

RCG CORPORATION

ABN
85 108 096 251

NOTICE OF ANNUAL GENERAL MEETING

To be held at 10:00am AEDT
on Friday, 25 November 2016

at Level 4, 60 Carrington Street
Sydney, NSW 2000

RCG Corporation Limited

Registered office:

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Waterloo, NSW 2017

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RCG CORPORATION LIMITED

ABN 85 108 096 251

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2016 Annual General Meeting of Shareholders of RCG Corporation Limited (the **Company**) will be held at the offices of the Company's share registry, Computershare Investor Services Pty Limited, at Level 4, 60 Carrington Street, Sydney NSW 2000 on Friday, 25 November 2016 at 10:00am AEDT (the **Meeting**).

The following business will be transacted at the Meeting. The Explanatory Statement which accompanies and forms part of this Notice of Meeting (the **Notice**) describes in more detail the matters to be considered at the Meeting. Terms and abbreviations used in this Notice will, unless the context requires otherwise, have the same meaning given to them in the glossary contained in the Explanatory Statement.

In accordance with the *Corporations Act 2001* (Cth) (the **Corporations Act**), a hard copy of the Company's annual report is provided to Shareholders that have specifically requested to receive one. The Company's annual report is available online, from the date of this Notice, at <http://rcgcorp.com.au/for-investors/annual-reports/>.

AGENDA

ORDINARY BUSINESS

Item 1: Financial Statements

To receive and consider the Financial Report of the Company, together with the Directors' Report and Auditor's Report, for the year ended 26 June 2016.

Item 2: Remuneration Report

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

"That the Remuneration Report as set out in the Annual Report of the Company for the year ended 26 June 2016 be adopted."

Item 3: Re-election of Directors and confirmation of appointment

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

"That Mr Michael Hirschowitz, who retires in accordance with rule 22.1 of the Company's Constitution, and who, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

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

"That Mr David Gordon, who retires in accordance with rules 22.1 and 22.2 of the Company's Constitution and ASX Listing Rule 14.4, and who, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

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

"That Mr Daniel Gilbert who retires in accordance with rule 22.1 of the Company's Constitution and ASX Listing Rule 14.4, and who, being eligible, offers himself for election, be elected as a Director of the Company, and that Daniel's previous appointment as a Director of the Company be confirmed by the Company for the purposes of rule 21.2.1 of the Company's Constitution and for all other purposes."

SPECIAL BUSINESS

Item 4: Ratify the prior issue of Shares - Subsequent approval of the issue of the Capital Raising Shares

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 33,333,334 Shares to certain institutional, professional and/or sophisticated investors on 4 March 2016 under the Capital Raising at the issue price of \$1.50 per Share, as announced on 24 and 26 February 2016, and otherwise on the terms outlined in the Explanatory Statement which accompanies and forms part of the Notice."

Item 5: Ratify the prior issue of Shares – Subsequent approval of the issue of the Hype Consideration Shares

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 36,842,105 Shares to the Hype Vendors on 4 August 2016 at the issue price of \$1.425 per Share as part consideration for, and in accordance with the terms of the acquisition by the Company of, the entire issued capital of Hype DC, and otherwise on the terms outlined in the Explanatory Statement which accompanies and forms part of the Notice."

Item 6: Approval of financial assistance in connection with the Hype Acquisition

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purpose of section 260B(2) of the Corporations Act, approval is given for the financial assistance to be provided from time to time (including upon any subsequent refinancing, variation or replacement of any facility, or the provision of further security in connection with any facility) by:

- (a) Hype DC in connection with the Hype Acquisition, pursuant to which shares in Hype DC were acquired by the Company from the Hype Vendors; and*
- (b) Hype DC in connection with the Hype Acquisition, pursuant to which the Hype Consideration Shares were issued by the Company to the Hype Vendors, as described in the Explanatory Statement which accompanies and forms part of the Notice."*

Item 7: Approval of the RCG Performance Rights Plan

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

"That, for the purposes of ASX Listing Rule 7.2, Exception 9 and for all other purposes, Shareholders approve the issue of securities under the Performance Rights Plan as an exception to ASX Listing Rule 7.1 as described in the Explanatory Statement which accompanies and forms part of the Notice."

Item 8: Grant of Performance Rights to a Director and related party, Mr Hilton Brett

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

"That, for the purposes of section 200B of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant by the Company to Mr Hilton Brett of 371,526 Performance Rights, as outlined in the Explanatory Statement which accompanies and forms part of the Notice."

Item 9: Grant of Performance Rights to a Director and related party, Mr Daniel Agostinelli

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

"That, for the purposes of section 200B of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant by the Company to Mr Daniel Agostinelli of 371,526 Performance Rights, as outlined in the Explanatory Statement which accompanies and forms part of the Notice."

Item 10: Grant of Performance Rights to a Director and related party, Mr Michael Hirschowitz

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

"That, for the purposes of section 200B of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant by the Company to Mr Michael Hirschowitz of 247,684 Performance Rights, as outlined in the Explanatory Statement which accompanies and forms part of the Notice."

Item 11: Change of company name to 'RCG Accent Limited'

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of sections 157(1)(a) and 136(2) of the Corporations Act and for all other purposes:

- (a) the Company's name be changed from 'RCG Corporation Limited' to 'RCG Accent Limited'; and*
 - (b) all references to 'RCG Corporation Limited' in the Company's Constitution be replaced with references to 'RCG Accent Limited',*
- with effect from when the Australian Securities and Investments Commission alters the details of the Company's registration in accordance with the Corporations Act."*

BY ORDER OF THE BOARD



Michael Hirschowitz
Finance Director
18 October 2016

NOTES:

Voting Entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the share register at 7.00pm (AEDT) on Wednesday, 23 November 2016 (the **Entitlement Time**), subject to any applicable voting exclusion. This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

Voting and required majority

The Resolutions proposed by Item 6 (in accordance with section 260B(2) of the Corporations Act) and Item 11 (in accordance with sections 157(1)(a) and 136(2) of the Corporations Act) must be passed by at least 75% of all the votes cast by Shareholders entitled to vote on the relevant Resolution (whether in person or by proxy, attorney or representative).

In the case of each other Resolution, the Resolution must be passed by more than 50% of all votes cast by Shareholders entitled to vote on the relevant Resolution (whether in person or by proxy, attorney or representative).

Subject to the voting exclusions, on a show of hands every Shareholder has one vote and, on a poll, every Shareholder has one vote for each Share held.

Voting Exclusions

ASX Listing Rules

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on:

- the Resolution proposed by **Item 4**, by any person who participated in the issue of the Capital Raising Shares;
- the Resolution proposed by **Item 5**, by any person who participated in the issue of the Hype Consideration Shares;
- the Resolution proposed by **Item 7**, by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- the Resolutions proposed by **Items 8, 9 and 10**, by any Director who is eligible to participate in the Performance Rights Plan in respect of which these Resolutions relate, including, in each case, their respective associates.

However, the Company need not disregard a vote if:

- 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
- it is cast by the person chairing the 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.

