



BRISCOE
GROUP LIMITED

Briscoe Group Limited

36 Taylors Road, Mt Albert, Auckland 1025, New Zealand. PO Box 884, Shortland Street, Auckland 1140.
Phone: +64 9 815 3737 Fax: +64 9 815 3738 www.briscoegroup.co.nz

Kathmandu Holdings Limited
11 Mary Muller Drive
Christchurch

1 July 2015

Takeover Notice under rule 41 of the Takeovers Code

Briscoe Group Limited (**Briscoe Group**) gives notice pursuant to rule 41 of the Takeovers Code of its intention to make a full takeover offer for 100% of the fully paid ordinary shares in Kathmandu Holdings Limited (**Kathmandu**) not already held by Briscoe Group.

Briscoe Group does not intend to make the proposed offer until an exemption of the kind described in the attached draft offer document, or other exemptions or arrangements to deal with foreign registered shareholdings acceptable to Briscoe Group, is obtained, but it reserves its right to do so, or to lodge a further takeover notice.

Attached is the information specified in Schedule 1 of the Takeovers Code which is required to be contained in, or to accompany, this notice. This includes the signed certificate required under clause 19 of Schedule 1 of the Takeovers Code. Part of the consideration payable under the takeover offer is in the form of shares in Briscoe Group and so an offer is also being made under the Securities Act 1978 in accordance with transitional provisions as set out in schedule 4 of the Financial Markets Conduct Act 2013. We therefore include with this takeover notice every "relevant document" as defined under the Takeovers Code.

If Briscoe Group proceeds to make a takeover offer, the offer will be made on the same terms and conditions as those contained in or accompanying this notice with any modifications permitted or required by the Takeovers Code.

Yours faithfully
Briscoe Group Limited

Dame Rosanne Meo
Chairman

cc: The Takeovers Panel
Level 3, Solnet House
70 The Terrace
WELLINGTON 6011
By email:
takeovers.panel@takeovers.govt.nz

NZX Limited
Level 2, NZX Centre
11 Cable Street
PO Box 2959
WELLINGTON
By email: announce@nzx.com

TERMS AND CONDITIONS OF THE OFFER
--

Briscoe Group Limited (**Briscoe Group**) offers to purchase all of the ordinary shares in Kathmandu Holdings Limited (**Kathmandu**) (**Kathmandu Shares**) not already held by Briscoe Group:

- (a) from shareholders whose address in Kathmandu's share register is not within New Zealand or Australia and to whom it would not be lawful for Briscoe Group to offer ordinary shares in Briscoe Group (**Briscoe Group Shares**) in the form of this offer and the accompanying Simplified Disclosure Prospectus (**Foreign Exempt Shareholders**), for the proceeds of sale of the Briscoe Group Shares as described in paragraphs 2.2 to 2.6, plus a cash amount of NZ\$0.20 per Kathmandu Share;
- (b) from all other Kathmandu shareholders, for five (5) Briscoe Group Shares for every nine (9) Kathmandu Shares, plus a cash amount of NZ\$0.20 per Kathmandu Share,

in each case, on the terms and conditions contained in this Takeover Offer Document (**Takeover Offer**). In determining the total number of Briscoe Group Shares to be issued to a Kathmandu shareholder, fractional numbers of Briscoe Group Shares less than and including 0.5 will be rounded down to the nearest whole number and fractional numbers above 0.5 will be rounded up to the nearest whole number.

If there is any question as to whether or not a person constitutes a Foreign Exempt Shareholder, it will be determined by a suitably qualified expert nominated by Briscoe Group (who is independent of, and not an associate of, Briscoe Group).

Information pertaining to the issue of the Briscoe Group Shares is set out in the accompanying registered Simplified Disclosure Prospectus.

1. THIS OFFER

- 1.1 Briscoe Group offers to acquire Kathmandu Shares, including all rights, benefits, and entitlements attached thereto on, after, or by reference to, the date on which Briscoe Group gave Kathmandu notice of its intention to make this Takeover Offer (**Notice Date**).
- 1.2 This Takeover Offer will remain open for acceptance until [] or such later date (if any) as Briscoe Group may determine to extend it in accordance with the Takeovers Code (**Closing Date**).
- 1.3 This Takeover Offer is dated [].

Takeovers Panel for an exemption on terms consistent with the Panel's stated policy in relation to scrip offers and overseas shareholders as set out in the Panel's Guidance Note on Exemptions. That policy requires that a Foreign Exempt Shareholder will have the shares allotted to a nominee in New Zealand who must sell the shares as soon as practicable after allotment and in a manner consistent with the terms of the Takeover Offer and must pay the proceeds, net of brokerage to the overseas shareholder. The nominee facility set out in paragraph 2.6 is consistent with that policy.

- 2.5** A shareholding of a parcel of less than 100 Briscoe Group Shares is considered to be an "unmarketable parcel" (in accordance with the NZX Listing Rules). Therefore, a Kathmandu shareholder who holds less than approximately 180 Kathmandu Shares, by accepting the Takeover Offer, may end up holding an unmarketable parcel of Briscoe Group Shares (unless that shareholder already holds Briscoe Group Shares). In accordance with the [Takeovers Code (Briscoe Group Limited) Exemption Notice 2015], if, at the time of acceptance of the Takeover Offer, a Kathmandu shareholder holds less than the number of Kathmandu Shares that would result in that shareholder holding an unmarketable parcel of Briscoe Group Shares (**Small Shareholder**), then that Small Shareholder can elect to utilise the nomination facility detailed in paragraph 2.6.
- 2.6** In accordance with the [Takeovers Code (Briscoe Group Limited) Exemption Notice 2015], Briscoe Group will operate a nomination facility for any Acceptor that is a Foreign Exempt Shareholder, or is a Small Shareholder who elects to use the nomination facility, (each a **Relevant Shareholder**), whereby Briscoe Group will allot the Briscoe Group Shares that would otherwise be allotted to each Relevant Shareholder as consideration under the Takeover Offer to a nominee appointed by Briscoe Group (the **Nominee**). The Nominee has agreed to, as soon as reasonably practicable and in a manner consistent with the terms of this Takeover Offer relating to payment of consideration, sell the Briscoe Group Shares, and pay each Relevant Shareholder the proceeds from the sale of their Briscoe Group Shares that would have otherwise been allotted to that Relevant Shareholder, net of any applicable brokerage costs and stamp duty (if any). Payment of the relevant amount will be made in New Zealand dollars not later than the Latest Payment Date.
- 2.7** If the consideration payable to an Acceptor is not allotted to that Acceptor (or, in the case of a Relevant Shareholder, the nominee does not make payment as contemplated by clause 2.6) before the Latest Payment Date, that Acceptor may withdraw their acceptance of this Takeover Offer by notice in writing to Briscoe Group, but only:
- (a) after the expiration of seven (7) days' written notice to Briscoe Group of that Acceptor's intention to do so; and
 - (b) if that Acceptor does not receive the consideration to which they are entitled during the seven (7) day period referred to in paragraph 2.7(a).

