
RETAIL STAR LIMITED

ABN 71 098 238 585

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

CORPORATE REPRESENTATIVE FORM

TIME: 11.00 am (EST)

DATE: 28 February 2007

PLACE: Four Points Sheraton
Sussex Room II
161 Sussex Street
Sydney, New South Wales

This Notice of Annual General Meeting is an important document and requires your immediate attention. Please read it carefully. If you are in doubt as to what you should do, please consult your professional adviser.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Retail Star Limited which this Notice of Annual General Meeting relates to will be held at 11.00am (EST) on Wednesday, 28 February 2007 at Four Points Sheraton, Sussex Room II, 161 Sussex Street, Sydney, New South Wales.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) deliver the proxy form by hand to the Company's registered office at Level 2, 350 Kent Street, Sydney, New South Wales, 2000; or
- (b) send the proxy form by facsimile to the Company on facsimile number (02) 9299 2239.

so that it is received not later than 11.00am (EST) on Monday, 26 February 2007.

Proxy forms received later than this time will be invalid.

CORPORATE REPRESENTATIVE

Any company who has appointed a person to act as its Corporate Representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's Representative. The authority may be sent to the Company in advance of the Meeting or handed in at the Meeting when registering as a Corporate Representative. An appointment of Corporate Representative Form is enclosed if required.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Retail Star Limited will be held at Four Points Sheraton, Sussex Room II 161 Sussex Street, Sydney, New South Wales at 11.00am (EST) on Wednesday, 28 February 2007.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company on 26 February 2007 at 11.00am (EST).

AGENDA

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at the Meeting.

ADOPTION OF FINANCIAL REPORTS

To receive the Annual Financial Report, including Directors' Declaration and accompanying Reports of the Directors and Auditors for the financial year ending 31 July 2006.

To receive the Interim Financial Report, including Directors' Declaration and accompanying Reports of the Directors and Auditors for the half-year ending 31 January 2006.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Section 250R (2) of the Corporations Act, the Company adopt the Remuneration Report as contained in the Annual Financial Report for the year ended 31 July 2006."

Short Explanation: For financial years beginning on or after 1 January 2004, at a listed company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. The vote on this resolution is advisory only and does not bind the Directors of the Company.

RESOLUTION 2 - ADOPTION OF A NEW CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, pursuant to Section 136(2) of the Corporations Act and for all other purposes, the Company adopts a new constitution in the form as signed by the Chairman of the Annual General Meeting for identification purposes, in lieu of the existing constitution of the Company, at the close of the Annual General Meeting."

RESOLUTION 3 – RATIFICATION OF DIRECTORS' FEES

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

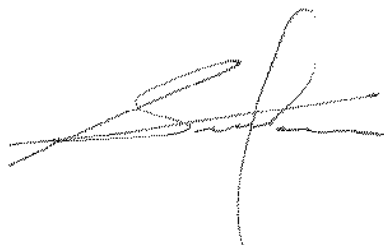
"That Directors' fees of a maximum of \$210,000 per annum to be divided amongst the Directors in such proportions in such manner as the Directors' may agree are approved."

Short Explanation: A proposal to pay directors' fees requires shareholder approval.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Directors of the Company and any of their associates.

GENERAL BUSINESS

To consider any other business that may be brought forward in accordance with the Constitution of the Company or the law.

DATED: 24 JANUARY 2007**BY ORDER OF THE BOARD**A handwritten signature in black ink, appearing to read 'Simon Headon', written over a horizontal line.

**MR SIMON HEADON
COMPANY SECRETARY
RETAIL STAR LIMITED**

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a 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.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting.

FINANCIAL REPORTS

The first agenda item is to receive the financial reports of the Company for the year ended 31 July 2006 and the half-year ended 31 January 2006 comprising the Financial Statements, Directors' Report, Directors' Declaration and Independent Audit Report.

No resolution is required in respect of this agenda item. However, it provides Shareholders with the opportunity to ask questions of the Company's Directors and Auditors in relation to the Company's results for that financial year.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report of the Company's 2006 Annual Report. The Remuneration Report sets out the broad remuneration policy of the Company and the actual remuneration paid to directors and executives of the Company during the year ended 31 July 2006.

Section 250R(2) of the Corporations Act requires the Company to propose a resolution at each Annual General Meeting that the remuneration report of the Company be adopted.

The vote on this resolution is advisory only and does not bind the Directors.