Corporations Act

In addition, in accordance with section 250BD of the Corporations Act, a vote on the Resolutions proposed by Items 2, 7, 8, 9 and 10 must not be cast by or on behalf of a person appointed (including as a proxy), where that person is either a member of the Key Management Personnel or a Closely Related Party of such person.

However, a vote may be cast by such person if:

- the vote is not cast on behalf of a person who is otherwise excluded from voting and the appointment specifies how the proxy is to vote; or
- the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

How to Vote

You may vote by attending the Meeting in person, by proxy or personal representative.

Proxies

To vote by proxy, please complete and sign the proxy form enclosed with this Notice and return it to the share

registry of the Company, Computershare Investor Services Pty Limited, either:

- online www.investorvote.com.au;
- by facsimile on +6 13 9473 2555;
- by post to GPO Box 242, Melbourne, VIC 3001; or
- by delivery to Level 4, 60 Carrington Street, Sydney, NSW,

so that it is received not later than 10.00am (AEDT) on Wednesday, 23 November 2016. If the proxy is signed by an attorney, please also enclose the authority under which the proxy is signed (or a certified copy of the authority).

A proxy need not be a Shareholder of the Company.

A Shareholder entitled to cast two or more votes may appoint two proxies. Where two proxies are appointed, each proxy may be appointed to represent a specified proportion of your voting rights. If you do not specify the proportion or number, each proxy may exercise one half of the votes.

Proxies given by corporate Shareholders must be executed in accordance with section 127 of the Corporations Act, their constitutions or by their attorney or duly authorised officer.

Personal Representative

To vote by personal representative, please forward the authority under which the personal representative has been appointed (or a certified copy) to the address set out above for the return of proxy forms so that it is received no later than 10.00am (AEDT) on Wednesday, 23 November 2016.

Corporate Representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act. The Company will require a certificate of appointment of corporate representative executed in accordance with section 127 of the Corporations Act. The certificate must be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting. The Company will retain the certificate.

Voting intentions and undirected proxies

Subject to any voting restrictions and exclusions, where the Chairman of the Meeting is appointed as proxy, he intends to vote all undirected proxy votes in favour of all Items (and each of the Resolutions) outlined in this Notice. This includes the Resolutions proposed by Items 2, 7, 8, 9 and 10 even though those Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chairman of the Company.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist Shareholders in considering the Resolutions set out in the Notice. It is part of, and should be read in conjunction with, the Notice. The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions set out in the Notice.

Terms used in this Explanatory Statement will, unless the context requires otherwise, have the same meaning given to them in the glossary contained in this Explanatory Statement.

ORDINARY BUSINESS

Item 1 - Financial Statements

The Corporations Act requires the Annual Financial Report of the Company, which includes the Financial Report, Directors' Report, Directors' Declaration, and the Independent Audit Report, to be laid before the Meeting. A vote of Shareholders on the Annual Financial Report is not required by the Corporations Act or the Company's Constitution.

Shareholders will be given a reasonable opportunity to ask questions or make comments on the reports at the Meeting.

THE RESOLUTIONS

Item 2 – Remuneration Report

The Corporations Act requires listed entities to put a Remuneration Report relating to director and executive remuneration for each financial year to a resolution of shareholders at their annual general meeting. The Remuneration Report can be found in the Company's Annual Report, which can be found on the Company's website at <http://rcgcorp.com.au/for-investors/annual-reports/>.

Under section 250R(3) of the Corporations Act, the vote is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast on the Resolution are voted against adoption of the Remuneration Report at the meeting and then again at the 2017 Annual General Meeting, the Company will be required to put to Shareholders a resolution at the 2017 Annual General Meeting proposing the calling of an extraordinary general meeting to consider the election of Directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the 2017 Annual General Meeting. All of the Directors who were in office when the 2017 Directors' Report was considered at the 2017 Annual General Meeting, other than the Managing Director, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

In summary, the Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of Directors and senior managers of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- details and explains any performance conditions applicable to the remuneration of Directors and senior managers of the Company; and
- sets out remuneration details for each Director, including the value of any options granted to those persons.

Directors' Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report proposed by the Resolution in Item 2.

Item 3 - Re-election of Directors and confirmation of appointment

Background

ASX Listing Rule 14.5 imposes a requirement on the Company to hold an election of directors each year. ASX Listing Rule 14.4 provides that a director (excluding the managing director) of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer. ASX Listing Rule 14.4 also provides that a director appointed as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Rule 22.1 of the Company's constitution requires one-third (or the next lowest whole number) of the Directors (excluding the managing director) to retire at the annual general meeting of the Company. Any Directors who retire in accordance with rule 22.1 of the Company's Constitution are eligible for re-election at the annual general meeting. Rule 22.2 of the Company's Constitution requires each Director (excluding the managing director) to retire from office no later than at the third annual general meeting of the Company following their last election or appointment by a general meeting. Any Directors who retire in accordance with rule 22.2 of the Company's constitution are eligible for re-election.

Rule 21.2.1 of the Company's Constitution provides that the directors may appoint a person as a director of the Company, but requires for any person appointed by the directors under this clause to be confirmed in office at the company's next annual general meeting. If the appointment is not confirmed, the person ceases to be a director of the company at the end of the annual general meeting.

Item 3.1 - Re-election of Mr Michael Hirschowitz

Michael Hirschowitz retires in accordance with rule 22.1 of the Company's Constitution and offers himself for re-election.

Michael has extensive experience in retail. He joined The Athlete's Foot in 1996 and worked in various capacities before becoming Commercial Director in 2002. On the formation of the Company he became Chief Financial Officer. Michael was appointed Finance Director of the Group on 1 July 2006.

Directors' Recommendation

The Board unanimously (with Michael Hirschowitz abstaining) supports the re-election of Michael Hirschowitz and recommends that Shareholders vote in favour of the Resolution proposed by Item 3.1.

Item 3.2 - Re-election of Mr David Gordon

David Gordon retires in accordance with the ASX Listing Rule 14.4 and rules 22.1 and 22.2 of the Company's Constitution and offers himself for re-election.

David was a former M&A partner at Freehills and corporate advisory firm Wentworth Associates. He is also the founder of Lexicon Partners, an independent advisory and investment firm. He has over 30 years' experience advising companies, funds and high net worth individuals on complex transactions. David is Chairman of Ten Network Holdings Limited. He has been a director of the Company since October 2006.

Directors' Recommendation

The Board unanimously (with David Gordon abstaining) supports the re-election of David Gordon and recommends that Shareholders vote in favour of the Resolution proposed by Item 3.2.

Item 3.3 - Re-election of Mr Daniel Gilbert and confirmation of appointment

Daniel Gilbert was appointed to the Board as a Director on 4 August 2016 in accordance with the terms of the Company's acquisition of Hype DC Pty Limited ACN 081 432 313 (**Hype DC**). Daniel retires in accordance with the ASX Listing Rule 14.4 and rule 22.1 of the Company's Constitution and offers himself for election, and it is also proposed that Daniel's previous appointment as a Director of the Company be confirmed by the Company for the purposes of rule 21.2.1 of the Company's Constitution.

