



BRISCOE
GROUP LIMITED

OFFER BY BRISCOE GROUP LIMITED TO ACQUIRE ALL THE ORDINARY SHARES IN KATHMANDU HOLDINGS LIMITED

THIS IS AN IMPORTANT DOCUMENT

If you are unsure what action to take, you should consult
your sharebroker, accountant, lawyer or other advisor.



FINANCIAL ADVISER TO
BRISCOE GROUP



SOLICITORS FOR
THE OFFER

GLOSSARY

The following definitions apply throughout this Offer document unless the context otherwise requires. A glossary for the Simplified Disclosure Prospectus is published on page 2 of the Simplified Disclosure Prospectus which is attached at the back of this Offer document.

Briscoe Group - Briscoe Group Limited or subsidiary companies of Briscoe Group that traded in New Zealand prior to Briscoe Group's incorporation

CAGR - compound annual growth rate

CGT - capital gains tax

Combined Group - a combination of the existing companies of Briscoe Group and Kathmandu within a single group

DPS - declared dividend per share

EBIT - earnings before interest and tax

EBITDA - earnings before interest, tax, depreciation and amortisation

EPS - earnings per share

EV - enterprise value

Foreign Exempt Shareholder - 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 share in Briscoe Group in the form of this offer and the accompanying Simplified Disclosure Prospectus

FY - financial year

HY - half financial year

IPO - initial public offering

IRESS - service provider of share price information sourced from market trading

Kathmandu - Kathmandu Holdings Limited

Kathmandu Share - a fully paid ordinary share in Kathmandu

Nominee Resale Facility - a Foreign Exempt Shareholder and a Small Shareholder who elects will have their New Zealand Briscoe Group shares allotted to a nominee in New Zealand, appointed by Briscoe Group, who will sell those Briscoe Group shares on the NZSX market on behalf of the shareholder, in accordance with clauses 2.4 to 2.6 of the Offer

Notice Date - 1 July 2015

NPAT - net profit after tax

Offer - the offer by Briscoe Group to acquire all the ordinary shares in Kathmandu that it does not already own

Offer Date - 22 July 2015

P/E - price to earnings ratio

Small Shareholder - a Kathmandu shareholder who holds less than the number of Kathmandu Shares that would result in that shareholder holding an unmarketable parcel of Briscoe Group shares

TSR - a measure of performance of a company's shares over time, combining share price appreciation and dividends paid to show the total return expressed as a percentage

VWAP - volume-weighted average price of shares traded during market trading



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CHAIRMAN'S LETTER

22 July 2015

Dear Kathmandu Shareholder,

On 1 July 2015, Briscoe Group announced that it had acquired a 19.9% shareholding in Kathmandu and gave notice that Briscoe Group intended to make an offer to purchase the remaining 80.1% of Kathmandu shares it does not own. We are now pleased to provide you with our Offer.

We believe that the iconic brands and retail operations of both Kathmandu and Briscoe Group's retail chains Briscoes Homeware, Living & Giving and Rebel Sport are complementary and that amalgamating the companies within one group would generate significant strategic, operational and financial benefits for both Kathmandu and Briscoe Group shareholders. We believe the combined business has greater potential than the businesses individually.

Our ambition is to bring these two companies together in a way that delivers the maximum benefit to the shareholders, customers, employees and other stakeholders of the two businesses. The Offer consideration employs a combination of shares and cash so that you and other Kathmandu shareholders have the opportunity to share in the benefits that we expect to create by combining these two retailing groups.

The Offer to you is five Briscoe Group shares for every nine Kathmandu Shares and NZ\$0.20 in cash for each of your Kathmandu Shares.

Because the Briscoe Group shares are traded, the Briscoe Group share price, and therefore the implied offer price for your Kathmandu Shares, will fluctuate through the Offer period¹. Based on the Briscoe Group share price in the period prior to the time we announced our intention to make the Offer (NZ\$2.88²), the Offer values each of your Kathmandu Shares at NZ\$1.80. This amounts to a 34% premium over the one-month volume-weighted average share price of Kathmandu shares to 29 June 2015³ and a premium of more than 40% over the lowest price of Kathmandu shares during that period of NZ\$1.27.

We strongly believe the Offer before you represents a compelling opportunity to realise value for your investment in Kathmandu as well as share in the future opportunity created by combining the two companies.

A combined entity is expected to have annual sales of over NZ\$900 million based on historical trading and a market capitalisation of some NZ\$900 million (assuming a Briscoe Group share price of NZ\$2.88). We would expect a company this size to attract considerably more investor interest than presently exists in either Briscoe Group or Kathmandu.

1. The implied value of the Offer will vary in line with changes in the Briscoe Group share price.

2. The one-month volume-weighted average price for Briscoe Group shares on 29 June 2015, the trading day prior to Briscoe Group announcing it had acquired 19.9% of Kathmandu Shares and its intention to make this Offer. As at the trading day prior to the date of this Offer, the Briscoe Group share price was NZ\$2.80.

3. This was the trading day prior to Briscoe Group announcing its intention to make this Offer.

If the Offer is successful, Briscoe Group intends to seek listing on the ASX⁴ alongside its NZX listing.

We are extremely proud of what has been achieved by Managing Director and major shareholder Rod Duke and the experienced team that he has developed around him.

Over the past 25 years they have built Briscoe Group into a leading New Zealand retailer in homeware and sporting goods, while consistently outperforming many other specialty retailers in New Zealand, registering exceptional financial performance and returns to shareholders over a number of years. We believe part of that success can be attributed to having a major shareholder who is intimately involved in the business and whose interests are strongly aligned with those of his fellow shareholders.

We hope that you will choose to accept the Offer, and we encourage you to read this Offer document carefully before doing so. In particular, for those Kathmandu shareholders in Australia who may be less familiar with Briscoe Group, we have provided an extended profile section on the company.

Please note that the Offer is subject to a number of conditions, including a 90% minimum acceptance

condition and other conditions outlined in Section 1 of this Offer document. Briscoe Group has reserved the right to waive any condition to the extent permitted by law, including the 90% minimum acceptance condition.

As Chairman of the Briscoe Group Board, I am excited by the opportunities combining Briscoe Group and Kathmandu would open up, and I look forward to welcoming you as a shareholder in an enlarged Briscoe Group.

Yours sincerely,



Dame Rosanne Meo
Chairman

For and on behalf of the Board of Directors
of Briscoe Group Limited

4. Quotation is subject to approval by ASX (there is no guarantee that Briscoe Group's application will be successful) and ASX takes no responsibility for any statement made in this Offer document.

SUMMARY OF KEY BENEFITS TO YOU FROM THE OFFER

- You will receive five Briscoe Group shares for every nine Kathmandu Shares and NZ\$0.20 in cash for each Kathmandu Share.

