



**BABY BUNTING
GROUP LIMITED**

ABN 58 128 533 693

**NOTICE OF 2016
ANNUAL GENERAL
MEETING**

**Date and time: Monday, 21 November 2016
at 10:00am (Melbourne time)**

Venue: Level 26, 181 William Street, Melbourne, Victoria

BABY BUNTING GROUP LIMITED NOTICE OF 2016 ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of Baby Bunting Group Limited (ABN 58 128 533 693) will be held at the offices of Ashurst Australia at Level 26, 181 William Street, Melbourne on Monday, 21 November 2016 at 10.00am (Melbourne time).

BUSINESS

1. Annual Reports

To consider the Annual Report, the Financial Report and the Reports of the Directors and of the Auditor for the year ended 26 June 2016.

2. Adoption of the Remuneration Report

To adopt the Remuneration Report for the year ended 26 June 2016.

The vote on this resolution is advisory only.

3. Election and Re-Election of Directors

(a) To re-elect Tom Cowan

Tom Cowan is retiring in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

(b) To elect Melanie Wilson

Melanie Wilson having been appointed a Director since the last annual general meeting, is retiring in accordance with the Company's Constitution and, being eligible, offers herself for election as a Director.

4. Approval of the grant of performance rights to the CEO and Managing Director under the Company's Long Term Incentive Plan

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

"That the grant of performance rights to the CEO and Managing Director, Matt Spencer, under the Company's Long Term Incentive Plan as described in the Explanatory Notes to this Notice of 2016 Annual General Meeting, be approved for all purposes, including for the purpose of ASX Listing Rule 10.14."

VOTING RESTRICTIONS

Voting Restrictions for item 2 (Remuneration Report)

Item 2 is a resolution connected directly with the remuneration of members of the key management personnel (KMP) of the Company. The Corporations Act restricts KMP and their closely related parties from voting on such resolutions. Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the member of the KMP.

Any votes cast in any capacity (eg as a shareholder, proxy or corporate representative) on the proposed resolution in item 2 by or on behalf of:

- Directors and the other members of the KMP details of whose remuneration are included in the Remuneration Report; and
- closely related parties of those persons,

will be disregarded. In addition, any votes cast as a proxy on this item by other members of the KMP (and their closely related parties) will also be disregarded.

However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

Voting Restrictions for item 4 (Grant of performance rights)

Item 4 is also a resolution connected directly with the remuneration of a member of the KMP (Matt Spencer).

In accordance with the ASX Listing Rules, any votes cast in any capacity (eg as a shareholder, proxy or corporate representative) on the proposed resolution in item 4 by Matt Spencer, and any of his associates, will be disregarded. (No other director is entitled to participate in the Long Term Incentive Plan.)

In addition, a vote cast as a proxy on item 4 by any other members of the KMP and closely related parties of members of the KMP will be disregarded.

However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

UNDIRECTED PROXIES

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised, having regard to the Voting Restrictions) in favour of each item of business including items 2 (Remuneration Report) and 4 (Grant of performance rights).

ENTITLEMENT TO ATTEND AND VOTE

The Board has determined that, for the purposes of the Meeting (including voting at the Meeting), shareholders are those persons who are registered as holders of the Company's shares at 10.00am (Melbourne time) on Saturday, 19 November 2016.

VOTING BY PROXY

A shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a shareholder. A person can appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its power as a proxy at the Meeting.

A shareholder who is entitled to cast two or more votes may appoint up to two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

Proxy appointments and any authorities under which they are signed (or certified copies of those authorities) may be mailed to:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively, proxy appointments and authorities may be sent by fax to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Shareholders may also submit their proxy instructions electronically to the Company's share registrar by visiting www.investorvote.com.au, and Intermediary Online subscribers only (custodians) should visit www.intermediaryonline.com.

To be effective, a proxy appointment and, if the proxy appointment is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of the authority) must be received by the Company at least 48 hours before the commencement of the Meeting.

For more information concerning the appointment of proxies and the addresses to which proxy forms may be sent, please refer to the proxy form.

VOTING BY ATTORNEY

A shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or the address listed above for the receipt of proxy appointments at least 48 hours before the commencement of the Meeting.