Daniel is one of the co-founders of Hype DC, which he established together with his wife Cindy, 18 years ago with opening of their first store in the Sydney suburb of Mosman. They have since built a substantial business, which has become Australia's premier destination for premium, exclusive and limited edition sneakers. Daniel is currently employed by the Company as the Joint CEO of Hype DC.

Directors' Recommendation

The Board unanimously (with Daniel Gilbert abstaining) supports the re-election of Daniel Gilbert and recommends that Shareholders vote in favour of the Resolution proposed by Item 3.3.

SPECIAL BUSINESS

Items 4 and 5 – Subsequent approvals of the previous issues of Shares by the Company - the Capital Raising Shares and the Hype Consideration Shares

Background

Under Items 4 and 5, the Company is seeking the separate approval of Shareholders, for the purposes of ASX Listing Rule 7.4, in respect of each of the following issues of securities that have been made by the Company in the last 12 months without Shareholder approval in accordance with its placement capacity under ASX Listing Rule 7.1:

- (a) under the Resolution proposed by Item 4, the issue of the Capital Raising Shares (as summarised below); and
- (b) under the Resolution proposed by Item 5, the issue of the Hype Consideration Shares (as summarised below).

The Resolutions proposed by Items 4 and 5 are separate resolutions.

On 24 and 26 February 2016, the Company announced a capital raising via a fully underwritten placement to certain institutional, professional and sophisticated investors to raise \$50 million (the **Capital Raising**). Under the Capital Raising, a total of 33,333,334 Shares (the **Capital Raising Shares**) were issued by the Company on 4 March 2016 at the issue price of \$1.50 per Share. The proceeds from the Capital Raising were used to strengthen the Company's balance sheet and set the platform for accelerated growth.

On 4 July 2016, the Company announced its acquisition of the entire issued capital of Hype DC (the **Hype Acquisition**), an Australian retailer of branded athleisure and style footwear with 60 stores across Australia. Completion of the Hype Acquisition occurred on 4 August 2016. The acquisition was partly funded by an issue of 36,842,105 Shares by the Company to the vendors of Hype DC (the **Hype Vendors**) at the issue price of \$1.425 per Share (the **Hype Consideration Shares**). The Hype Consideration Shares were issued on 4 August 2016, and are held in escrow until 4 August 2018 in accordance with the terms of voluntary escrow deeds.

Reasons for the Resolutions

In general terms, ASX Listing Rule 7.1 restricts the number of equity securities which a listed entity can issue in any 12 month period, without the approval of its shareholders, to 15% of the number of securities on issue at the start of the period, subject to certain exceptions. ASX Listing Rule 7.4 provides that where a company subsequently approves an issue of securities, the issue will be treated as having been made with shareholder approval for the purpose of ASX Listing Rule 7.1, thereby replenishing the 15% limit and enabling the company to issue further securities up to that limit without requiring shareholder approval.

The purpose of the Resolutions proposed by Items 4 and 5 is for Shareholders to separately approve, pursuant to ASX Listing Rule 7.4, the previous issues of the Capital Raising Shares and the Hype Consideration Shares to restore the Company's ability to issue further securities within the 15% limit under ASX Listing Rule 7.1 during the next 12 months.

The effect of Shareholders approving the Resolutions proposed by Items 4 and 5 is that the Company will have the flexibility to issue further equity securities up to the 15% limit because the Capital Raising Shares (if the Resolution proposed by Item 3 is approved) and the Hype Consideration Shares (if the Resolution proposed by Item 4 is approved) will not be counted for the purposes of the 15% limit set out in ASX Listing Rule 7.1.

The Directors consider that it is appropriate and prudent for approval to be sought in respect of the Capital Raising Shares and the Hype Consideration Shares as this approval (under the Resolutions proposed by Items 4 and 5) will enhance the Company's flexibility to raise further equity capital, should the Directors consider that it is in the best interests of the Company to do so.

If Shareholders do not approve the Resolution proposed by Item 3, the prior issue of the Capital Raising Shares will be included in the Company's 15% limit. If Shareholders do not approve the Resolution proposed by Item 4,

the prior issue of the Hype Consideration Shares will be included in the Company's 15% limit.

The Company confirms that the issue of each of the Capital Raising Shares and the Hype Consideration Shares did not breach ASX Listing Rule 7.1.

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders in accordance with ASX Listing Rule 7.5.

In respect of **Item 4** concerning the prior issue of the Capital Raising Shares:

| | |
|--|---|
| The number of securities issued | 33,333,334 Shares. |
| The price at which the securities were issued | \$1.50 per Share. This price represented a discount of approximately 7% to the volume weighted average price of the Company's Shares for the five days prior to the 24 February 2016. |
| The terms of the securities | Fully paid ordinary shares in the capital of the Company which ranked, from the date of their issue, equally with the existing Shares on issue. The Shares were issued after the record date for the 2016 half-year interim dividend and as such did not qualify for the interim dividend. |
| The names of the persons to whom the securities were issued | Certain institutional, professional and sophisticated investors nominated by Bell Potter Securities Limited, who acted as lead manager and underwriter for the Capital Raising. |
| The intended use of the funds raised | Funds raised from the issue of the Capital Raising Shares have been, and will be, used to strengthen the Company's balance sheet and set the platform for accelerated growth. In particular, the funds were used to repay early a \$28m vendor note that was used to part fund the Company's acquisition of Accent Group Limited in 2015 and to fund the rollout of new stores. |

In respect of **Item 5** concerning the prior issue of the Hype Consideration Shares:

| | |
|--|--|
| The number of securities issued | 36,842,105 Shares. |
| The price at which the securities were issued | \$1.425 per Share. This price was equivalent to \$1.50 (the price at which capital was raised by the Company under the Capital Raising) less a 5% discount. |
| The terms of the securities | Fully paid ordinary shares in the capital of the Company which ranked, from the date of their issue, equally with the existing Shares on issue, except that they are held in escrow until 4 August 2018. |
| The names of the persons to whom the securities were issued | The Hype Vendors. |
| The intended use of the funds raised | The Hype Consideration Shares were issued to partially fund the Company's acquisition of Hype DC. |

A voting exclusion statement is included in the Notice.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of both of the Resolutions proposed by Items 4 and 5.

Item 6 – Approval of financial assistance in connection with the Hype Acquisition

Background

As previously announced on 4 July 2016, the Company entered into an agreement to acquire all of the shares in Hype DC. The transaction completed on 4 August 2016. On completion of the Hype Acquisition, the Company became the listed ultimate holding company of Hype.

The Company had previously entered into secured debt facilities with National Australia Bank Limited (the **Lender**) (the **Facility Agreement**).

In order to assist the financing of the cash consideration for the Hype Acquisition and for ongoing working capital purposes, the Company increased the amount of the debt facilities made available under the Facility Agreement to A\$167,000,000, with A\$27,000,000 advanced by the Lender on 4 August 2016 to the Company to fund the Hype Acquisition and a further A\$1,141,293 issued under the LC Sub Facility on 4 August 2016 and used in connection with the Hype Acquisition.