A Briscoe Group profile is provided in section 3 of this Offer document

- Your shareholding in Briscoe Group will provide you with the opportunity to receive returns from the combined group of companies incorporating Kathmandu and Briscoe Group's retailing businesses, Briscoes Homeware, Living & Giving and Rebel Sport⁵.
- You can benefit from potentially increased returns and potentially lower risk exposures from the Combined Group compared to your investment in Kathmandu as a standalone company as a result of:
 - The operational and financial strength of Briscoe Group, which has outperformed many other listed specialty retailers in Australia and New Zealand⁶,
 - The Combined Group's increased scale, reduced seasonal earnings volatility, improved financial gearing, and ability to support growth of its brands,
 - The expected greater equity market presence and liquidity for shares on the NZX and the ASX (assuming ASX listing is accepted⁷),

- The operational and financial benefits that we expect from adopting the most effective strategies, structures and practices from Kathmandu and Briscoe Group, and applying them across the Combined Group.

- You will benefit as a shareholder of Briscoe Group from having Rod Duke as Managing Director and the major shareholder⁸, whose interests are expected to remain strongly aligned with those of other shareholders. His associated interests will have a shareholding of approximately 55%⁹ in the Combined Group (being a dilution of the current 78% shareholding in Briscoe Group).
- You will also be benefiting from receiving consideration that, as at the announcement of our intention to make the Offer, implies an offer value of NZ\$1.80 per share¹⁰, which represents a 42% premium on the price for Kathmandu Shares on 18 June 2015¹¹ and a 34% premium over the one-month volume-weighted average share price of Kathmandu Shares to 29 June 2015, the trading day before Briscoe Group announced it had acquired 19.9% of Kathmandu.

5. Briscoe Group has exclusive rights to the Rebel Sport brand in New Zealand. There is no relationship to the Rebel branded sporting good stores in Australia owned by Super Retail Group Limited.

6. Based on the increase in Briscoe Group's share price over the period from November 2009 to June 2015.

7. Briscoe Group intends to seek listing on the ASX (alongside its NZX listing) if the Offer is successful. Quotation is subject to approval by ASX (there is no guarantee that Briscoe Group's application will be successful) and ASX takes no responsibility for any statement made in this Offer document.

8. Including shareholdings held by interests associated with Rod Duke.

9. Assuming full acceptances under the Offer.

10. Based on the one-month VWAP of Briscoe Group shares on NZX (NZ\$2.88) up to and including 29 June 2015, the trading day prior to Briscoe Group announcing it had acquired 19.9% of Kathmandu Shares and its intention to make this Offer. As at the trading day prior to the date of this Offer, the Briscoe Group share price was NZ\$2.80.

11. The date on which the Kathmandu Share price was lowest during the one-month prior to the announcement by Briscoe Group of its intention to make the Offer.



Note

The implied value of the Offer will change as Briscoe Group's share price changes over time.

Because Briscoe Group shares are offered as consideration for your Kathmandu Shares and because the Briscoe Group share price varies, the implied offer price for your Kathmandu Shares will vary with the Briscoe Group share price.

Throughout this Offer document, except where we have noted otherwise, we have used the

Briscoe Group share price as at the time we announced our intention to make the Offer, NZ\$2.88¹². This equates to an offer price of NZ\$1.80 for your Kathmandu Shares. The Briscoe Group share price as at the trading date prior to the date of this Offer was NZ\$2.80. The table below contains examples of how the effective offer price varies with the Briscoe Group share price.

Briscoe Group share price (NZ\$)	\$2.50	\$2.60	\$2.70	\$2.80	\$2.88	\$3.00	\$3.10	\$3.20	\$3.30
Offer value per Kathmandu Share (NZ\$)	\$1.59	\$1.64	\$1.70	\$1.76	\$1.80	\$1.87	\$1.92	\$1.98	\$2.03
Premium to one-month VWAP	19%	22%	27%	31%	34%	40%	43%	48%	52%

12. Based on the one-month VWAP of Briscoe Group shares on NZX (NZ\$2.88) up to and including 29 June 2015, the trading day prior to Briscoe Group announcing it had acquired 19.9% of Kathmandu Shares and its intention to make this Offer. As at the trading day prior to the date of this Offer, the Briscoe Group share price was NZ\$2.80.



1. OVERVIEW OF THE OFFER

On the 1 July 2015 Notice Date of the Offer, Briscoe Group announced that it would make a full offer under the Takeovers Code to purchase the Kathmandu Shares that it does not own.

The key terms of the Offer are:

Offer Consideration	You are offered Briscoe Group shares and cash in exchange for your Kathmandu Shares at an exchange ratio of five Briscoe Group shares for every nine Kathmandu Shares and NZ\$0.20 in cash per Kathmandu Share.
Full Offer	The Offer is for all of the Kathmandu Shares that Briscoe Group does not already own.
How to ACCEPT	If you wish to ACCEPT the Offer, please refer to the section " HOW TO ACCEPT THE OFFER " on pages 36 to 38 of this Offer document and the relevant Acceptance Forms enclosed with this Offer document.
Conditions	The Offer is conditional on the Conditions set out in the 'Terms of This Offer', 'Minimum Acceptance Condition' and 'Further Conditions of This Offer' sections of the Offer on pages 42 to 48 of this Offer document. These conditions include: <ul style="list-style-type: none"> • Minimum acceptances that would result in Briscoe Group Holding 90% of Kathmandu • Briscoe Group shareholder approval¹³ • No Material Adverse Effects on Kathmandu • Kathmandu continues to operate in the normal and ordinary course of business • Neither the NZX50 Index (Gross) nor the S&P/ASX 200 Index decrease by more than 10% from their levels at market close on 30 June 2015 • Kathmandu 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 NZ\$20 million (excluding any unusual or non-recurring items).
Offer Period	The Offer is dated 22 July 2015 (Offer Date) and closes on 17 September 2015 (unless extended in accordance with the Takeovers Code).

13. As noted in the 'Further Conditions of this Offer' section of the Offer on page 44, shareholders holding more than 75% of the voting rights in Briscoe Group have appointed a proxy and have irrevocably instructed the proxy to vote in favour of the approval.



<p>Payment Date</p>	<p>If you accept the Offer you will receive five Briscoe Group shares for every nine Kathmandu Shares and NZ\$0.20 per Kathmandu Share you hold at 16 July 2015 no later than seven days after the later of:</p> <ul style="list-style-type: none"> • the date on which your acceptance is received by Briscoe Group; • the date on which the Offer is declared unconditional; and • 17 September 2015
<p>Brokerage Costs</p>	<p>Unless you are a Foreign Exempt Shareholder or a Small Shareholder electing to use the Nominee Resale Facility, you will not pay any brokerage costs if you accept the Offer.</p>
<p>Important Contacts</p> <p>If making contact from within New Zealand:</p> <p>If making contact from outside New Zealand</p> <p>Advisers</p>	<p>If you have any questions about the Offer or you require further copies of this Offer document and its enclosures (including the Acceptance Forms and the reply paid envelopes), you should contact the share registrar for the Offer, Link Market Services Limited.</p> <p>Telephone: 09 375 5998 Facsimile: 09 375 5990 Email: applications@linkmarketservices.com (Please put 'Briscoe Group Acceptance' in the subject line for easy identification)</p> <p>Telephone: +64 9 375 5998 Facsimile: +64 9 375 5990 Email: applications@linkmarketservices.com (Please put 'Briscoe Group Acceptance' in the subject line for easy identification)</p> <p>Alternatively, you should contact your financial or legal adviser.</p>

This is only a summary of the Offer.