3. TERMS OF THIS OFFER

- 3.1** Unless this Takeover Offer is withdrawn in its entirety with the consent of the Takeovers Panel in accordance with the Takeovers Code or unless this Takeover Offer lapses in accordance with its terms, this Takeover Offer will remain open for acceptance until and including the Closing Date.
- 3.2** The latest date on which Briscoe Group can declare this Takeover Offer unconditional (**Condition Date**) is 14 days after the Closing Date excluding, for the purposes of this paragraph 3.2, any extension of the Closing Date beyond []. If this Takeover Offer is not extended and the Takeover Offer period ends on [], then as at the date of this Takeover Offer, the latest date under the Takeovers Code by which Briscoe Group can declare this Takeover Offer unconditional is [], on the basis that the conditions in paragraphs 4, 5.1, 5.2 and 5.4 have been satisfied or waived.
- 3.3** If this Takeover Offer is not declared unconditional, or the outstanding conditions to it are not waived by Briscoe Group (to the extent they are permitted to be waived), by the Condition Date, then this Takeover Offer will lapse and Briscoe Group and every Acceptor will be released from their obligations under this Takeover Offer (and any contract arising from their acceptance of it).
- 3.4** This Takeover Offer is open for acceptance by any person who holds Kathmandu Shares, whether acquired before, on, or after the date of this Takeover Offer, upon production of satisfactory evidence of such person's entitlement to those Kathmandu Shares. A holder of Kathmandu Shares may accept this Takeover Offer in respect of all or any of their Kathmandu Shares. Each acceptance must be free of all conditions of acceptance of any nature whatsoever.
- 3.5** Each Acceptor represents and warrants that:
- (a) it is the sole legal and beneficial owner of Kathmandu Shares in respect of which it accepts this Takeover Offer, or it is the legal owner and has the necessary capacity and authority to accept this Takeover Offer in respect of those Kathmandu Shares; and
 - (b) legal and beneficial title to all those Kathmandu Shares in respect of which it accepts this Takeover Offer will pass to Briscoe Group free of all liens, charges, mortgages, encumbrances and other adverse interests or claims of any nature whatsoever, but together with all rights, benefits and entitlements attaching to them, including the right to all dividends, bonuses and other payments and distributions of any nature attaching to such Kathmandu Shares arising on, after, or by reference to, the Notice Date, on allotment of the Briscoe Group Shares pursuant to paragraph 2, including for the avoidance of doubt, allotment to any Nominee contemplated by paragraph 2.6; and
 - (c) accepting the Takeover Offer in the manner contemplated by the Acceptance Form submitted by the Acceptor will not cause Briscoe Group to breach any law in delivering the relevant consideration.
- 3.6** Acceptance of this Takeover Offer constitutes a representation and warranty by the Acceptor to Briscoe Group that title to Kathmandu Shares to which the applicable

acceptance relates will pass to Briscoe Group on the basis described in paragraph 3.5 and that the Acceptor has full power, capacity and authority to sell and transfer all Kathmandu Shares in respect of which they accept this Takeover Offer.

3.7 Briscoe Group may choose to engage the services of one or more Primary Market Participants (in terms of the NZX Participant Rules) or other financial advisory firms (**Brokers**) to contact holders of Kathmandu Shares and receive acceptance forms for Kathmandu Shares. If Briscoe Group chooses to do this, the key terms of engagement will be as follows:

- (a) for each completed and valid Acceptance Form procured by a Broker, Briscoe Group may pay to that Broker a handling or procurement fee in respect of Kathmandu Shares the subject of the Acceptance Form (**Procurement Fee**). The amount of the Procurement Fee will be 0.75% of the consideration payable by Briscoe Group under this Takeover Offer to the relevant Acceptor in respect of the Acceptance Form received, calculated on the basis that each Briscoe Group Share is valued at NZ\$2.88 (being the one-month volume weighted average price for Briscoe Group Shares calculated up to and including 29 June 2015(including trading on NZX and ASX (converted to NZ\$)). The Procurement Fee will be subject to a minimum amount of NZ\$25 and a maximum amount of NZ\$500 for a single Acceptance Form inclusive of GST, if any;
- (b) the Broker will be paid, and receive, the Procurement Fee solely in connection with its services to Briscoe Group and must not, directly or indirectly, pass any or all of the Procurement Fee on to any Acceptor, or share the Procurement Fee with any Acceptor;
- (c) the payment of a Procurement Fee to a Broker in respect of an Acceptance Form procured by that Broker is in all respects conditional on Kathmandu Shares, which are the subject of that Acceptance Form, being validly transferred to Briscoe Group. No Procurement Fees will be payable if this Takeover Offer is not declared unconditional by Briscoe Group. In addition, the Acceptance Form must be delivered to Briscoe Group in accordance with paragraph 7 and, unless Briscoe Group in its sole discretion determines otherwise, must be stamped by the Broker (and only that Broker). A Procurement Fee will not be paid in respect of Kathmandu Shares acquired by Briscoe Group through the compulsory acquisition provisions set out in Part 7 of the Takeovers Code;
- (d) Brokers are precluded from receipt of any Procurement Fee in respect of Kathmandu Shares in which they or their associates have relevant interests;
- (e) Briscoe Group may, in determining the Procurement Fee payable to a Broker, aggregate and/or disregard any acceptance of this Takeover Offer procured by that Broker if Briscoe Group believes that a party has structured holdings of Kathmandu Shares for the purpose or with the effect of enabling parties to take advantage of the arrangements summarised in this clause 3.7; and

- (f) Briscoe Group will determine, in its sole discretion, any disputes relating to the payment of a Procurement Fee. The determination of Briscoe Group will be final and binding on all parties.

4. MINIMUM ACCEPTANCE CONDITION

This Takeover Offer, and any contract arising from acceptance of it, is conditional on Briscoe Group receiving acceptances by no later than the Closing Date in respect of such number of Kathmandu Shares that would, upon this Takeover Offer being declared unconditional and the relevant Kathmandu Shares being transferred to Briscoe Group, result in Briscoe Group holding or controlling 90% or more of the voting rights in Kathmandu.