The balance of the purchase price payable by the Company in connection with the Hype Acquisition was paid through the issuance of the Hype Consideration Shares to the Hype Vendors and the issuance of subordinated loan notes by the Company to the Hype Vendors.

It is a condition of the Facility Agreement that, the Company procure that Hype DC accede to the Facility Agreement and provide the following in favour of the Lender (or its nominee) by 31 January 2017:

- (a) unlimited cross-guarantees and indemnities, pursuant to which Hype DC is jointly and severally liable for all of the liabilities and obligations of the Company and each other Guarantor (as defined in the Facility Agreement) with respect to the Facility Agreement and each other related debt financing document;
 - (b) costs provisions, representations and warranties, covenants, restrictive undertakings and indemnities for the benefit of the Lender under the Facility Agreement;
 - (c) security over all its assets, present and after-acquired property and undertaking in favour of the Lender pursuant to a general security agreement; and
 - (d) such other security interests (howsoever defined) in favour of the Lender (or its nominee) as Hype DC may be required to provide under or in connection with the Facility Agreement,
- (collectively, the **Security**).

Subject to providing the Security, Hype DC will have the ability to accede as a Guarantor and Security Provider under (and as defined in) the Facility Agreement.

Proposed Financial Assistance and why the Company is seeking approval for the Proposed Financial Assistance

It is noted that the provision by Hype DC of the Security will constitute the giving of financial assistance (within the meaning of Part 2J.3 of the Corporations Act) by Hype DC in connection with the Hype Acquisition and in connection with the issue of the Hype Consideration Shares in the Company to the Hype Vendors (as the issue of the Hype Consideration Shares to the Hype Vendors was connected to the acquisition by the Company of the shares in Hype DC and the corresponding financing arrangements with the Lender) (the **Proposed Financial Assistance**).

Corporations Act requirements

Section 260A(1) of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company if the assistance is approved by shareholders under section 260B of the Corporations Act. Furthermore, if, immediately after the acquisition, a company will be a subsidiary of another corporation that is listed in Australia, then the financial assistance must also be approved by special resolution passed under section 260B(2) of the Corporations Act at a general meeting of that corporation. The Company, following completion of the Hype Acquisition, became the ultimate Australian holding company (for the purposes of section 260B(2) of the Corporations Act) of Hype DC. Accordingly, the Proposed Financial Assistance must be approved by a special resolution of Shareholders, as proposed by the Resolution proposed by Item 6.

The reason for the Proposed Financial Assistance

The reason for the giving of the Proposed Financial Assistance is to enable the Company to comply with certain

of its obligations under the Facility Agreement, and in particular, the obligation to procure Hype DC to guarantee the obligations of the Company as borrower and certain other group companies under the Facility Agreement and to grant security in favour of the Lender.

The Facility Agreement provided finance to the Company to enable it to partially fund the Hype Acquisition. The Facility Agreement also provided and provides finance to the Company for ongoing working capital purposes.

Importantly, if Shareholders do not approve this Resolution proposed by Item 6, there will be an event of default under the Facility Agreement and the funding may be required to be repaid.

Accordingly, pursuant to:

- (a) section 260B(2) of the Corporations Act, it is proposed that the giving of financial assistance by Hype DC in respect of the issue of the Hype Consideration Shares is approved by the Company in its capacity as the ultimate listed Australian holding company of Hype DC by a special resolution passed at the Meeting; and
- (b) section 260B(2) of the Corporations Act, it is proposed that the giving of financial assistance by Hype DC in respect of the Company's acquisition of the Hype DC shares is approved by the Company in its capacity as the ultimate listed Australian holding company of Hype DC by a special resolution passed at the Meeting.

Approval is also being sought for any financial assistance that may arise on any subsequent refinancing, variation or replacement of the Facility Agreement, or the provision of further security in connection with the Facility Agreement. This is to preserve the Company's right to refinance without seeking further whitewash approval.

Effect of the Proposed Financial Assistance

The substantial effect of the Proposed Financial Assistance on Hype DC is that it will guarantee, and grant security over all of its assets and undertakings to secure, all amounts payable under the Finance Documents. If there is a default in the due and punctual payment of amounts owing under the Facility Agreement or if certain other events of default occur, the Company could be required to immediately pay on demand all amounts then owing by the Company under the Facility Agreement. To the extent such amounts are not repaid, guarantees and security granted by the Group (including Hype DC) may become enforceable by the Lender. The Lender may be entitled to exercise its rights in respect of indemnities granted by the Company and members of the Group (including Hype DC).

As the Company is already liable for the amounts payable under the Facility Agreement, the giving of the Proposed Financial Assistance described in this Explanatory Statement is unlikely to have any adverse effect on the Company. Furthermore, it is common for newly acquired subsidiaries to provide guarantees and undertakings of the type outlined above.

The advantage of the Proposed Financial Assistance is that it will enable the Company to comply with its obligations under the Facility Agreement and to ensure that such facilities remain available. If such obligations (including the obligation to grant guarantees and security) are not complied with, the Lender under the Facility Agreement would be entitled to default the Company under the Facility Agreement.

The disadvantages of the Proposed Financial Assistance include the following:

- (a) Hype DC will become liable for the amounts due under the Facility Agreement;
- (b) the operations of Hype DC may become restricted by the representations and undertakings in the Facility Agreement;
- (c) although the Directors consider this unlikely, the Company or certain other group companies may default under the Facility Agreement;
- (d) in the event of a default, the Lender may make a demand under the guarantees provided by Hype DC requiring immediate repayment of the amounts due under the Facility Agreement, which may result in a winding up of one or more of the members in the Group; and
- (e) in the event of a default, the Lender will be entitled to enforce the security granted by the members of the Group (including Hype DC) and accordingly take control of, and realise, all of the assets and undertaking of such companies.

The Directors considered the giving of the Proposed Financial Assistance and were of the opinion that there were reasonable grounds to believe that it was in the best interests and for the commercial benefit of the Group and Hype DC. Furthermore, it is common for newly acquired subsidiaries to provide guarantees and undertakings of the type outlined above.

Other relevant information

The Directors consider that there is no other information that is known to the Company that is material to a Shareholder's decision on how to vote on this Resolution proposed by Item 6, other than information which it would be unreasonable to require the Company to include in this Explanatory Statement as the Company has previously disclosed the information to its Shareholders.

Notice to ASIC

A copy of this Notice was lodged with the ASIC before being sent to the Shareholders, as required by section 260B(5) of the Corporations Act.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of this Resolution proposed by Item 6 to approve the giving of the Proposed Financial Assistance.

Item 7 - Approval of the RCG Performance Rights Plan

Background

On 14 October 2016, the Board approved a performance rights plan called the 'RCG Performance Rights Plan' (the **Performance Rights Plan**).

The Performance Rights Plan has been introduced following a review by the Board of the existing remuneration arrangements of the Company. The Board intends for the Performance Rights Plan to replace the previous Employee Share Scheme of the Company, which was adopted by the Board on 20 February 2013 and was last approved by Shareholders at the Company's 2013 Annual General Meeting. The Board believes that the introduction of the Performance Rights Plan is in the best interests of the Company.