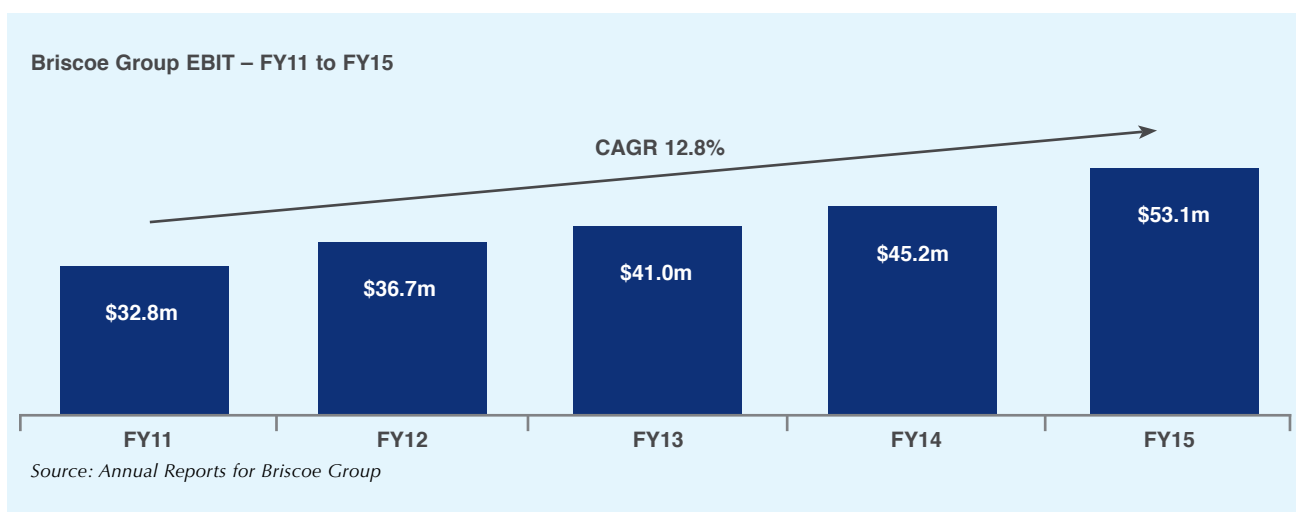
The detailed terms and conditions of the Offer are set out on pages 40 to 54 of this Offer document. You should read those terms and conditions carefully.

2. WHY YOU SHOULD ACCEPT THE OFFER

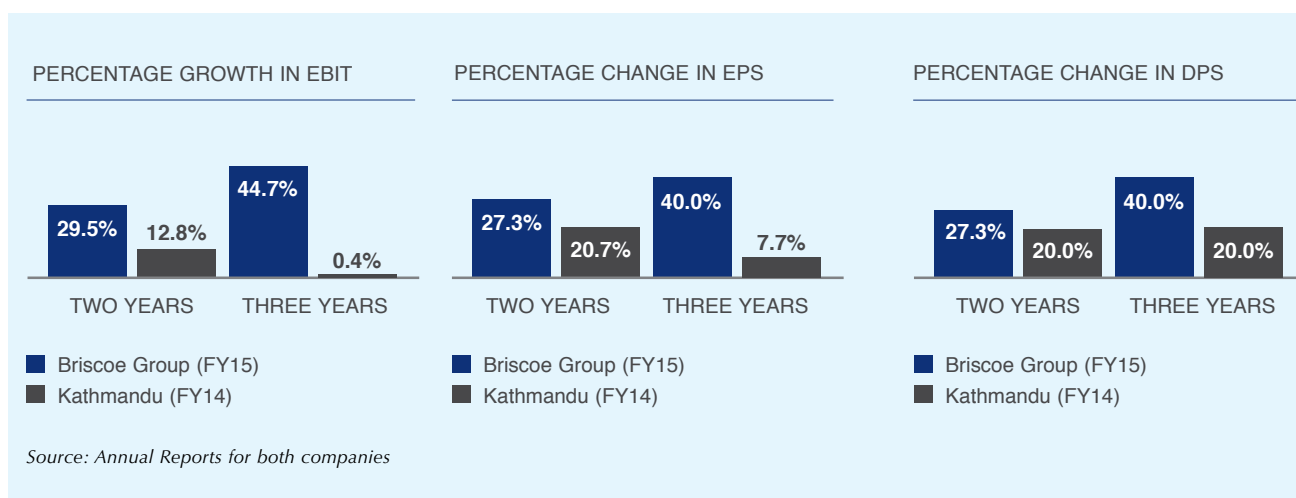
Briscoe Group has a history of delivering strong returns to shareholders

Briscoe Group has a track record of strong earnings growth and provides the Combined Group with a solid foundation on which to grow. Briscoe Group EBIT grew at a compound annual rate of 12.8% from FY11 to FY15.

A Briscoe Group profile is provided in section 3 of this Offer document



We believe the strength of Briscoe Group’s management and operating model is evident from the significantly stronger growth in earnings and dividends achieved by Briscoe Group compared to Kathmandu over recent years. The graphs below show that Briscoe Group achieved substantially higher growth than Kathmandu in EBIT, EPS and DPS over the two year period¹⁴, and over the three year period¹⁵, ending on the companies’ most recent full financial year balance dates (being 25 January 2015 for Briscoe Group and 31 July 2014 for Kathmandu).

