholders were to take up their entitlements to Shares under the Entitlement Offer, this would mean that Ord Minnett would subscribe for a number of Shares equal to approximately 24% of the total number of issued Shares in the Company. However:
- (i) the Entitlement Offer is sub-underwritten; and
 - (ii) in addition, the Company has received pre-commitments by certain Eligible Shareholders to take up their entitlements under the Entitlement Offer in full.

Though a number of sub-underwriters are in place, if the sub-underwriter who has agreed to sub-underwrite the largest proportion of the Shares available under the Entitlement Offer was to be issued the maximum number of Shares for which it has committed, its voting power in the Company following the completion of the Entitlement Offer would be approximately 9.74%.

Accordingly, the issue of Shares (if any) to the underwriter or sub-underwriters pursuant to the underwriting arrangements which are in place may increase the voting power of the underwriter or the sub-underwriters in the Company. However, this is not expected to have any material effect or consequence on the control of the Company.



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6. This notice is dated 27 February 2020 and, in accordance with section 708AA(2)(f) of the Corporations Act and the timetable set out in Appendix 7A of the ASX Listing Rules, is given before the commencement of trading on ASX on the date the Company announced the Entitlement Offer.

A handwritten signature in black ink, appearing to read "Michael Freier". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

The Reject Shop Limited
Per: Michael Freier
Company Secretary