5. FURTHER CONDITIONS OF THIS OFFER

- 5.1 This Takeover Offer, and any contract arising from acceptance of it, are subject to the condition (the **Major Transaction Resolution Condition**) that the acquisition of shares in Kathmandu under this Takeover Offer be approved as a major transaction by a special resolution of shareholders of Briscoe Group (the **Major Transaction Resolution**) at a meeting convened for that purpose (**Shareholders' Meeting**).

Rule 25(1) of the Takeovers Code prohibits a takeover offer from being subject to any conditions that depend on the judgment of the offeror or any associate of the offeror, or the fulfilment of which is in the power, or under the control, of the offeror or any associate of the offeror (**Prohibited Conditions**). The Major Transaction Resolution Condition is not a Prohibited Condition. This is because, inter alia:

- (a) irrevocable undertakings, in favour of, and enforceable by the Takeovers Panel and Kathmandu have been given:
 - (i) by shareholders holding more than 75% of the voting rights in the Offeror (**Major Shareholders**) appointing a proxy and irrevocably instructing that proxy holder to vote in favour of the Major Transaction Resolution at the Shareholders' Meeting;
 - (ii) by the proxy holder to vote in favour of the Major Transaction Resolution at the Shareholders' Meeting;
- (b) enforceable undertakings under section 31T of the Takeovers Act have been provided to the Takeovers Panel:
 - (i) by Briscoe Group to convene the Shareholders' Meeting before the latest date by which this Takeover Offer can be declared unconditional;
 - (ii) by the Major Shareholders that they will not sell down their voting rights in Briscoe Group prior to the Shareholders' Meeting; and
 - (iii) by Briscoe Group that it will not, prior to the Shareholders' Meeting, raise capital or otherwise dilute the Major Shareholders' holding in Briscoe Group.

The Panel has required that the above statement be provided in this Takeover Offer.

- 5.2** This Takeover Offer, and any contract arising from acceptance of it, are subject to the conditions that, except as otherwise agreed in writing by Briscoe Group, during the period from the Notice Date until the Condition Date:
- (a) no dividends, bonuses or other payments or distributions (within the meaning of the Companies Act 1993) of any nature whatsoever (including, for the avoidance of doubt, by way of share buyback, redemption or cancellation or any other form of capital reduction) are authorised, declared, paid or made upon or in respect of any of Kathmandu Shares;
 - (b) no shares, convertible securities or other equity securities of any nature (including options, rights or interests in any ordinary shares) of Kathmandu or any of its subsidiaries or joint venture entities (together **Kathmandu Group**), are issued, agreed to be issued or made the subject of any option or right to subscribe except pursuant to a transaction between Kathmandu and wholly owned subsidiaries of Kathmandu, or between wholly owned subsidiaries of Kathmandu (**Intra-Group Transaction**);
 - (c) there is no alteration of the rights, benefits, entitlements and restrictions attaching to any of Kathmandu Shares;
 - (d) the businesses of each member of Kathmandu Group are carried on, in all respects which are material to Kathmandu Group taken as a whole, in the normal and ordinary course;
 - (e) no member of Kathmandu Group enters into an agreement or arrangement, or completes or settles any agreement or arrangement to which Listing Rule 9.1 and/or Listing Rule 9.2 of the NZSX Listing Rules, or Listing Rule 10.1 and/or 10.11 of the ASX Listing Rules, apply, or would apply but for the granting of a waiver or exemption;
 - (f) no member of Kathmandu Group, or any third party, has terminated, varied (in any material respect), breached or otherwise not performed (in any material respect) any agreement or arrangement which termination, variation, breach or non-performance will have, or could reasonably be expected to have, a material adverse effect on the financial position, trading operations or assets or liabilities or prospects of Kathmandu Group, taken as a whole (**Material Adverse Effect**);
 - (g) there is no alteration to the constitutional documents of any member of Kathmandu Group or to any trust deed (or similar document) under which any securities have been issued to the public by any member of Kathmandu Group, other than amendments that are of a formal or technical, and not of a substantive, nature;
 - (h) no assets of any member of Kathmandu Group, and no shares or other securities or interests held, controlled or owned by any member of Kathmandu Group in any company or other entity or any other unincorporated body (which assets, shares, or other securities or interests are material to Kathmandu Group taken as a whole) are, or will be, subject

to any option, forfeiture, transfer or any right of pre-emption, and no material payment or other obligation will arise, as a result of this Takeover Offer or in the event of any member of Kathmandu Group becoming a subsidiary or under the control of Briscoe Group;

- (i) no member of Kathmandu Group disposes of, purchases, transfers, leases, grants a security interest over or otherwise deals with a legal or beneficial interest in, any asset, business operation, property or subsidiary, in each case, having a value of an amount in excess of \$1,000,000 (either by a single act or series of related acts), otherwise than in the ordinary course of business;
- (j) no member of Kathmandu Group changes, or agrees to change, the remuneration or any other material terms of employment of any director, officer, employee or consultant (except for ordinary wage or salary increases in accordance with its established review policy and conducted under the supervision of the board of Kathmandu), or commences the employment or engagement of any person other than in the ordinary course of business;
- (k) there is no temporary restraining order, preliminary or permanent injunction or other order issued by any regulatory authority or any court of competent jurisdiction in New Zealand or elsewhere or other legal restraint or prohibition making implementation of this Takeover Offer, or any aspect of it, void, unenforceable or illegal;
- (l) no liquidator, receiver, receiver and manager, statutory manager or similar official is appointed in respect of any member of Kathmandu Group or any of their respective assets, and no resolution is passed for any amalgamation (other than pursuant to an Intra-Group Transaction) of any member of Kathmandu Group, and none of them is involved in any merger, share buyback or scheme of arrangement;
- (m) no actions, claims, litigation or other form of proceedings that were not publicly notified or commenced prior to the Notice Date, are threatened, notified or commenced against, or by, any member of Kathmandu Group that have, or could reasonably be expected to have, a Material Adverse Effect;
- (n) no board resolution or shareholders' resolution of any member of Kathmandu Group is passed to do or authorise the doing of any act or matter referred to in any of sub-paragraphs (a) to (m) (inclusive);
- (o) all current licences, authorities, warrants, consents, approvals and permits from or issued by any authority including (without limitation) any government department, statutory, municipal or local body (**Licences**) which are material and necessary to enable any member of Kathmandu Group to carry on its business fully and effectively are in full force and effect, and no member of Kathmandu Group is in breach of any of the terms of the Licences where that breach has, or could reasonably be expected to have, a Material Adverse Effect;