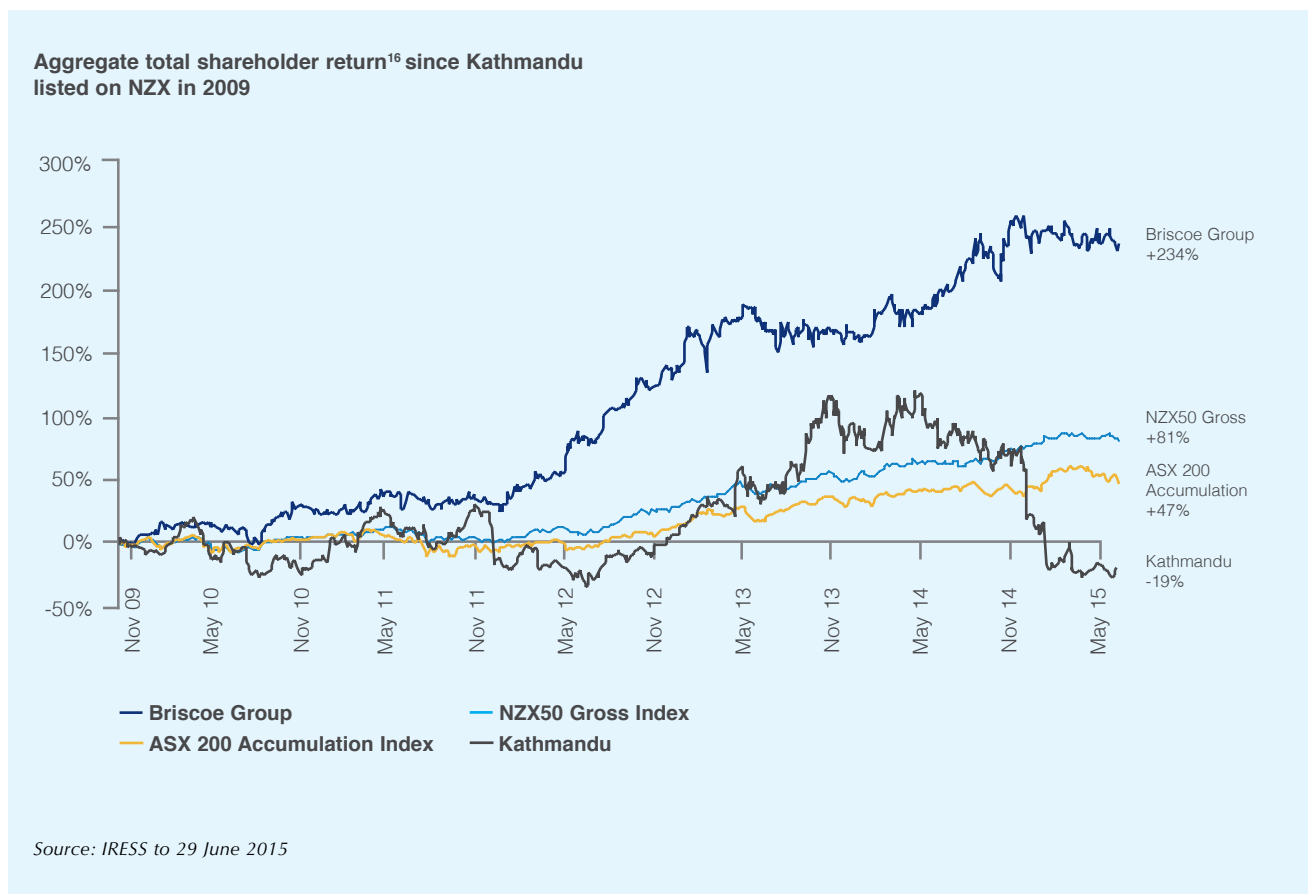


14. The two year growth is the percentage change in performance from FY12 to FY14 for Kathmandu and FY13 to FY15 for Briscoe Group.

15. The three year growth is the percentage change in performance from FY11 to FY14 for Kathmandu and FY12 to FY15 for Briscoe Group.



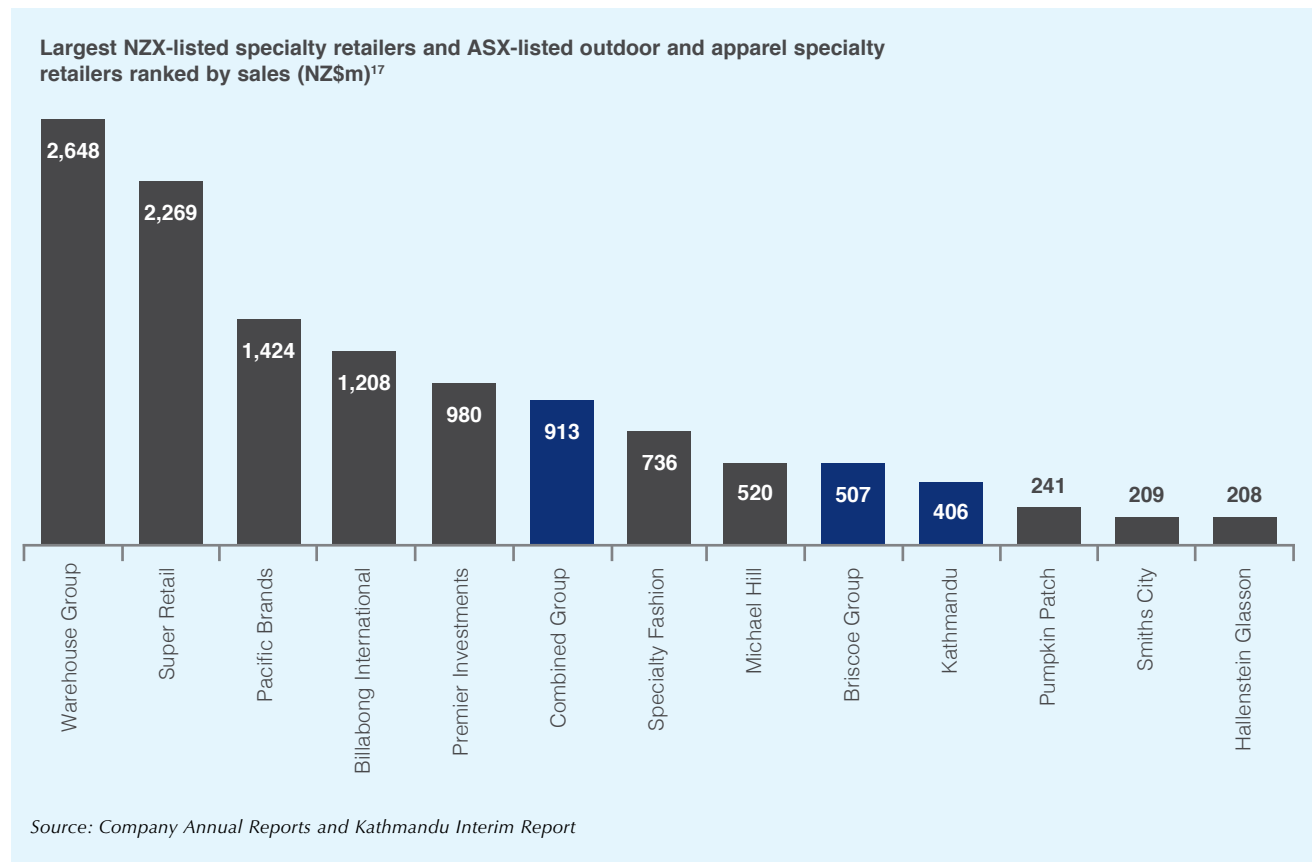
Kathmandu's total shareholder return¹⁶ has been negative 19% for the five and a half year period from listing in November 2009 to 29 June 2015, the trading day prior to Briscoe Group announcing it had acquired 19.9% of Kathmandu. Over the same period, Briscoe Group generated a return of 234% while the NZX50 Gross Index and ASX 200 Accumulation Index show returns of 81% and 47% respectively.