Reason for the Resolution

Shareholder approval is being obtained for the purposes of ASX Listing Rule 7.2, Exception 9.

The general effect of ASX Listing Rule 7.1 is described above in Items 4 and 5. ASX Listing Rule 7.2 allows certain issues of securities to be excluded from the calculation of the number of securities issued in the 12 month period and therefore the 15% limit imposed by ASX Listing Rule 7.1, including under Exception 9, where an issue is made under an employee incentive scheme, if within 3 years before the date of issue, the terms of the scheme was approved by shareholders.

Accordingly, the Resolution proposed by Item 7 seeks Shareholder approval for the issue of securities under the Performance Rights Plan for the purposes of ASX Listing Rule 7.2, Exception 9. If the Resolution proposed by Item 7 is approved by Shareholders, securities issued under the Performance Rights Plan over the next 3 years from the date of the Meeting will be treated as having been made with the approval of Shareholders for the purposes of ASX Listing Rule 7.1 and will be excluded from the 15% limit for the purposes of ASX Listing Rule 7.1. This will enable the Company to issue further securities up to the 15% limit in each 12 month period during the next 3 years without Shareholder approval.

As at the date of this Notice, the Company has not issued any securities under the Performance Rights Plan.

Summary of the terms of the Performance Rights Plan

The objects of the Performance Rights Plan is to:

- (a) align the interests of employees of the Group with those of Shareholders;
 - (b) provide employees of the Group who are considered to be key to the future success of the Company with the opportunity to receive Shares in order to reward, and retain the services of, those persons;
- and

- (c) recognise employees of the Group for their contribution to the future success of the Company.

A summary of the key terms of the Performance Rights Plan are outlined below.

| | |
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| Eligibility and grant of Performance Rights | The Board may, from time to time grant Performance Rights to an Eligible Person (as defined below) upon the terms set out in the Performance Rights Plan and upon such additional terms and conditions, including any Performance Conditions, as the Board determines (which may include granting Performance Rights in tranches). The Board may only grant Performance Rights where an Eligible Person continues to satisfy any relevant conditions imposed by the Board (which may include that the Eligible Person continues to be an employee and/or director (as applicable) of a Group Company at the relevant time). |
| Performance Rights | Unless the Board determines otherwise: (a) each Performance Right entitles its holder, upon vesting and exercise of that Performance Right, to either: <ul style="list-style-type: none"> • one Share; or • a cash amount equal to the volume weighted average price of the Company's Shares on the ASX at close of trading of the ASX over the 10 trading days up to and including the date that the Performance Right vested. (b) no payment is required for the grant of a Performance Right; (c) each Performance Right is unlisted and will not be quoted on the ASX; and (d) Performance Rights do not confer on the holder any entitlement to any dividends or other distributions by the Company or any right to attend or vote at any general meeting of the Company. |
| Eligible Persons | An Eligible Person means an employee of any Group Company who the Board determines to be eligible to participate in the Performance Rights Plan. An Eligible Person may include an executive director of the Company, but may not include a non-executive director of the Company. |
| Performance Conditions | A Performance Condition is any condition determined by the Board which must be satisfied or circumstances which must exist before a Performance Right vests and a person who holds a Performance Right can, if they so determine, exercise the Performance Right. |
| Vesting of Performance Rights | A Performance Right will not vest unless: (a) the Performance Conditions attaching to the Performance Right have been satisfied or have otherwise been waived by the Board; or (b) the Board otherwise determines in accordance with the terms of the Performance Rights Plan (which includes in the event of a takeover, scheme of arrangement or winding-up of the Company as summarised below). |
| Lapsing of Performance Rights | An unvested Performance Right will lapse in various prescribed circumstances, unless the Board determines otherwise. Such circumstances include: (a) the circumstances specified by the Board on or before the grant of the Performance Right; (b) if a participant ceases to be an employee and/or director of a Group Company for any reason or they cease to satisfy any other relevant conditions imposed by the Board at the time of grant of the Performance Rights; (c) failure to meet the Performance Conditions attaching to the Performance Right or any Performance Conditions no longer, in the opinion of the Board, being capable of being satisfied in accordance with their terms; and (d) if, in the opinion of the Board, a participant acts fraudulently or dishonestly, is in breach of their material duties or obligations to any Group Company, has committed act of harassment or discrimination or has done any act which has brought the Group or any Group Company into disrepute (this may also apply to any vested and unexercised Performance Rights of the Participant). |

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| | |
| Unfair Performance Right benefits | Under the Performance Rights Plan, the Board has certain rights to clawback any unfair benefits received by a participant where a Performance Right has vested (or may vest) as a result of the fraud, dishonesty, breach of obligations or knowing material misstatement of financial statements by the participant or by any other employee of the Group. Such rights include the right to determine that the Performance Right has not vested (or will not vest) and/or to determine any treatment in relation to the Performance Right (including resetting Conditions and/or new Performance Rights be granted) and/or any benefit obtained by the participant from the exercise of the Performance Right (including deeming Performance Shares to be forfeited and/or demanding that the participant repays to the Company any such benefit). |
| Trading of Performance Rights | Each Performance Right cannot be traded other than with prior written consent of the Board or by force of law upon death of the holder of the Performance Right (and then only to the holder's legal personal representative) or if the holder of the Performance Right becomes bankrupt (and then only to the holder's trustee in bankruptcy). Any attempt to trade the Performance Right by the participant other than the reasons described will result in the immediate lapsing of the Performance Right (unless the Board determines otherwise). |
| Exercise of Performance Rights | <p>The exercise of a Performance Right is conditional upon the Performance Right having vested. If a Performance Right has vested, the holder of the Performance Right is entitled, in accordance with the exercise procedure set out in the Performance Rights Plan, to require the Company to either (at the absolute discretion of the Board):</p> <ul style="list-style-type: none"> (a) issue to, or procure the transfer to, them (or their personal representative) the number of Shares to which they are entitled from the exercise of the Performance Right; or (b) pay them a cash payment equal to the number of Performance Shares to which they are entitled from the exercise of the Performance Right multiplied by the volume weighted average price of the Company's Shares on the ASX at close of trading of the ASX over the 10 trading days up to and including the date the Performance Right vested. <p>Any vested Performance Rights must be exercised within 60 days from the date on which the Participant is notified that the Performance Rights have vested.</p> |
| Capital Reorganisation | If Shares are issued pro rata to the Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation of reserves or distributable profit or any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected, the number of Performance Rights to which each participant is entitled, or any amount payable on exercise of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the participant as a result of such corporate actions (subject to compliance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation). |
| Takeover, Scheme of Arrangement and Winding-up | <p>In the event of the occurrence of any one of the events described below, the following occurs:</p> <ul style="list-style-type: none"> (a) in respect of a participant's unvested Performance Rights: <ul style="list-style-type: none"> • such Performance Rights shall automatically and immediately vest from the date of the event in the proportion that the Company's share price has increased since the date of grant of the Performance Rights; • the Board may determine that all or a specified number of the participant's remaining unvested Performance Rights automatically and immediately vest; and • all other unvested Performance Rights of the participant will automatically |