- (p) there has not occurred any announcement, event (including without limitation any natural disaster, accident, change of law, regulation or act of terrorism), change, payment, obligation or condition that has, or could reasonably be expected to have, a Material Adverse Effect;
- (q) a decrease of an amount of more than 10% in the aggregate value of the NZX 50 Index (Gross), or the ASX 200 Index, from the level of that index as at market close on 30 June 2015, for a period of any three consecutive days on which the main board equity security market operated by NZSX, or the ASX market, respectively, is open for trading or if the decline initially occurs less than three trading days before the latest date by which the Takeover Offer could be declared unconditional, for a continuous period from the date of such initial decline to 3.00 pm on the latest date by which the Takeover Offer could be declared unconditional;
- (r) Kathmandu Holdings not making any announcement or profit warning to the effect that its net profit after tax for the 12 month period ending 31 July 2015 will or may be less than \$20 million (excluding any unusual or non-recurring items);
- (s) there has not occurred any event, change, circumstance or condition of the nature referred to in sub-paragraphs (a) to (p) (ignoring, for this purpose, any materiality or similar qualifications therein) which (while not causing a failure of any of the conditions set out in any such paragraphs), when aggregated with all other events, changes, circumstances or conditions of any of the natures referred to in such paragraphs (ignoring, for this purpose, any materiality or similar qualifications therein) that have occurred, have an overall impact which taken as a whole has, or could reasonably be expected to have, a Material Adverse Effect;
- (t) nothing occurring or failing to occur that would entitle Briscoe Group's bankers, under certain facilities entered into with Briscoe Group for the purposes of providing funding to Briscoe Group in respect of this Offer, not to make any or all of that funding available to Briscoe Group (other than where the occurrence or failure is a result of an act or omission in the power, or under the control, of Briscoe Group or an associate of Briscoe Group); and
- (u) no information or statement contained or implied in this Takeover Offer Document or the Simplified Disclosure Prospectus in relation to the Briscoe Group Shares is or becomes untrue, inaccurate, misleading or likely to mislead, deceptive or likely to deceive, or incomplete in any material respect.

5.3 The following actions by any member of Kathmandu Group shall be deemed to be material to Kathmandu Group taken as a whole and not to be normal or in the ordinary course for the purposes of paragraph 5.2:

- (a) the making of (or agreeing to make) unusual or abnormal payments, or the incurring of (or agreeing to incur) unusual or abnormal commitments or liabilities (including contingent liabilities) except pursuant to an Intra-Group Transaction;

- (b) amending any existing banking facilities, or entering into any new banking facilities;
- (c) the making of any unusual payment of income tax, including taxation in advance;
- (d) the disposal of, purchase of, transfer of, lease of, charge of, mortgage of, granting of a lien or other encumbrance over, granting of an option or legal or equitable interest in respect of, or otherwise the dealing with a legal or equitable interest in, a material asset, business, operation, property or subsidiary (or agreeing, including by agreeing to materially vary any agreement, to do any of these things), other than the completion of transactions the entering of which have, at the Notice Date, been publicly disclosed by Kathmandu and other than pursuant to an Intra-Group Transaction;
- (e) the undertaking of or committing to any capital expenditure or divestment (other than in the ordinary course of business or pursuant to an Intra-Group Transaction) over \$1,000,000 (in aggregate);
- (f) the entry into, or material variation of, onerous, long-term (except in the normal and ordinary course of business) or material contracts, commitments or arrangements, or any major transactions (as defined in section 129(2) of the Companies Act 1993); or
- (g) the making of an announcement to do any of the actions set out in subparagraphs (a) to (e) above.

5.4 This Takeover Offer, and any contract arising from acceptance of it, are subject to the condition that Kathmandu delivers to Briscoe Group, within 7 days of the date of this Takeover Offer, a written certificate signed by a director of Kathmandu on behalf of the Kathmandu board that:

- (a) Kathmandu is in compliance with its continuous disclosure obligations;
- (b) there is no "excluded information" (as defined in sub-clause 20(5) of schedule 8 to the Financial Markets Conduct Regulations 2014) in respect of Kathmandu; and
- (c) no member of the Kathmandu Group has incurred or will incur any material payment or other obligation, as a result of this Takeover Offer or as a result of any member of Kathmandu Group becoming a subsidiary or under the control of Briscoe Group.

5.5 To the extent required by the Takeovers Code, where any condition set out in paragraph 5.2 (including by reference to paragraph 5.3) requires a determination as to whether a matter is or could reasonably be expected to be material or not, is adverse or not, is onerous or not, is long term or not, is normal or not, is in the ordinary course of business or not, is consistent with past practices or not, or is of a formal or technical (and not substantive) nature or not, before the condition may be invoked, such determination must be made by a suitably qualified expert nominated by Briscoe Group who is independent of, and not an associate of, Briscoe Group.

- 5.6 The conditions in paragraphs 4, 5.2 and 5.4 are for the sole benefit of Briscoe Group and, accordingly, each such condition may be waived, in whole or in part, by Briscoe Group, and on such terms as it decides, in its sole discretion. Any waiver or consent given by Briscoe Group in respect of any matter or thing shall apply only in accordance with its terms and shall not constitute a waiver or consent in respect of any similar matter or thing. The condition in paragraph 4 may be waived by Briscoe Group provided that Briscoe Group has received acceptances in respect of Kathmandu Shares which, together with Kathmandu Shares already held by Briscoe Group confer more than 50 percent of the voting rights in Kathmandu as prescribed by Rule 23(1) of the Takeovers Code.
- 5.7 Each condition set out in paragraphs 4, 5.1, 5.2 and 5.4 is a separate condition subsequent, and acceptance of this Takeover Offer by each Acceptor shall constitute a contract between that Acceptor and Briscoe Group subject to each such condition. This Takeover Offer will only proceed if all conditions in paragraphs 4, 5.1, 5.2 and 5.4 are satisfied or, to the extent permissible, waived.
- 5.8 Notwithstanding any other term of the Takeover Offer, Briscoe Group may not allow the Takeover Offer to lapse:
- (a) in unreasonable reliance on a condition of the Takeover Offer; or
 - (b) in reliance on a condition that restricts Kathmandu's activities in the ordinary course of Kathmandu's business during the period that begins on the Notice Date and ends on the Condition Date.