16. Total shareholder return is the capital appreciation of a company's share price on NZX, adjusted for capital management (such as share splits or consolidations), assuming reinvestment of dividends at the declared dividend rate per share.

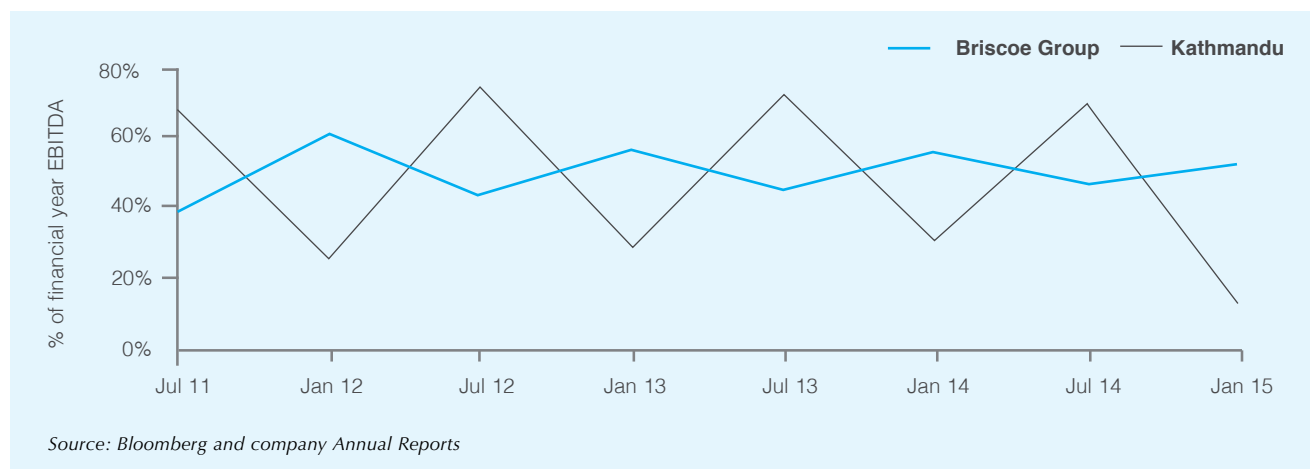
The Combined Group would be a significant Trans-Tasman retailer

The aggregate revenue generated by the two companies for the 12 month period to January 2015 was in excess of NZ\$900 million.



Reduced volatility in sales and earnings

Briscoe Group's peak sales occur in the lead up to Christmas and accordingly earnings are greatest in the six months ending January each year. Kathmandu's peak sales and earnings are strongly weighted to Easter and winter and are more volatile than those of Briscoe Group. Both businesses therefore complement each other. Combining them would result in lower volatility in operating earnings¹⁸.



17. Based on the most recent full year sales revenue as outlined in their respective Annual Reports, with the exception of Kathmandu which is presented on the basis of the 12 months to January 2015 to be comparable to Briscoe Group. Sales for those companies that report in AU\$ have been translated at NZ\$/AU\$ rates as at their respective financial year ends.

18. Kathmandu's January 2015 percentage of financial year EBITDA is based on consensus broker forecast EBITDA of \$51.0m for the year to 31 July 2015.



Improved debt position

In its most recently released financial statements, Kathmandu reported net interest-bearing borrowings of NZ\$85.5 million and had financial gearing at 31 January 2015 of 1.5x net debt to EBITDA for the twelve months ended 31 January 2015.

Briscoe Group had no interest-bearing debt at its most recently completed year end on 25 January 2015 and reported a net cash position of NZ\$89.7 million, approximately NZ\$26 million of which was subsequently applied to settle liabilities payable in the last week of January.

On completion of an amalgamation of the companies, the Combined Group is expected to have a more conservative gearing ratio than Kathmandu's 1.5x net debt to EBITDA, after funding the cost of the 19.9% of Kathmandu Shares already purchased by Briscoe Group as well as the NZ\$0.20 per Kathmandu Share of cash to be provided under the Offer. These outlays are to be funded by a combination of utilisation of Briscoe Group's cash reserves and drawing down borrowings from facilities in place. Briscoe Group believes this proposed level of gearing provides good balance sheet flexibility and efficiency.

Enhanced equity market presence

The Combined Group will be significantly larger and potentially more liquid than either of the stand alone

companies, with potential for greater investor interest as a result of the following:

- The Combined Group is expected to generate significantly higher annual revenues and earnings than either of the two companies individually.
- The number of shareholders of Briscoe Group would rise from approximately 3,300 to approximately 8,300 as a result of Kathmandu's shareholders¹⁹ being issued new shares upon accepting the Offer (assuming full acceptance).
- The free float capitalisation²⁰ of the Combined Group would be approximately NZ\$400 million compared to NZ\$280 million for Kathmandu, based on share prices at the time Briscoe Group announced its intention to make the Offer.
- The 78% majority shareholding in Briscoe Group held by interests associated with Managing Director Rod Duke would reduce to 55% of the Combined Group. Briscoe Group intends for Rod Duke to continue to be intimately involved in the business and with his 55% shareholding, his interests would be strongly aligned with the wealth enhancement interests of all shareholders.
- If the Offer is successful, Briscoe Group intends to seek listing on the ASX²¹ alongside its NZX listing.

19. Based on Kathmandu's share register as at 7 July 2015.

20. Free float capitalisation is the market value of the number of shares that are freely tradable. Calculated as the sum of Briscoe Group free float shares (as at 5 June) plus the number of shares issued under the Offer, multiplied by the one-month VWAP for Briscoe Group on 29 June 2015 of NZ\$2.88.

21. Quotation is subject to approval by ASX (there is no guarantee that Briscoe Group's application will be successful) and ASX takes no responsibility for any statement made in this Offer document.



CGT rollover relief may be available

Certain Australian tax resident shareholders who accept the Offer may be eligible for Australian scrip for scrip CGT rollover relief provided that Briscoe Group becomes the owner of 80% or more of Kathmandu's shares through the Offer. Investors should seek their own tax advice.

Potential operational benefits from amalgamating the companies

By accepting the Offer, you will have the opportunity to benefit from the better performances we believe the Combined Group can achieve compared to what can be achieved by Kathmandu alone. The Briscoe Group Directors see the operations of both businesses as being complementary in terms of the markets they serve and the products they offer. Having little crossover allows for a seamless integration process from a customer perspective. As such, on completion of the Offer, the Briscoe Group Directors intend that the Briscoes Homeware, Living & Giving and Rebel Sport retail chains and Kathmandu will continue to operate with their own brands and branding as part of the Combined Group.

We believe additional benefits from combining the businesses will be able to be realised by various Briscoe Group operational strategies, structures and practices

being adopted by the Kathmandu business. Similarly, there are elements of the Kathmandu operations that could generate benefits if applied across the Combined Group.

Over time it is intended that executives and specialists from both companies would work together to obtain an understanding of the features, strengths and weaknesses of strategies, structures and practices across all areas of the businesses, and to achieve best practice across and enrich the Combined Group.