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| | <p>and immediately lapse; and</p> <p>(b) in respect of a participant's vested and unexpired Performance Rights, such Performance Rights shall automatically be deemed to have been exercised by the participant.</p> <p>The relevant events are as follows:</p> <p>(a) a takeover bid (as defined in the Corporations Act) where the bidder and/or its associates acquire a relevant interest in more than 50% of the voting Shares of the Company;</p> <p>(b) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;</p> <p>(c) any person becomes bound or entitled to acquire Shares in the Company under section 414 of the Corporations Act or Chapter 6A of the Corporations Act;</p> <p>(d) any merger, consolidation or amalgamation involving the Company occurs or is proposed where the Board determines that the relevant circumstances constitute a change in control of the Company;</p> <p>(e) the Company or any other Group Company enters into an agreement or agreements to sell, in aggregate, a majority in value of the business or assets of the Group to a person or persons that are not Group Companies;</p> <p>(f) the Company passes a resolution for voluntary winding up; or</p> <p>(g) an order is made for the compulsory winding up of the Company.</p> |
| Shares issued under the Performance Rights Plan | Any Shares issued under the Performance Rights Plan upon vesting and exercise of a Performance Right will rank equally in all respects with other Shares for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue. The Company will apply for quotation of Shares issued under the Performance Rights Plan. The Shares will not be subject to any transfer restrictions. |
| Plan Trustee | The Company may, at the sole discretion of the Board, determine that any Performance Shares be acquired by a plan trustee and then, from time to time, transferred to a participant. The Company may determine and conclude agreements with the plan trustee, and enforce or prosecute any rights and obligations under such agreements, without reference or recourse to a participant under the Performance Rights Plan. |
| Other | <p>(a) The Board may at any time by resolution amend all or any of the provisions of the Performance Rights Plan, provided that such amendment is in compliance with the ASX Listing Rules and provided that no amendment is made to the terms of any granted Performance Right without the prior written consent of the participant which reduces the rights of the participant in respect of that Performance Right, other than an amendment introduced primarily for the purposes of complying with present or future legislation, to correct a manifest error or mistake, to benefit the administration of the Performance Rights Plan or to take into consideration possible adverse tax implications.</p> <p>(b) The Board may terminate or suspend the Performance Rights Plan at any time, provided that such termination or suspension does not materially adversely affect the then existing rights of participants.</p> <p>(c) The Board may waive in whole or in part any terms or conditions (including any Performance Condition) in relation to any Performance Rights granted under the Performance Rights Plan.</p> |

A voting exclusion statement is included in the Notice.

Directors' Recommendation

The Directors, except for the Executive Directors, unanimously recommend that Shareholders vote in favour of the Resolution proposed by Item 7. In view of their prospective participation in the Performance Rights Plan, the Executive Directors do not make a recommendation in respect of the Resolution proposed by Item 7.

The Chairman intends to exercise all available proxies in favour of the Resolution proposed by Item 7.

Items 8, 9 and 10- Grant of Performance Rights to Executives – Mr Hilton Brett, Mr Michael Hirschowitz and Mr Daniel Agostinelli

Background

The Resolutions proposed by Items 8, 9 and 10 seek Shareholder approval to grant to Hilton Brett, Daniel Agostinelli and Michael Hirschowitz, Directors and therefore related parties of the Company, the following number of Performance Rights under the Performance Rights Plan:

| Related Party - Directors | Item number | Number of Performance Rights |
|----------------------------------|--------------------|-------------------------------------|
| Mr Hilton Brett | Item 8 | 371,526 |
| Mr Daniel Agostinelli | Item 9 | 371,526 |
| Mr Michael Hirschowitz | Item 10 | 247,684 |

The total number of Performance Rights proposed to be granted to the Directors under the Resolutions proposed by Items 8, 9 and 10 is 990,736 Performance Rights, entitling the Directors to acquire up to a maximum of 990,736 Shares if the relevant Performance Conditions (as summarised below) are satisfied or otherwise in accordance with the terms of the Performance Rights Plan.

In the Board's view, the Performance Conditions that must be satisfied before Performance Rights vest and are exercisable link the ultimate value of the Performance Rights to the continued growth of the Company and therefore provide an incentive for each of Hilton Brett, Daniel Agostinelli and Michael Hirschowitz to ensure the Company continues to deliver sustainable growth. Hilton Brett, Daniel Agostinelli and Michael Hirschowitz face considerable ongoing responsibilities and challenges in their roles within the Group. The grant of these Performance Rights will provide Hilton Brett, Daniel Agostinelli and Michael Hirschowitz, each of whom are considered to be key to the future success of the Company, with the opportunity to receive Shares in order to reward their contribution to the future success of the Company.

Shareholder approval – ASX Listing Rules

ASX Listing Rule 10.14 requires shareholder approval by ordinary resolution before a director can acquire securities or rights to securities under an employee incentive scheme. Accordingly, ASX Listing Rule 10.14 requires Shareholders to approve the proposed grant of Performance Rights under the Resolutions proposed by Items 8, 9 and 10 to Hilton Brett, Daniel Agostinelli and Michael Hirschowitz.

If approval is given for the grant of the Performance Rights under ASX Listing Rule 10.14, approval is not required for the allocation and issue of Shares on vesting and exercise of any Performance Rights under ASX Listing Rule 7.1, and separate approval is not required under ASX Listing Rule 10.11 (which provides a general restriction against issuing securities to directors without shareholder approval).

Information required by ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders in relation to the Resolutions proposed by Items 8, 9 and 10 which is not already provided above:

| Information | Disclosure |
|--|---|
| The maximum number of securities that may be acquired by all persons for whom approval is required | 990,736 Performance Rights (to acquire up to 990,736 Shares upon vesting). The Board retains discretion on whether entitlements to Shares will be settled via the issue of Shares or via the payment of cash in accordance with the terms of the Performance Rights Plan. |
| The price for each security to be acquired under the Performance Rights Plan | The Performance Rights will be granted for no consideration. In addition, once vested, the Performance Rights become immediately exercisable. Following exercise of the Performance Rights, the Company must either issue one Share for every Performance Right exercised or pay a cash amount cash in accordance with the terms of the Performance Rights Plan. The Shares will be issued for no |

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| | consideration. No funds will be raised by the grant of the Performance Rights. |
| The names of all Directors entitled to participate in the Performance Rights Plan ¹ | All executive Directors are entitled to participate in the Performance Rights Plan, which currently includes Mr Hilton Brett, Mr Daniel Agostinelli, Mr Michael Hirschowitz and Mr Daniel Gilbert. Non-executive directors are not entitled to participate in the Performance Rights Plan. |
| The date by which the entity will issue the securities | The Performance Rights will be issued as soon as practicable after the Meeting, but in any event no later than 12 months after the Meeting. |
| The maximum number of Performance Rights each Director is entitled to receive | Mr Hilton Brett: 371,526 Mr Daniel Agostinelli: 371,526 Mr Michael Hirschowitz: 247,684 |

In addition, the Company advises that:

- the Performance Rights Plan has never been approved by Shareholders (but it is proposed by this Notice to be approved by Shareholders at the Meeting in accordance with the Resolution proposed by Item 7);
- as at the date of this Notice, no securities have been granted or issued under the Performance Rights Plan; and
- no loans will be made by the Company to any of Hilton Brett, Daniel Agostinelli and Michael Hirschowitz in relation to the acquisition of the Performance Rights or any Shares resulting from the exercise of the Performance Rights.