RESOLUTION 2 – ADOPTION OF A NEW CONSTITUTION

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 2 is a special resolution which will enable the Company to adopt a new constitution of the type required for a public company limited by shares listed on ASX.

The new Constitution to be adopted contains a number of provisions designed to promote the more efficient running of the Company, which should be of long term benefit to the Company and its Shareholders, including the power of the Company to sell unmarketable parcels of Shares. It has been updated to reflect recent amendments to the Corporations Act and Listing Rules.

It is not practicable to list all of the changes to the Constitution in this Explanatory Statement and Shareholders are invited to contact the Company if they have any queries or concerns. For this purpose, a copy of the proposed new constitution is available for review by Shareholders at the office of the Company.

RESOLUTION 3 – RATIFICATION OF DIRECTORS' FEES

It is proposed to have an amount of funds available for non-executive Directors in the form of fees not exceeding \$210,000 per annum, which will be divided amongst the Directors in such proportions as decided upon by the Directors.

The payment of fees to the Directors does not mean that the Company must pay the entire amount approved as fees each year. However, the Board considers that it is reasonable and appropriate to seek payment of Directors' Fees as this will provide the Company with the flexibility to attract appropriately qualified Directors if circumstances require it.

ENQUIRIES

Shareholders are required to contact the Company Secretary on (08) 9367 8133 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of directors of the Company.

Company means Retail Star Limited (ABN 71 098 238 585).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director(s) mean the director(s) of the Company.

Explanatory Statement means the explanatory statement to the Notice.

EST means Eastern Standard Time.

Meeting means the meeting convened by the Notice.

Notice means the notice of annual general meeting accompanying this Explanatory Statement.

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

Share means a share in the Company.

Shareholder means a shareholder in the Company.

PROXY FORM

**APPOINTMENT OF PROXY
RETAIL STAR LIMITED
ABN 71 098 238 585**

I/We

Being a Member of RETAIL STAR LIMITED entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

OR

☐

Mark this box if you wish to appoint the Chairman of the Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 11.00am (EST) on 28 February 2007 at Four Points Sheraton, Sussex Room II, 161 Sussex Street, Sydney, New South Wales and at any adjournment thereof.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Adoption of new Constitution	☐	☐	☐
Resolution 3	Ratification of Directors' Fees	☐	☐	☐

OR

In relation to the Resolutions, if the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote on these Resolutions, please place a mark in this box

☐

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on the Resolutions and your votes will not be counted in calculating the required majority if a poll is called on these Resolutions. The Chairman intends to vote in favour of these Resolutions.

IF THE CHAIRMAN IS TO BE YOUR PROXY IN RELATION TO THE RESOLUTIONS YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY IN RELATION TO THE RESOLUTIONS WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%.

Signed this _____ day of _____ 2007

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

RETAIL STAR LIMITED
ABN 71 098 238 585

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary; the director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed:
 - (a) deliver the proxy form by hand to the Company's registered office at Level 2, 350 Kent Street, Sydney, New South Wales, 2000; or
 - (b) send the proxy form by facsimile to the Company on facsimile number (02) 9299 2239,so that it is received not later than 11.00 am (EST) on Monday, 26 February 2007.

Proxy forms received later than this time will be invalid.

CORPORATE REPRESENTATIVE FORM

APPOINTMENT OF CORPORATE REPRESENTATIVE
RETAIL STAR LIMITED
ABN 71 098 238 585

Shareholder Details

This is to certify that by a resolution of the Directors of:

(Company), Insert name of Shareholder Company

the Company has appointed:

Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at the meeting of the members of Retail Star Limited to be held on 28 February 2007 and at any adjournments of that meeting/all meetings of the members of Retail Star Limited.

DATED 2007

Please sign here

Executed by the Company)
in accordance with its constituent documents)
)

Signed by authorised representative

Signed by authorised representative

Name of authorised representative (print)

Name of authorised representative (print)

Position of authorised representative (print)

Position of authorised representative (print)

Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (e.g. "John Smith" or "each director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (e.g. director) of each company officer who signs this Certificate on behalf of the company.
4. Insert the date of execution where indicated.
5. To vote as a corporate representative, please complete and sign this form, and:
 - i. deliver the form by hand to the Company's registered office at Level 2, 350 Kent Street, Sydney, New South Wales, 2000; or
 - ii. send the proxy from by facsimile to the Company on facsimile number (02) 9299 2239; or
 - iii. hand in at the Annual General Meeting.