CORPORATE REPRESENTATIVES

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

By order of the Board

Corey Lewis
Company Secretary
11 October 2016

EXPLANATORY NOTES

Item 1

Annual Reports

A copy of the Company's 2016 Annual Report, including the Financial Report and the Reports of the Directors' and the Auditor for the year ended 26 June 2016, can be found on the Company's website at www.babybuntingcorporate.com.au/reports. It was first released to ASX on 21 September 2016.

Shareholders may elect to receive by mail, free of charge, the Company's 2016 Annual Report. Please contact the Company's share registrar, Computershare, to request a hard copy. The Company mails a copy of the Annual Report only to those shareholders who have made an election to receive it.

Item 2

Adoption of the Remuneration Report

As required by the Corporations Act, the Board presents the Remuneration Report to shareholders for consideration and adoption as a non-binding vote. Among other things, the Remuneration Report contains:

- information about the Board policy for determining the nature and amount of remuneration of the Company's Directors and other key management personnel; and
- remuneration details for key management personnel for the period ended 26 June 2016.

The Remuneration Report, which is part of the Directors' Report, can be found on the Company's website at www.babybuntingcorporate.com.au/reports or can be obtained by contacting the Company's share registrar, Computershare.

Board recommendation: The Board considers that the remuneration policies adopted for the Company are appropriate and reasonable as they are structured to provide incentives and rewards that are linked to the Company's financial performance. On this basis, the Board recommends that shareholders eligible to do so vote in favour of item 2.

Item 3

Election and re-election of Directors

For more information on the Directors seeking election or re-election at the Meeting, refer to the Corporate Governance Statement and page 8 of the Directors' Report, each of which is included in the 2016 Annual Report.

Item 3(a)

To re-elect Tom Cowan

Tom Cowan was first appointed a Director of the Company in June 2009.

Tom is Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee. He is a partner of TDM Asset Management, a Sydney-based private investment firm and is also a non-executive director of CSG Limited.

Tom has specifically confirmed to the Company that he will have sufficient time to fulfil his responsibilities as a Director if re-elected.

Board recommendation: The Board (excluding Tom because of his interest) endorses the re-election of Tom Cowan as a Director.

Item 3(b)

To elect Melanie Wilson

Melanie Wilson was appointed a Director of the Company in February 2015.

She is currently a non-executive director of iSelect Limited and Shaver Shop Group Limited.

Melanie has more than 12 years' international retail experience in senior management roles. In her most recent position, Melanie was Head of Online at BIG W.

Melanie has specifically confirmed to the Company that she will have sufficient time to fulfil her responsibilities as a Director if elected.

Board recommendation: The Board (excluding Melanie because of her interest) endorses the election of Melanie Wilson as a Director.

Item 4

Grant of performance rights to Matt Spencer

The Company is asking shareholders to approve a proposed grant of 100,000 performance rights to the Company's CEO and Managing Director, Matt Spencer, on the terms and conditions set out below.

Long Term Incentive Plan and performance rights

In conjunction with its ASX listing, the Company adopted a Long Term Incentive Plan designed to align the interests of executives and senior employees more closely with the interests of the Company's shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company through the grant of "performance rights". Upon vesting, each performance right entitles the participant to one fully paid ordinary share in the Company.

Proposed grant

Matt Spencer was granted 1,881,714 performance rights in October 2015 when the Company listed on ASX. Item 4 is a proposal to grant Matt an additional 100,000 performance rights, on the same terms and conditions (including performance conditions and performance hurdles) as the October 2015 award.

The Board has determined to make this additional grant in recognition of Matt's contribution to the Company's strong FY2016 financial performance as well as to provide further incentives for Matt to continue to focus on ongoing improvement of the Company's long term performance. In making that decision, the Board had regard to its policy of structuring executive remuneration to provide (relative to comparable organisations) for a lower level of base salary combined with a higher proportion of "at-risk" remuneration.

Performance conditions and performance hurdles

The performance conditions and performance hurdles that will apply to the 100,000 performance rights are the same as those that apply to the existing performance rights granted to Matt Spencer during FY2016. Details of these conditions and hurdles are set out in section 3.3 of the Company's Remuneration Report for the year ended 26 June 2016.