A voting exclusion statement is included in the Notice.

Corporations Act - Acceleration of vesting

Part 2D.2, Division 2 of the Corporations Act provides that a listed company must not permit a person in a managerial or executive office (including a Director) to receive a benefit in connection with their retirement or removal from office or employment (**Termination Benefit**), except with respect to certain statutory exceptions, over the applicable 'base salary amount' without Shareholder approval. The 'base salary amount' is calculated as 12 months of the applicable person's base salary plus any short term benefits not dependent on performance conditions paid during the relevant period. This section of the Corporations Act, and in particular the meaning of a Termination Benefit, is subject to a broad interpretation.

As described above, under the Performance Rights Plan, where a participant in that plan ceases to be an employee or director of a Group Company all unvested Performance Rights held by that participant will lapse. However, in such circumstances, the Board has the discretion to otherwise determine how Performance Rights are to be treated. For example, where the reason for that participant ceasing employment is because of death, total and permanent disability, retirement or redundancy (as determined by the Board) or any other reason with the approval of the Board, the Board may determine that the Performance Rights held by that participant do not lapse.

The Board has formed the view that should the Performance Rights in respect of any of Hilton Brett, Daniel Agostinelli and Michael Hirschowitz not automatically lapse on cessation of employment, the value of the Performance Rights provided to each of those persons may be considered a Termination Benefit. Accordingly, Shareholder approval is being sought for any such benefit which Hilton Brett, Daniel Agostinelli and Michael Hirschowitz may receive under the Performance Rights Plan.

If Shareholders approve the Resolutions proposed by Items 8, 9 and 10, the maximum number of Performance Rights that may vest upon the retirement or removal from office of each Director under the Performance Rights Plan will be the number of Performance Rights granted to that Director under the Resolutions proposed by Items 8, 9 and 10 as detailed above (as applicable). However, the actual number of Performance Rights that may vest upon retirement or removal from office (if any) will depend on a range of factors. Accordingly, the precise value of the affected Performance Rights cannot presently be ascertained at this time. Matters, events and

¹ As at the date of this Notice, Mr Michael Cooper is an executive Director. However as he is retiring at the Meeting he is not included in this table as a Director entitled to participate in the Performance Rights Plan.

circumstances that will, or are likely to, affect the calculation of that value include the following:

- the number of unvested Performance Rights held by the Director prior to the cessation of engagement/employment;
- the extent to which the relevant Performance Conditions attaching to the Performance Rights before they vest and are exercisable are met at the time;
- the period that has elapsed at that time since the effective grant of the Performance Rights;
- the reasons for cessation of engagement/employment;
- the number of Performance Rights that vest; and
- the Company's share price at the date of vesting.

The Company will calculate the value of the Performance Rights on the basis of the prevailing share price of the Company at the time.

Corporations Act - Related Party Transactions

Section 208 of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless the giving of the financial benefit falls within one of the permitted exceptions or prior shareholder approval is obtained to giving the financial benefit. For the purposes of Section 208 of the Corporations Act:

- directors of a company and an entity controlled by a director of the company are considered to be a related party; and
- the issuing of securities or granting of an option is an example of the giving of a financial benefit.

Section 211 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is remuneration to a related party as an officer or employee of a public company (or other prescribed entity) and where to give the remuneration would be reasonable given the circumstances of the public company (or entity giving the remuneration) and the related party's circumstances (including the responsibilities involved in the office or employment).

The Company considers that the exception in section 211 of the Corporations Act applies to the proposed grant of Performance Rights under the Resolutions proposed by Items 8, 9 and 10 to Hilton Brett, Daniel Agostinelli and Michael Hirschowitz given the circumstances of the Company and the circumstances of each of Hilton Brett, Daniel Agostinelli and Michael Hirschowitz.

Performance Conditions

Under the Performance Rights Plan, Performance Rights are granted but only vest subject to the achievement (or waiver in certain circumstances) of specific Performance Conditions.

The Performance Conditions set by the Board for the proposed grants of Performance Rights to Hilton Brett, Daniel Agostinelli and Michael Hirschowitz are as follows:

- for 50% of the Performance Rights granted to each of them (**EPS tranche**), an Earnings Per Share (**EPS**) Performance Condition; and
- for 50% of the Performance Rights granted to each of them (**TSR tranche**), a market comparative Total Shareholder Return (**TSR**) Performance Condition.

In each case, satisfaction of the Performance Condition is subject to the vesting scale outlined below. The EPS and TSR Performance Conditions are measured over a 3 year period. In addition, Hilton Brett, Daniel Agostinelli and Michael Hirschowitz must be employed by a Group Company on the testing date of the above Performance Conditions.

The Performance Condition is not retested if not met and any Performance Rights will lapse, subject to the waiver of Performance Conditions to the extent permitted under the Performance Rights Plan.

EPS Performance Condition

EPS is the non-dilutive EPS, which is measured as the net profit after income tax expense of the consolidated entity after non-controlling interests, divided by the weighted average number of shares on issue over the relevant measurement period.

In relation to the proposed grants of Performance Rights to Hilton Brett, Daniel Agostinelli and Michael

Hirschowitz, the EPS tranche for each of them will vest upon the Company attaining a pre-determined 3-year compound annual EPS growth rate prescribed by the Board in accordance with the following vesting scale:

| 3-year compound EPS level | Percentage of EPS tranche to Vest |
|---------------------------|-----------------------------------|
| Threshold level | 25% |
| Target level | 50% |
| Stretch level | 100% |

The 3-year compound EPS levels have been set by reference to the Company's own internal modelling.

The 3-year compound annual EPS growth rate will be calculated by compounding the Company's 3 annual results commencing with the Company's FY2016 annual report as follows: $(FY19/FY16)^{1/3} - 1$. The EPS measure to be used will be as determined by AASB 133, subject to any adjustments deemed necessary by the Board.

TSR Performance Condition

Broadly, TSR measures the return received by shareholders from holding shares in a company over a particular period. TSR is calculated by taking into account the change in a company's share price over the relevant measurement period as well as the dividends received (and assumed to be reinvested back into the company's shares) during that period.

The TSR Performance Condition for the proposed grants of Performance Rights to Hilton Brett, Daniel Agostinelli and Michael Hirschowitz compares the Company's TSR performance over the performance period against the TSR performance over the same period of a group of comparator companies. The group of comparator companies comprises ASX listed comparable companies, but excludes any of such companies that are under takeover or takeover speculation, have merged, had a share reconstruction or been de-listed as at the measurement date.

The TSR of the Company and other companies in the comparator group will be expressed as a compound annual rate of return, comprised of the change in share price of the Company over the period of 3 years commencing on 9 September 2016 based on a 10 trading day VWAP.