6. CHANGE IN CIRCUMSTANCES

- 6.1 If, on or after the Notice Date, Kathmandu authorises, declares, makes, or pays any dividend or other distribution (within the meaning of the Companies Act 1993) of any nature whatsoever (including, for the avoidance of doubt, by way of share buyback, redemption or cancellation or any other form of capital reduction) and:
- (a) the condition in paragraph 5.2(a) is waived by Briscoe Group; and
 - (b) either:
 - (i) this Takeover Offer is unconditional; or
 - (ii) this Takeover Offer subsequently becomes unconditional,

then, at the election of Briscoe Group (and subject to the terms of any waiver referred to in paragraph (a) above), each Acceptor will be bound to pay to Briscoe Group on demand the Distribution Amount (defined below), or the consideration which would otherwise have been provided to each Acceptor for their Kathmandu Shares shall be adjusted to reflect the Distribution Amount. Such adjustment will occur first in reduction of the cash component of the consideration specified at paragraph 2.1 and then by reduction in the exchange ratio for Briscoe Group Shares to Kathmandu Shares (with Briscoe Group Shares valued for this purpose at NZ\$2.88, being the one-month volume weighted average price for Briscoe Group Shares calculated up to and including 29 June 2015 and including trading on NZX and ASX (converted to NZ\$)). For the purposes of this clause 6.1, **Distribution Amount** means the amount of any dividend or the value of any other distribution on

shares transferred to Briscoe Group pursuant to this Takeover Offer (for the avoidance of doubt grossed up to include the amount of any withholding taxes deducted, if applicable) that is received by, or properly payable to, the Acceptor.

6.2 If, on or after the Notice Date, Kathmandu authorises, declares, or makes any issue of shares, convertible securities or other securities of any nature (including options, rights or interests in its ordinary shares), by way of bonus issue and:

- (a) the condition in paragraph 5.2(a) is waived by Briscoe Group; and
- (b) either:
 - (i) this Takeover Offer is unconditional; or
 - (ii) this Takeover Offer subsequently becomes unconditional,

then each Acceptor will, subject to the terms of any waiver referred to in paragraph (a) above, be bound to transfer any such shares, convertible securities, other securities or options, rights and interests issued in respect of those Kathmandu Shares for which they have accepted this Takeover Offer to Briscoe Group, without any additional consideration.

6.3 If, on or after the Notice Date, Kathmandu makes any issue of ordinary shares to any person other than by way of bonus issue and:

- (a) the condition in paragraph 5.2(a) is waived by Briscoe Group; and
- (b) either:
 - (i) this Takeover Offer is unconditional; or
 - (ii) this Takeover Offer subsequently becomes unconditional,

then this Takeover Offer will be deemed to be extended to and include such ordinary shares and the consideration payable for them will be as provided in paragraph 2.1.

6.4 If, on or after the Notice Date, all or any of Kathmandu Shares are subdivided or consolidated by Kathmandu, or the number of Kathmandu Shares is reduced other than by way of subdivision or consolidation by Kathmandu, then:

- (a) this Takeover Offer will be interpreted to take into account that subdivision, consolidation or reduction and will be deemed to be for Kathmandu Shares resulting from that subdivision, consolidation or reduction;
- (b) to the extent it has not already been adjusted under clause 6.1, the consideration which would otherwise have been provided to each Acceptor for their Kathmandu Shares shall be adjusted, as the case may require, in proportion to that subdivision, consolidation or reduction; and
- (c) each Acceptor will be bound to transfer those Kathmandu Shares, as subdivided, consolidated or reduced, to Briscoe Group on the basis of the consideration so increased or reduced.

7. HOW TO ACCEPT THIS OFFER

- 7.1 You may accept the Takeover Offer in respect of all or some of your Kathmandu Shares through selecting to accept by:
- (a) accepting the Takeover Offer without any right to withdraw (**Regular Acceptance**), by using the green acceptance form that is enclosed with and forms part of this Takeover Offer, in respect of a Regular Acceptance (**Green Acceptance Form**);
 - (b) accepting the Takeover Offer with a right to withdraw (**Facility Acceptance**), by using a blue acceptance form that is enclosed with and forms part of this Takeover Offer, in respect of a Facility Acceptance (**Blue Acceptance Form**); or
 - (c) a combination of both methods of acceptance.
- 7.2 If your Kathmandu Shares are held in a CHESS holding (in which case your Holder Identification Number will commence with 'X'):
- (a) any Regular Acceptance will authorize Briscoe Group to initiate, or alternatively to instruct your Controlling Participant to initiate, acceptance of this Takeover Offer on your behalf in accordance with Rule 14.14 of the ASTC Settlement Operating Rules before the end of the Offer Period (unless you are the Controlling Participant in respect of your Kathmandu Shares, in which case you must initiate acceptance of this Takeover Offer in accordance with Rule 14.14 of the ASTC Settlement Operating Rules before the end of the Offer Period); and
 - (b) to accept this Takeover Offer, you may also instruct your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Takeover Offer in accordance with Rule 14.14 of the ASTC Settlement Operating Rules, so as to be effective before the end of the Offer Period.
- 7.3 Your choice of method of acceptance will not affect the consideration you receive for your Kathmandu Shares or the time within which the consideration will be sent to you. The first method of acceptance, a Regular Acceptance, as set out in clause 7.4 below, allows you to accept the Takeover Offer by returning the Green Acceptance Form to Briscoe Group. The second method of acceptance, a Facility Acceptance, as set out at clauses 7.5 to 7.7 below, allows you to accept the Takeover Offer through the Acceptance Facility for which you should complete the Blue Acceptance Form. If a Kathmandu Shareholder completes and returns both Acceptance Forms in respect of an aggregate number of Kathmandu Shares greater than the number of Kathmandu Shares held by that Kathmandu Shareholder, the acceptances recorded in the Green Acceptance Form shall be counted in priority to the acceptances in the Blue Acceptance Form.

Regular Acceptance - Green Acceptance Form

- 7.4 If you wish to accept this Offer without any right to withdraw your acceptance (other than as provided under clause 2.7), you should complete the Green Acceptance Form enclosed with this Offer Document in accordance with the instructions on the

Green Acceptance Form and deliver, mail, fax or email it to Link Market Services at the address set out in clause 7.8 below.

Facility Acceptance - Blue Acceptance Form

7.5 Briscoe Group has established the Acceptance Facility in order to facilitate acceptance of this Offer by those Kathmandu Shareholders who may wish to retain the right to withdraw their Facility Acceptances prior to Briscoe Group receiving a Confirmation Notice from Link Market Services in accordance with clause 7.6(e) that:

- (a) Briscoe Group holds the right to acceptances of the Takeover Offer (being the aggregate of Regular Acceptances received under clause 3.2 and Facility Acceptances received by Link Market Services and not withdrawn) equal to or more than 90% of the Kathmandu Shares; or
- (b) Briscoe Group has otherwise declared the Takeover Offer unconditional.

All Kathmandu Shareholders may participate in the Acceptance Facility on the terms set out in paragraph 7.6 below.

