

MERCANTILE NZ LIMITED

26 April 2016

Dear Kirkcaldie & Stains shareholder

NOTICE OF VARIATION IN RELATION TO TAKEOVER OFFER FOR KIRKCALDIE & STAINS LIMITED – INCREASE OF CONSIDERATION AND EXTENSION OF OFFER PERIOD AND CONDITION DATE

We refer to the takeover offer by Mercantile NZ Limited (**Mercantile**) to purchase all of the ordinary shares in Kirkcaldie & Stains Limited (**K & S**) it does not already own (**Offer**). You will have received a takeover offer document dated 15 March 2016 (**Offer Document**).

Mercantile advises that it has varied the Offer:

- to increase the consideration offered for each K & S share from \$2.75 to \$3.00;
- to extend the Closing Date for the Offer from 13 May 2016 to 12 June 2016; and
- to extend the Condition Date (the latest date by which the Offer can be declared unconditional) from 27 May 2016 to 26 June 2016.

These changes are made in accordance with Rules 27(a), 27(d) and 27(e) of the Takeovers Code, respectively.

All K & S shareholders who have already accepted the Offer will, if the Offer is successful, receive \$3.00 per K & S share. There is no need for any K & S shareholder who has already accepted the Offer to resubmit their acceptance.

All other terms of the Offer remain as set out in the Offer Document and Mercantile reserves the right to make such further variations as are permitted under the terms of the Offer and the Takeovers Code.

If you wish to accept the Offer, please return the acceptance form sent to you with the Offer Document before the Closing Date of 12 June 2016.

Yours faithfully

Mercantile NZ Limited



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CHAIRMAN

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