A minimum TSR ranking for the Company at the 50th percentile measured against the comparator companies is required for any Performance Rights in the TSR tranche for each of Hilton Brett, Daniel Agostinelli and Michael Hirschowitz to vest.

All of the TSR tranche will vest if the Company's TSR ranking is at or above the 75th percentile measured against the comparator companies.

Vesting will occur on a straight line pro rata basis up to 100% of the TSR tranche for a TSR ranking for the Company between greater than the 50th percentile and up to the 75th percentile.

Directors' Recommendations

The Board unanimously (other than Hilton Brett) recommends that Shareholders vote in favour of the Resolution proposed by Item 8.

The Board unanimously (other than Daniel Agostinelli) recommends that Shareholders vote in favour of the Resolution proposed by Item 9.

The Board unanimously (other than Michael Hirschowitz) recommends that Shareholders vote in favour of the Resolution proposed by Item 10.

The Chairman intends to exercise all available proxies in favour of the Resolutions proposed by Items 8, 9 and 10.

Item 11: Change of company name to 'RCG Accent Limited'

Background

Item 11 seeks Shareholder approval to change the Company's name from 'RCG Corporation Limited' to 'RCG Accent Limited', and to amend the Company's Constitution to reflect the change of name. The Board has approved this change of name subject to the approval by Shareholders of this Resolution.

The Accent Group was acquired by the Company in May 2015. Accent is now by far the most substantial operating segment in the Group, contributing over 70% of Group's EBITDA for the year ended 26 June 2016. The Board considers that the change of name is appropriate so as to align the identity of the Company with the underlying operating businesses.

Reason for the Resolution

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name. Section 136(2) of the Corporations Act provides that a company may modify its constitution, or a provision of its constitution, by special resolution.

This Resolution is a special resolution and requires approval of 75 per cent or more of all votes cast by or on behalf of Shareholders present and eligible to vote.

If this Resolution is approved by Shareholders, in accordance with section 157(3) of the Corporations Act, the change of name will take effect when ASIC alters the details of the Company's registration to note the change of name. There will be no change to the Company's ASX listing code from "RCG" if Shareholders approve this Resolution.

If this Resolution is not approved by Shareholders, the name of the Company will remain as 'RCG Corporation Limited'.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Resolution proposed by Item 11.

GLOSSARY

In this Notice, the following items have the following meanings unless the context requires otherwise:

\$ means Australian Dollars.

AEDT means Australian Eastern Daylight Savings Time as observed in Sydney, Australia.

ASX means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the official listing rules of the ASX.

Board means the current board of directors of the Company.

Closely Related Party has the meaning as defined in section 9 of the Corporations Act.

Capital Raising means the capital raising completed by the Company on 4 March 2016 to raise \$50 million through the issue of the Capital Raising Shares.

Capital Raising Shares mean the 33,333,334 Shares issued by the Company under the Capital Raising at the issue price of \$1.50 per Share to certain institutional, professional and/or sophisticated investors.

Company means RCG Corporation Limited (ACN 108 096 251).

Constitution means the Company's Constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Entitlement Time means 7.00pm (AEDT) on Wednesday, 23 November 2016.

Executive Directors mean each of Hilton Brett, Daniel Agostinelli, Michael Hirschowitz, Michael Cooper and Daniel Gilbert.

Explanatory Statement means the explanatory statement accompanying and forming part of this Notice.

Facility Agreement means the secured debt facilities entered into by the Company with the Lender.

Group means the Company and the subsidiaries of the Company from time to time.

Group Company means any body corporate or entity which is a member of the Group.

Hype Acquisition means the acquisition by the Company of the entire issued capital of Hype DC, which was announced by the Company on 4 July 2016 and was completed by the Company on 4 August 2016.

Hype Consideration Shares mean the 36,842,105 Shares issued by the Company as part consideration to the Hype Vendors at the issue price of \$1.425 per Share in accordance with the terms of the Hype Acquisition.

Hype DC means Hype DC Pty Limited ACN 081 432 313.

Hype Vendors mean the vendors of Hype DC under the Hype Acquisition.

Items means the items set out in this Notice, or any one of them, as the context requires.

Key Management Personnel has the meaning as defined in section 9 of the Corporations Act.

Lender means National Australia Bank Limited.

Meeting means the 2016 Annual General Meeting of Shareholders to be held at the offices of the Company's share registry, Computershare Investor Services Pty Limited, at Level 4, 60 Carrington Street, Sydney NSW 2000 on Friday, 25 November 2016 at 10:00am AEDT.

Notice means this Notice of Annual General Meeting (including the Explanatory Statement and the Proxy Form).

Performance Rights Plan means the employee incentive scheme of the Company titled the 'RCG Performance Rights Plan' adopted by the Board on 14 October 2016.

Performance Share means a Share allocated or provided (whether by way of issue or transfer) to a holder of a Performance Right following exercise of the Performance Right pursuant to the terms of the Performance Rights Plan.

Performance Condition means any condition determined by the Board which must be satisfied or circumstances which must exist before a Performance Right vests and a person who holds a Performance Right can, if they so determine, exercise the Performance Right.

Proxy Form means the proxy form accompanying this Notice.

Related Body Corporate has the meaning set out in section 50 of the Corporations Act.

Resolutions means the resolutions proposed by the Items set out in this Notice, or any one of them, as the context requires.

Remuneration Report means the remuneration report set out in the Director's Report section of the Company's annual financial report for the year ended 26 June 2016.

Security has the meaning given to that term in the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

RCG
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



Online:
www.investorvote.com.au



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Victoria 3001 Australia

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Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.


Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10:00am (AEDT) on Wednesday, 23 November 2016**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of RCG Corporation Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of members of RCG Corporation Limited to be held at Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000 on Friday, 25 November 2016 at 10:00am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 7, 8, 9 and 10 (except where I/we have indicated a different voting intention below) even though Items 2, 7, 8, 9 and 10 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 7, 8, 9 and 10 by marking the appropriate box in step 2 below.

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.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

| | For | Against | Abstain |
|--|--------------------------|--------------------------|--------------------------|
| 2 Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.1 Re-election of Mr Michael Hirschowitz as a Director of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.2 Re-election of Mr David Gordon as a Director of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.3 Election of Mr Daniel Gilbert as a Director of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

SPECIAL BUSINESS

| | | | |
|--|--------------------------|--------------------------|--------------------------|
| 4 Ratify the prior issue of Shares - Subsequent approval of the issue of the Capital Raising Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 Ratify the prior issue of Shares - Subsequent approval of the issue of the Hype Consideration Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | For | Against | Abstain |
|--|--------------------------|--------------------------|--------------------------|
| 6 Approval of financial assistance in connection with the Hype Acquisition | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 Approval of the RCG Performance Rights Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 Grant of Performance Rights to a Director and related party, Mr Hilton Brett | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9 Grant of Performance Rights to a Director and related party, Mr Daniel Agostinelli | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10 Grant of Performance Rights to a Director and related party, Mr Michael Hirschowitz | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11 Change of company name to 'RCG Accent Limited' | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / _____ / _____

Date

RCG

9 9 9 9 9 9 A

Computershare +