7.6 The Acceptance Facility will operate as follows:

- (a) Briscoe Group has appointed Link Market Services as facility agent to operate the Acceptance Facility.
- (b) If you wish to accept the Takeover Offer through the Acceptance Facility and provide a Facility Acceptance on the basis set out in this clause 7.6, then you should complete the Blue Acceptance Form in accordance with the instructions on the Blue Acceptance Form and deliver, mail, fax or email it to Link Market Services at the address set out in clause 7.8 below.
- (c) Link Market Services will:
 - (i) hold the Facility Acceptance as bare trustee and lodgement agent;
 - (ii) not acquire any voting rights over any Kathmandu Shares subject to a Facility Acceptance; and
 - (iii) not treat a Facility Acceptance as a Regular Acceptance except in accordance with clause 7.6(f) and clause 7.6(g) below.
- (d) Kathmandu Shareholders that lodge a Facility Acceptance with Link Market Services may withdraw their Facility Acceptance by completing the notice of withdrawal of acceptance (**Withdrawal Notice**) enclosed with this Takeover Offer Document and returning the Withdrawal Notice to Link Market Services. A Withdrawal Notice will only be effective to withdraw a Facility Acceptance if it is validly completed and actually received by Briscoe Group at the address, fax number or email address specified on the Withdrawal Notice prior to Briscoe Group receiving a Confirmation Notice (as defined in clause 7.6(e) below). Submitting a Withdrawal Notice shall not, in any way, restrict the ability of the relevant Kathmandu

Shareholder to submit subsequently during the Takeover Offer Period a Regular Acceptance or a Facility Acceptance.

- (e) If and when:
 - (i) Briscoe Group holds the right to acceptances of the Takeover Offer (being the aggregate of Regular Acceptances received under clause 7.4 and Facility Acceptances received by Link Market Services and not withdrawn) equal to or more than 90% of the Kathmandu Shares; or
 - (ii) Briscoe Group otherwise declares the Takeover Offer unconditional,

Link Market Services will immediately provide notice in writing of that fact to Briscoe Group (**Confirmation Notice**) and Briscoe Group will immediately provide a copy of the Confirmation Notice contemporaneously to Kathmandu, the Takeovers Panel and NZX. For the purposes of the above calculation of acceptances, multiple acceptances which have been made and not been withdrawn by an Kathmandu Shareholder in respect of the same Kathmandu Share or Kathmandu Shares shall be counted as a single acceptance in respect of that Kathmandu Share or those Kathmandu Shares.

- (f) On provision of a Confirmation Notice by Link Market Services, the Facility Acceptances held by Link Market Services will cease to be capable of withdrawal and will in all respects, and without the need for further action by any person, become acceptances of the Takeover Offer (on the same basis as Regular Acceptances under clause 7.4 above).
- (g) All valid Facility Acceptances received by Link Market Services after it has provided a Confirmation Notice to the Offeror are deemed to be Regular Acceptances of the Takeover Offer.

7.7 Link Market Services has agreed to provide Briscoe Group with the following information in respect of the Acceptance Facility:

- (a) Link Market Services will inform Briscoe Group of the details of Kathmandu Shares in respect of which Facility Acceptances have been received;
- (b) Link Market Services will immediately and without delay provide a Confirmation Notice to Briscoe Group when the circumstances set out in clause 7.6(e) apply; and
- (c) Any other information that Briscoe Group may reasonably require for the purposes of this Offer or for compliance with Briscoe Group's disclosure obligations under New Zealand law.

7.8 If you wish to accept the Takeover Offer (each such person an Acceptor) for some or all of your Kathmandu Shares, you need only:

- (a) complete a Green Acceptance Form and/or a Blue Acceptance Form in accordance with the instructions set out on the relevant Acceptance Form; and
- (b) return the completed Acceptance Form in the enclosed reply paid envelope marked "Acceptance Form" as soon as possible, but in any event so as to be received by Briscoe Group or post-marked not later than the Closing Time.

If the reply paid envelope has been mislaid, please deliver or mail your Acceptance Form to Briscoe Group at the following address

c/- Link Market Services Limited
PO Box 91976
Auckland 1142
New Zealand

or

c/- Link Market Services Limited
Level 7, Zurich House
21 Queen Street
Auckland 1010
New Zealand

You may also fax your completed Acceptance Form to Briscoe Group at Link Market Services Limited (attention Briscoe Group) on +64 (0) 9 375 5990 or email it to Briscoe Group at Link Market Services Limited (attention Briscoe Group) at applications@linkmarketservices.com

No acknowledgement of receipt of acceptances of this Takeover Offer will be issued. Any acceptance received by New Zealand Post, correctly stamped and addressed shall be deemed to be received by Briscoe Group.

- 7.9** Briscoe Group may, in its sole discretion, treat any Acceptance Form as valid notwithstanding that it is not accompanied by the relevant Shareholder Number or that it does not comply with this clause 7, and may, in its discretion, rectify any errors in, or omissions from, any Acceptance Form. Briscoe Group will determine, in its sole discretion, all questions relating to documents, including the validity, eligibility, time of receipt and effectiveness of an acceptance of the Takeover Offer. The determination of Briscoe Group will be final and binding on all parties.
- 7.10** Acceptance of this Takeover Offer by each Acceptor constitutes a contract between that Acceptor and Briscoe Group on the terms and subject to the conditions of this Takeover Offer and the Takeovers Code. Other than in the circumstances set out in paragraphs 2.7 and 3.3, or where a valid Withdrawal Notice has been provided in accordance with paragraph 7.6, an Acceptor may not withdraw their acceptance, whether or not there has been any variation of this Takeover Offer. Briscoe Group and every Acceptor shall be released from their obligations under this Takeover Offer, and arising from acceptance of this Takeover Offer, if this Takeover Offer:
- (a) is withdrawn with the consent of the Takeovers Panel; or
 - (b) lapses as a result of any Condition not being satisfied or waived by the Condition Date.

8. METHOD OF SETTLEMENT

If:

- (a) this Takeover Offer is declared unconditional; and
- (b) an Acceptor's Acceptance Form is in order and is accompanied by the relevant Shareholder Number (or any error or omission from the Acceptance Form is rectified by Briscoe Group or the Takeover Offer is otherwise accepted by Briscoe Group under paragraph 7.9),

then:

- (c) the Acceptor's Kathmandu Shares will be transferred to Briscoe Group and the Acceptor's name (or, in respect of Relevant Shareholders, the Nominee's name) will be entered into the share register of Briscoe Group as the registered holder of the relevant number of Briscoe Group Shares; and
- (d) either a cheque will be sent (by ordinary mail) or an electronic transfer of cleared funds will be made (at the election of the Acceptor) by Briscoe Group for the aggregate amount payable (calculated based on the cash consideration offered per Kathmandu Share as set out in paragraph 2.1) to the Acceptor, by the date specified in paragraph 2.2. If an Acceptor does not select a method of payment, or the details that it provides are not sufficient to effect an electronic transfer, then that Acceptor will be paid by cheque or by direct credit to the Acceptor's existing New Zealand dollar denominated account already held with Link Market Services Limited (if any). Notwithstanding the above, if you hold your Kathmandu Shares in a CHESS holding, you will be paid by cheque (unless you are an Issuer Sponsored Holder in which case you can elect by notice in writing to Link Market Services to be paid by direct credit)..