In summary:

- half of the performance rights are subject to the earnings per share growth performance condition (EPS Rights) and the other half are subject to the total shareholder return growth condition (TSR Rights);
- the EPS Rights will be assessed against EPS growth as follows: 20% will be measured in the period from the end of FY2016 to the end of FY2018; 30% will be measured in the period from the end of FY2016 to the end of FY2019; and 50% will be measured in the period from the end of FY2016 to the end of FY2020;
- the TSR Rights will be assessed against TSR growth, with a starting reference point of the Company's listing on ASX, as follows: 20% will be measured by reference to the period ending shortly following the release of the Company's FY2018 results; 30% will be measured by reference to the period ending shortly following the release of the Company's FY2019 results; and 50% will be measured by reference to the period ending shortly following the release of the Company's FY2020 results;
- for a performance period, the number of EPS Rights that vest will range from 15%, if 15% EPS CAGR is achieved, and up to 100% if 25% EPS CAGR is achieved over the relevant performance period; and
- for a performance period, the number of TSR Rights that vest will range from 15%, if 15% TSR CAGR is achieved, and up to 100% if 25% TSR CAGR is achieved over the relevant performance period.

For further details on the performance conditions and performance hurdles, as well as terms dealing with the treatment of performance rights on cessation of employment or a change of control, please refer to section 3.3 of the Company's Remuneration Report.

Other information

The Company provides the following additional information in relation to the proposed grant of performance rights to Matt Spencer.

Matt Spencer is the only director entitled to participate in the Company's Long Term Incentive Plan.

No amount will be payable by Matt on grant or, if vesting occurs, upon exercise of the performance rights.

There is no loan scheme in relation to the performance rights (or the shares underlying them).

If approval to grant the performance rights under this item 4 is obtained, approval is not required under Listing Rule 7.1 for the issue of securities.

It is the intention of the Board that the performance rights will be granted to Matt Spencer by 24 November 2016 (but, in any event, not more than 12 months after the date of the Annual General Meeting).


Board recommendation: The Board considers the proposed grant of additional performance rights is appropriate and in the best interests of the Company and its shareholders. The grant strengthens the alignment of Matt's interests with shareholders, and the additional performance rights provide an increased link between the reward for Matt's performance and returns for shareholders over the next four financial years. On this basis, the Board recommends that shareholders eligible to do so vote in favour of item 4.



Baby Bunting Group Limited

ABN 58 128 533 693

Appoint your proxy:

  **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

BBN

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

Proxy Form

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Appoint your proxy and view the 2016 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 for appointing your proxy online:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.
Please dispose of this Form carefully if you appoint your proxy online.



 **For your vote to be effective it must be received by 10.00am (Melbourne time) Saturday, 19 November 2016**

How to direct your proxy to vote

All your shares 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 in respect of an item, 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 number or percentage of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast on an item of business 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 number or percentage of shares you wish each proxy to vote, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the number or percentage of shares for each in Step 1 overleaf.

A proxy need not be a shareholder of the Company.

Signing Instructions for Proxy Forms

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

Joint Holding: Where the holding is in more than one name, all of the shareholders 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 shareholder 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 APPOINT YOUR PROXY,
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. Shareholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a proxy to vote on your behalf

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I/We being a shareholder of Baby Bunting Group Limited and entitled to attend and vote at the 2016 Annual General Meeting (Meeting) 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 Baby Bunting Group Limited to be held at Level 26, 181 William Street, Melbourne, Victoria on Monday, 21 November 2016 at 10.00am (Melbourne time) 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 in respect of items 2 & 4 notwithstanding that each of these items is connected directly or indirectly with the remuneration of a member of key management personnel of the Company.

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 & 4 by marking the appropriate box in step 2 below.

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.

		For	Against	Abstain
Item 2	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3(a)	To re-elect Tom Cowan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3(b)	To elect Melanie Wilson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Approval of the grant of performance rights to the CEO and Managing Director under the Company's Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Board recommendation: The Board recommends shareholders vote FOR each item of business.

Exercise of proxies by the Chairman: The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business, where authorised to do so. In exceptional circumstances, the Chairman of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Shareholder(s)

This section must be completed.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____

BBN

219063A

Computershare +