Areas in which potential operational benefits have been identified across both businesses include:

- Design, manufacture, distribution, ranging and promotion of merchandise
- Online operations
- Inventory management and logistics
- Operations management
- Support services
- Property development and property management
- External service providers
- Systems.

The Offer provides you with an attractive premium and valuation multiple

The Offer provides an attractive premium for your Kathmandu Shares

The Offer of five Briscoe Group Shares for every nine Kathmandu Shares and NZ\$0.20 per Share implies an offer value of NZ\$1.80 per Share²² based on the one-month VWAP of Briscoe Group shares at the time Briscoe Group announced its intention to make the Offer. On that basis, it provides Kathmandu shareholders with a:

- 29% premium to the last closing share price of Kathmandu Shares on 29 June 2015, the day prior to the announcement of the Offer
- 29% premium to the 5 day VWAP²³ prior to the announcement of the Offer
- 34% premium to the 1 month VWAP²³ prior to the announcement of the Offer
- 29% premium to the 2 month VWAP²³ prior to the announcement of the Offer
- 30% premium to the 3 month VWAP²³ prior to the announcement of the Offer
- 42% premium to the recent lowest price of Kathmandu Shares on 18 June 2015²⁴.



Because the consideration offered includes Briscoe Group shares, the effective value of the Offer will change as Briscoe Group's share price changes over time. The table on page 7 contains examples of how the implied Offer price varies with the Briscoe Group share price.

The Offer represents an attractive valuation multiple for Kathmandu

Briscoe Group believes that the Offer represents attractive value to Kathmandu shareholders. The implied Offer value of NZ\$1.80²² equates to:

- a FY15 P/E multiple of 15.5x²⁵
- a FY15 EV/EBIT multiple of 11.0x²⁶

22. Based on the one-month volume weighted average price of Briscoe Group shares (NZ\$2.88) on NZX on 29 June 2015. As at the trading day prior to the date of this Offer, the Briscoe Group share price was NZ\$2.80.

23. Volume weighted average price of Kathmandu Shares on NZX up to and including 29 June 2015, the trading day prior to Briscoe Group announcing it had acquired 19.9% of Kathmandu Shares and its intention to make this Offer.

24. The date on which the Kathmandu Share price was lowest during the one-month prior to the announcement by Briscoe Group of its intention to make the Offer.

25. Based on broker consensus forecasts from Bloomberg as at 29 June 2015.

26. Enterprise value based on net debt of NZ\$55.5m as at 31 July 2014, sourced from 2014 Kathmandu Annual Report, EBIT based on broker consensus forecasts from Bloomberg as at 29 June 2015.

3. BRISCOE GROUP PROFILE

Briscoe Group overview

Briscoe Group is one of New Zealand's largest NZX listed retailers²⁷ with revenue of NZ\$507 million for the financial year ended 25 January 2015.

Its stores and three e-commerce websites operate in two retail sectors:

- Homeware under the Briscoes Homeware and Living & Giving brand names (66.5% of 2015 group revenue).
- Sporting goods under the Rebel Sport brand name (33.5% of 2015 group revenue).

Homeware – Financial year 2014-15 sales NZ\$337 million



- Supplies quality and competitively priced homeware to the New Zealand market
- Large format stores with a wide range of branded products
- 42 stores throughout New Zealand
- Online store at www.briscoes.co.nz



- Supplies fashionable and affordable gifts and homeware
- Small format mall-based stores
- Four stores in Auckland, Lower Hutt and Christchurch
- Online store at www.livingandgiving.co.nz

Sporting goods – Financial year 2014-15 sales NZ\$170 million



- The largest specialty sporting goods retailer in New Zealand
- Large format stores with a wide range of international sporting brands
- 34 stores throughout New Zealand
- Online store at www.rebelsport.co.nz

27. Based on sales revenue from most recent Annual Reports.



Briscoe Group history

The Briscoes Homeware business, which had its origins as a hardware retailer with a warehouse and store in the South Island of New Zealand in 1862, was purchased by Managing Director Rod Duke in 1990 following more than a decade of poor trading performances under the previous ownership.

Rod Duke and his management team repositioned Briscoes Homeware as a specialty retailer of homeware, overseeing a return to growth in the company's sales and profitability. This was followed by establishing Rebel Sport in New Zealand as a business within the group (in 1996) and the listing of Briscoe Group on the New Zealand Stock Exchange in 2001. It purchased Living & Giving in 2006.

The Rebel Sport initiative was in response to recognition by the management team of a gap in the New Zealand retail market for sporting goods. Prior to that time, the retail experience of the group's management did not extend beyond homeware, but by applying sound basic retailing principles to the new business, Rebel Sport grew to become the largest sporting goods retailer in New Zealand.




















Today, Briscoe Group is New Zealand's leading homeware and sporting goods retailer with a strong record of high performance. The experienced and talented team of executives, led by Rod Duke, drive Briscoe Group's businesses and contribute significantly to the success and strength of Briscoe Group. Rod Duke's associated interests own 78% of Briscoe Group's shares (which will be diluted to approximately 55% by the Offer (assuming full acceptance)). His majority ownership and focus on retailing excellence and financial performance have been key factors in Briscoe Group's successes and positive culture.

Briscoe Group brands and merchandise management








Briscoe Group operates under the Briscoes Homeware, Living & Giving and Rebel Sport retail brands selling branded products through its 80 stores and three e-commerce websites. For many of the brands sold, Briscoes Homeware and Rebel Sport are the largest seller in New Zealand.

The merchandise team sources the product ranges that are marketed and sold to customers. In Rebel Sport this is predominantly a collection of international brands. In Briscoes Homeware the ranges are a mixture of leading international brands and house brands specifically sourced to cover the required price points and to optimise the business' 'good-better-best' strategy. Briscoe Group has extensive experience in offshore sourcing, as well as in product design and specification, packaging design and offshore contracting for the manufacture of merchandise. Over many years a wide range of successful brands have been developed both in-house and in conjunction with supply partners. Relationships with overseas factories and with supply partners are well established both in relation to longevity and strength of commitment.

Brands stocked by Briscoes Homeware include:

Brands stocked by Rebel Sport include:

Briscoe Group operational approach

Briscoe Group's core strategy is to focus on the basics of effective retailing. These are to:

- provide merchandise that people want at the prices people are prepared to pay
- communicate with customers and potential customers effectively
- keep inventories in line with what can be sold
- keep costs well controlled.

Adhering to the basics and optimising the ways we provide them, through an on-going review of performance and a willingness to make changes, are central to the Briscoe Group culture.