9. NOTICES

9.1 Notices given to Kathmandu, the Takeovers Panel and NZX:

- (a) declaring this Takeover Offer unconditional;
- (b) advising that this Takeover Offer is withdrawn in accordance with the Takeovers Code;
- (c) advising that a term or condition of this Takeover Offer has been waived; or
- (d) advising that this Takeover Offer has lapsed in accordance with its terms or the Takeovers Code,

will, in each case, be deemed to be notice to all Kathmandu's shareholders when so given.

9.2 Notice of any variation of this Takeover Offer will be sent to Kathmandu, the Takeovers Panel, NZX and, except where not required in accordance with the Takeovers Code, to each of Kathmandu's shareholders under this Takeover Offer.

10. FURTHER INFORMATION AND MISCELLANEOUS

10.1 Further information relating to this Takeover Offer, as required by Schedule 1 to the Takeovers Code, is set out in the Schedule to this Takeover Offer and forms part of this Takeover Offer document.

10.2 In this Takeover Offer document:

- (a) any reference to the Takeovers Code means the New Zealand Takeovers Code in force at the relevant time;
- (b) except as expressly defined in this Takeover Offer document, or where the context requires otherwise, terms defined in the Takeovers Code have the same meaning in this Takeover Offer document;
- (c) references to dollars and \$ are references to New Zealand dollars and all amounts payable under this agreement are payable in New Zealand dollars;
- (d) headings are for ease of reference only and will not affect the interpretation of this Takeover Offer document or any Acceptance Form;
- (e) references to any statutory provision are to statutory provisions in force in New Zealand and include any statutory provision which amends or replaces it, and any by-law, regulation, order, statutory instrument, determination or subordinate legislation made under it;
- (f) the singular includes the plural and vice versa;
- (g) unless otherwise specified, material and materiality will have their respective ordinary and customary meanings; and
- (h) a matter will be deemed to have a Material Adverse Effect if such matter (if quantifiable) has an impact of \$1,000,000 or more with respect to the assets, liabilities, financial position or performance, profits, losses or prospects of Kathmandu Group, taken as a whole.

10.3 This Takeover Offer may be varied by Briscoe Group in accordance with Rule 27 of the Takeovers Code.

10.4 This Takeover Offer and any contract arising from it shall be governed by and construed in accordance with the laws of New Zealand, and the parties to any such contract submit to the non-exclusive jurisdiction of the Courts of New Zealand.

10.5 The provisions set out in the Acceptance Form are part of the terms of this Takeover Offer.

10.6 If there is an inconsistency between the terms and conditions of this Takeover Offer and the provisions of the Takeovers Act 1993 or the Takeovers Code, the

provisions of the Takeovers Act 1993 or the Takeovers Code (as the case may be) will prevail.

SCHEDULE A: TAKEOVERS CODE INFORMATION

The information required by Schedule 1 to the Takeovers Code, and not stated elsewhere in this Takeover Offer document, is set out below. Where any information required by Schedule 1 is not applicable, no statement is made regarding that information. All of the following matters are stated as at the Notice Date.

1. DATE

This Takeover Offer is dated [].

2. THE OFFEROR AND ITS DIRECTORS

2.1 The name and address of the offeror are:

Briscoe Group Limited
36 Taylors Road
Morningside
Auckland
New Zealand.

2.2 The directors of the offeror are:

- (a) Mary Monica Devine
- (b) Rodney Adrian Duke
- (c) Stuart Hamilton Johnstone
- (d) Dame Rosanne Philippa O'Loughlen Meo
- (e) Alaister John Wall

3. TARGET COMPANY

The target company is Kathmandu Holdings Limited.

4. OWNERSHIP OF EQUITY SECURITIES OF THE TARGET

4.1 The table below sets out the number, designation, and percentage of equity securities of any class of Kathmandu held or controlled by –

- (a) Briscoe Group; and
- (b) any related company of Briscoe Group; and
- (c) any person acting jointly or in concert with Briscoe Group; and
- (d) any director of any of the persons described in paragraphs (a) to (c); and
- (e) any other person holding or controlling 5% or more of the class, if within the knowledge of Briscoe Group.

Holder	Description	Number of Kathmandu Shares	Type of Equity Security	Percentage of Class
Briscoe Group Limited	Target Shares held or controlled by Briscoe Group	40,095,432	Ordinary shares	19.9%
Goldman Sachs Asset Mgt	Target Shares held by a person holding or controlling more than 5% of the class	25,264,190	Ordinary shares	12.5%

Accident Compensation Corp	Target Shares held by a person holding or controlling more than 5% of the class	18,798,028	Ordinary shares	9.3%
FIL Limited	Target Shares held by a person holding or controlling more than 5% of the class	16,921,251	Ordinary shares	8.4%
National Australia Bank Ltd	Target Shares held by a person holding or controlling more than 5% of the class	12,911,537	Ordinary shares	6.4%
Challenger Investment Partners	Target Shares held by a person holding or controlling more than 5% of the class	10,178,126	Ordinary shares	5.1%

Notes:

- (1) All information in the above table has been derived from disclosures made in Kathmandu's annual report for the year ended 31 July 2014 as updated by substantial security holder disclosures made available to NZX or ASX or advised by the relevant shareholder, being the only such information within the knowledge of Briscoe Group.
- (2) The information in the table above and the confirmation in paragraph 5 below is based on information known at the Notice Date.

4.2 Except as set out in the table above, no person described in paragraphs 4.1(a) to 4.1(d) of this Schedule holds or controls equity securities of Kathmandu.

5. TRADING IN THE TARGET'S EQUITY SECURITIES

5.1 The table below sets out the number, designation, and consideration per security of equity securities of any class of Kathmandu acquired or disposed during the six month period before the Notice Date –

- (a) Briscoe Group; and
- (b) any related company of Briscoe Group; and
- (c) any person acting jointly or in concert with Briscoe Group; and
- (d) any director of any of the persons described in paragraphs (a) to (c).

Holder	Number of Kathmandu Shares	Date	Consideration (\$)	Acquisition or Disposition
ORDINARY SHARES				
R A Duke Ltd	3,000,000	2 Feb 2015	4,500,000	Acquisition
R A Duke Ltd	247,200	3 Feb 2015	360,912	Acquisition
R A Duke Ltd	1,900,000	3 Feb 2015	2,818,948.30	Acquisition
Kein Geld (NZ) Ltd	852,800	4 June 2015	1,176,864	Acquisition
R A Duke Ltd*	5,147,200	17 June 2015	7,679,860.30	Disposition
Kein Geld (NZ) Ltd	852,800	17 June 2015	1,176,864	Disposition
Briscoe Group Limited*	6,000,000	17 June 2015	8,856,724.30	Acquisition
Briscoe Group Limited**	283,010	22 Jun 2015	1,176,864.00	Acquisition
Briscoe Group Limited**	72,602	23 June 2015	364,880.55	Acquisition
Briscoe Group Limited**	3,697,875	25 June 2015	97,666.68	Acquisition
Briscoe Group Limited**	30,041,945	30 June 2015	54,075,501	Acquisition

* R A Duke Ltd and Kein Geld (NZ) Ltd each disposed of its beneficial interest in the specified shares and transferred it to Briscoe Group Limited. The legal title in these shares was transferred to Briscoe Group Limited on 17 June 2015.

** Kein Geld (NZ) Limited acquired the specified shares acting as agent and bare trustee for Briscoe Group Limited. The transfer of the legal title in these shares to Briscoe Group Limited was initiated on 30 June 2015, subject to formal registration.

Except as set out in the table above, none of the persons referred to paragraphs 4.1(a) to 4.1(d) have acquired or disposed of any equity securities in Kathmandu during the six month period before the Notice Date.

6. AGREEMENTS TO ACCEPT OFFER

6.1 There are no persons who have agreed conditionally or unconditionally to accept the Takeover Offer.

7. ARRANGEMENTS TO PAY CONSIDERATION

7.1 Briscoe Group confirms that resources will be available to it sufficient to meet the consideration to be provided on full acceptance of this Takeover Offer and to pay any debts incurred in connection with this Takeover Offer (including the debts arising under Rule 49 of the Takeovers Code).

7.2 A statement setting out the rights of each Offeree under Rule 34 of the Takeovers Code, to withdraw acceptance for non-payment by Briscoe Group of the consideration, is set out in paragraph 2.7 of the terms and conditions of this Takeover Offer.

8. ARRANGEMENTS BETWEEN THE OFFEROR AND THE TARGET

8.1 No agreement or arrangement (whether legally enforceable or not) has been made, or proposed to be made, between Briscoe Group or any associates of Briscoe Group, and Kathmandu or any related company of Kathmandu, in connection with, in anticipation of, or in response to, this Takeover Offer.

9. ARRANGEMENTS BETWEEN THE OFFEROR AND DIRECTORS AND OFFICERS OF THE TARGET

9.1 No agreement or arrangement (whether legally enforceable or not) has been made, or proposed to be made, between Briscoe Group or any associates of Briscoe Group, and any of the directors or senior officers of Kathmandu or of any related company of Kathmandu (including any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office) in connection with, in anticipation of, or in response to, this Takeover Offer.

10. FINANCIAL ASSISTANCE

No agreement or arrangement has been made, or proposed to be made, under which Kathmandu or any related company of Kathmandu will give (directly or indirectly) financial assistance for the purpose of, or in connection with, this Takeover Offer.

11. INTENTIONS ABOUT MATERIAL CHANGES IN THE TARGET

11.1 If Briscoe Group becomes entitled to invoke the compulsory acquisition provisions of the Takeovers Code, it intends to compulsorily acquire any outstanding Kathmandu Shares and apply for the de-listing of Kathmandu from NZX and ASX, but it reserves its right to act otherwise.

11.2 If Briscoe Group does not receive sufficient acceptances under this Takeover Offer to enable it to invoke the compulsory acquisition provisions of the Takeovers Code, but nevertheless declares this Takeover Offer unconditional, Briscoe Group may in due

course seek appropriate board representation on the Kathmandu board and may consider other changes to the Kathmandu board.

- 11.3** Other than paragraphs 11.1 and 11.2 above, Briscoe Group does not currently intend to make any material changes in the business activities, material assets or capital structure (including dividend policy, raising capital or taking on debt) of Kathmandu or its subsidiaries, or any other changes to Kathmandu or its subsidiaries that could reasonably be expected to be material to the making of a decision by an offeree to accept or reject the Takeover Offer, although Briscoe Group reserves the right to make changes to this intention.
- 11.4** The Offeror has not given any information to any regulatory body (in New Zealand or in an overseas jurisdiction) in relation to this Offer.

12. PRE-EMPTION CLAUSES IN THE TARGET'S CONSTITUTION

As at the Notice Date, there are no restrictions on the right to transfer equity securities to which this Takeover Offer relates that:

- (a) are contained in the constitution of Kathmandu; and
- (b) have the effect of requiring the holders of the securities to offer the securities for purchase to members of Kathmandu or to any other person before transferring the securities.

13. ESCALATION CLAUSES

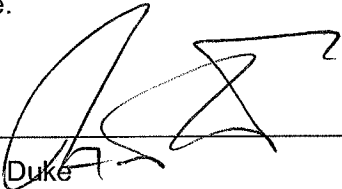
- 13.1** As at the Notice Date, there are no agreements or arrangements (whether legally enforceable or not) under which:
- (a) any existing holder of equity securities in Kathmandu will or may receive in relation to, or as a consequence of, this Takeover Offer any additional consideration or other benefit over and above the consideration set out in this Takeover Offer; or
 - (b) any prior holder of equity securities in Kathmandu will or may receive any consideration or other benefit as a consequence of this Takeover Offer.

14. CLASSES OF SECURITIES

No report is required under Rule 22 of the Takeovers Code (which, if the offer is for more than one class of financial products, requires a report by an independent adviser on the fairness and reasonableness of the consideration and terms of the offer as between different classes of financial products).

CERTIFICATE

To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying the takeover notice is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the offeror under the Takeovers Code.



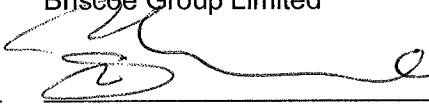
Rod Duke
Managing Director
Briscoe Group Limited



Geoff Scowcroft
Chief Financial Officer
Briscoe Group Limited



Dame Rosanne Meo
Chairman
Briscoe Group Limited



Stuart Johnstone
Director
Briscoe Group Limited