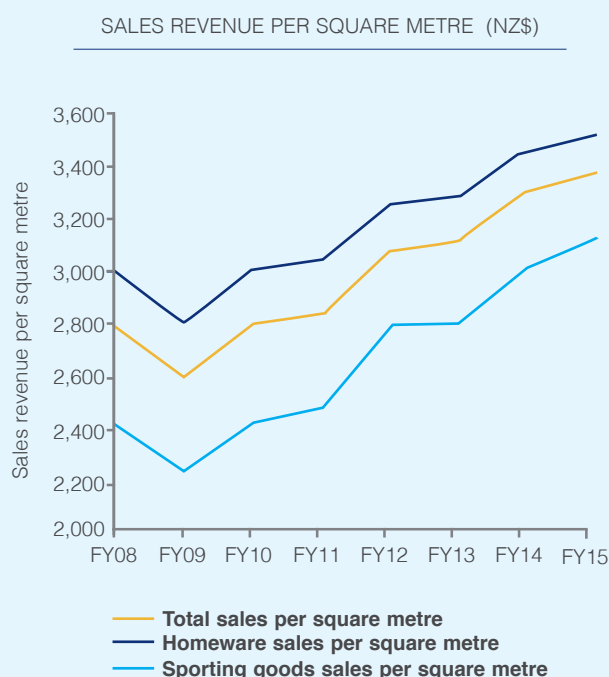
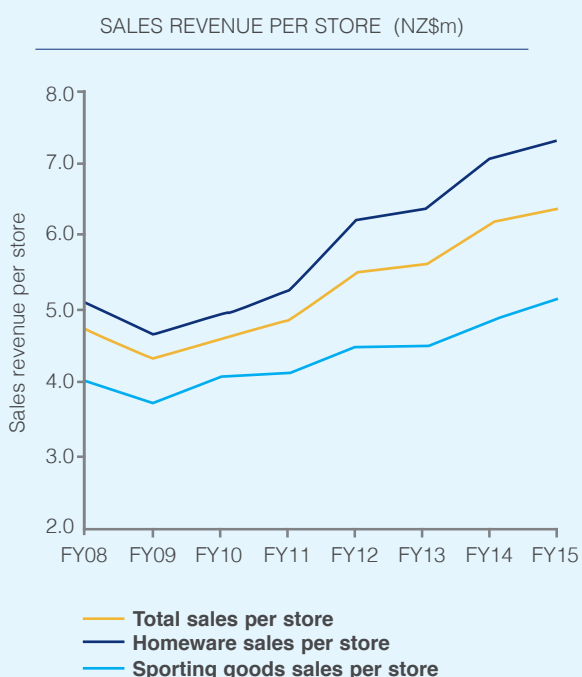
Briscoe Group's operating structures and strategies have been adapted for changes that have arisen in local and international economies, customer demand, retail formats, merchandise, technology, competition, marketing, media, and a myriad of other factors that have an impact on the services and performances of retailers.

During the market downturn leading into the global financial crisis, Briscoe Group proactively identified alternative operating models of successful international retailers and undertook a comprehensive review of the Briscoes Homeware and Rebel Sport businesses against these. The outcome of the review was the development of focused remuneration strategies, and simplified operational and organisational structures by function rather than by brand. These changes have been followed up with an on-going series of initiatives that have included the implementation of inventory scanning technology, the launch of the Briscoe Group Sales & Service programme, and the launch of new e-commerce websites.

These various and on-going initiatives have been key to the strength in Briscoe Group's operating and financial performance over subsequent years, as has been the effectiveness of the operation of Briscoe Group's SAP financial and merchandising system. The multi-million dollar project to set up the SAP system was completed on time by the Briscoe Group management team, under budget and provided the platform for improved decision-making to support growth.

The Briscoe Group Directors and management believe adherence to the retailing basics and flexibility to adapt are the fundamental reasons Briscoe Group has outperformed other retailers.

Briscoe Group has shown strong sales performance during the last seven years



Briscoe Group online stores

Briscoe Group has e-commerce websites for Briscoes Homeware, Living & Giving and Rebel Sport which operate in parallel with Briscoe Group's physical stores.

The online operations are managed as part of an omni-channel strategy that recognises customers prefer flexibility to research purchases and make purchases either online or in store. It also recognises the need to provide customers with the flexibility to decide

how they want to be communicated with about merchandise and special offers.

Growth in sales transacted online has been strong with sales transacted through the websites now representing more than 4% of total group sales. Annual growth rates of more than 40% per annum are currently being achieved.



BRISCOE GROUP MANAGEMENT

The senior managers of Briscoe Group are highly competent with a wealth of experience across markets, retail categories and specialist retail areas.

Please note the biographies are selected summaries. They are not exhaustive.



RODNEY DUKE
Managing Director
Deputy Chairman

27 years at Briscoe Group and 34 years of retail management experience

- Worked in the retail sector for his entire working life
- Former NSW manager of Homecraft / Eric Anderson stores and senior merchandise manager for Grace Brothers
- Former Managing Director of Norman Ross Australia
- Appointed Managing Director of Briscoe Group²⁸ in 1988
- Purchased 100% of Briscoe Group²⁹ in 1990



ALAISTER WALL
Executive Director

44 years at Briscoe Group and 44 years of retail experience

- Joined Briscoe Group in 1970
- Appointed Group Accountant in 1981, Finance Director and Company Secretary in 1987, Deputy Managing Director in 2002 and Executive Director in 2013
- Managed legal, financial accounting and financing functions of Briscoe Group including store expansion, development of Rebel Sport and pre-IPO restructure



GEOFF SCOWCROFT
Chief Financial Officer

14 years at Briscoe Group and 29 years of retail experience

- Joined Briscoe Group as Chief Financial Officer in 2002 with responsibility for finance, IT, and administration
- Began finance career in accounting with Associated Wholesalers
- 15 years with Woolworths (NZ), including last position as Financial Controller

28. Appointed Managing Director of the predecessor entity to Briscoe Group.

29. Rod Duke acquired the predecessor entity to Briscoe Group.



PETER BURILIN

Chief Operating Officer

16 years at Briscoe Group and 31 years of retail experience

- Joined Briscoe Group in 1998 and was appointed Chief Operating Officer in 2004
- 13 years at Gateway Foodmarkets (now Somerfield) in the UK progressing from store management to senior marketing and operational management roles
- Held general management roles at Levenes and Progressive Enterprises in New Zealand
- Former positions at Briscoe Group include General Manager Rebel Sport and General Manager Briscoes Homeware



FRASER COLLINS

Group General Manager – Merchandise

30 years at Briscoe Group and 38 years of retail experience

- Joined Briscoe Group as the manager of Christchurch stores in 1984
- Appointed Project Manager in 1988 with the responsibility of opening all Briscoes Homeware stores until 1999
- Also held position of South Island Operations Manager and National Operations Manager
- Appointed as General Manager Briscoes Homeware in 2004
- Appointed as General Manager Merchandise in 2008



CRAIG ROBERTSON

Group General Manager – Operations

3 years at Briscoe Group and 34 years of retail experience

- 19+ years with Noel Leeming Group, culminating in appointment as General Manager Operations
- Former General Manager at the Pacific Retail Group
- Former head of retail stores for Telecom New Zealand (now Spark)
- Former Head of Retail Stores, Sales and Service for New Zealand Post
- Joined Briscoe Group as General Manager Operations in 2011



DAVE HUGHES

General Manager – Supply Chain

2 years at Briscoe Group and 15 years of retail experience

- Experience in support, IT, merchandise planning, customer insights, warehousing and distribution, logistics, and e-commerce at EziBuy
- Former General Manager Supply Chain at EziBuy
- Joined Briscoe Group as General Manager Supply Chain in 2013

Performance focused management

Briscoe Group operates a flat structure in all functions with remuneration of management throughout the group (including store management) linked closely to the generation of incremental profit. Briscoe Group believes this results in a willingness and ability to make decisions quickly and an accountability for outcomes. With the focus on profit, there is a corresponding healthy focus on cost control as well. Features of Briscoe Group's management structure include:

- Stores are grouped into profit centres, managed by Business Managers who report directly to the General Manager Operations. This structure promotes ownership and allows information to flow directly between the General Manager and his team.
- Briscoe Group has a team of experienced and effective buyers, most of whom have been with the business for more than 15 years. This experience coupled with a focused reporting suite and appropriate short-term incentives, has consistently generated outstanding performance.
- Briscoe Group benefits from experienced executives and managers across all support office functions. The senior team is involved in the day-to-day operation of the business, monitoring performance constantly and making changes quickly and efficiently as required.



Briscoe Group's Non-Executive directors³⁰

The Briscoe Group Board of Directors comprises three Non-Executives and two Executives (Rod Duke and Alaister Wall, both profiled in the Senior Management section above).

The Board meets every month to review strategies and performance, participate in discussions and make decisions on key issues, and to monitor the Group's performance and practices in relation to the Group's governance policies.

The Non-Executive directors also meet frequently with the Managing Director and other members of the senior management team as required to chair and participate in meetings as well as to provide general support to management.

All Directors of Briscoe Group are shareholders in the company.



DAME ROSANNE MEO

Chairman and Non-Executive Director

- Appointed Chairman in 2001 ahead of Briscoe Group's successful IPO
- Extensive governance experience of over 25 years with both listed and unlisted companies; mostly in New Zealand but also in Australia
- Chairman of Real Estate Institute of NZ, Director of AMP (NZ) Staff Superannuation Scheme, and Overland Footwear
- Patron of the Auckland Philharmonia
- Knighted for Services to Business in 2011



MARY DEVINE

Non-Executive Director

- Appointed in 2013
- Extensive experience in corporate strategy, brand marketing and retailing
- Former CEO roles with department store J.Ballantyne, multichannel retailer EziBuy and outdoor company Arthur Ellis
- Director of Meridian Energy, IAG New Zealand and Top Retail
- Made an Officer of the New Zealand Order of Merit for services to business



STUART JOHNSTONE

Non-Executive Director

- Appointed in May 2001 following completion of an advisory mandate to assist with Briscoe Group's IPO
- Background in life office investment management and investment banking
- Former principal of Buttle Wilson sharebrokers
- Former investment banker with Fay Richwhite

30. The biographies are selected summaries. They are not exhaustive.



3. FINANCIAL INFORMATION

Extracts of actual published historical financial information for each of Briscoe Group and Kathmandu are shown below. Kathmandu shareholders are encouraged to consider the published historical financial statements (including notes and accounting policies which may affect a reader's interpretation of these extracts) in full.

They are available at <http://www.kathmanduholdings.co.nz/investor-relations/reports/> (for Kathmandu) and at <http://briscoegroup.co.nz/investor-centre/> (for Briscoe Group).

Briscoe Group Income Statements (NZ\$m)³¹

Income Statement	Year ended 30 January 2011	Year ended 29 January 2012	Year ended 27 January 2013	Year ended 26 January 2014	Year ended 25 January 2015
Sales	419.3	438.0	452.7	483.6	507.1
Cost of goods sold	(256.4)	(269.5)	(276.8)	(297.4)	(309.9)
Gross profit	162.9	168.5	175.9	186.2	197.2
Other income	0.1	0.1	0.2	0.1	2.3
Store/selling expenses	(79.8)	(78.7)	(81.4)	(85.3)	(87.0)
Admin and general expenses	(50.4)	(53.2)	(53.7)	(55.8)	(59.4)
Earnings before interest and tax	32.8	36.7	41.0	45.2	53.1
Finance income	1.4	1.7	1.7	1.7	1.8
Finance expenses	-	-	-	-	-
Net finance costs	1.4	1.7	1.7	1.7	1.8
Profit before income tax	34.2	38.4	42.7	46.9	54.9
Income tax expense	(12.6)	(10.9)	(12.2)	(13.3)	(15.6)
Net profit after income tax	21.6	27.5	30.5	33.6	39.3
Basic earnings per share (cents)	10.2	13.0	14.3	15.6	18.2
Dividends declared (cents)	9.0	10.0	11.0	12.5	14.0

31. Rounding to millions may cause slight differences to published statements and/or minor addition discrepancies.

Briscoe Group Balance Sheets (NZ\$m)³²

Balance Sheet	As at 30 January 2011	As at 29 January 2012	As at 27 January 2013	As at 26 January 2014	As at 25 January 2015
Assets					
Current assets:					
Cash and cash equivalents	82.8	95.3	77.5	84.8	89.7
Trade and other receivables	1.9	2.6	2.5	3.6	3.8
Derivative financial instruments	0.0	0.1	0.1	0.4	3.7
Inventories	63.2	62.1	64.6	69.3	73.5
Total current assets	147.9	160.1	144.7	158.1	170.8
Non-current assets:					
Property, plant and equipment	42.2	45.1	44.6	54.6	61.6
Intangible assets	0.5	1.3	1.3	1.4	1.5
Deferred tax	0.5	0.8	1.2	1.3	0.9
Total non-current assets	43.3	47.2	47.1	57.3	64.0
Total assets	191.1	207.3	191.8	215.4	234.8
Liabilities					
Current liabilities:					
Trade and other payables	55.6	61.9	58.3	70.6	74.3
Derivative financial instruments	1.2	0.7	0.9	0.2	0.0
Current tax liabilities	1.9	3.0	3.6	3.3	4.1
Total current liabilities	58.7	65.5	62.7	74.2	78.5
Non-current liabilities:					
Other	0.5	0.6	0.6	0.5	0.7
Total non-current liabilities	0.5	0.6	0.6	0.5	0.7
Total liabilities	59.2	66.1	63.3	74.7	79.2
Equity					
Contributed equity - ordinary shares	40.6	41.7	42.3	44.9	46.6
Reserves	(0.4)	0.3	0.3	0.9	3.9
Retained earnings	91.6	99.2	86.0	94.9	105.1
Total equity	131.9	141.2	128.6	140.6	155.6
Total liabilities and equity	191.1	207.3	191.8	215.4	234.8

32. Rounding to millions may cause slight differences to published statements and/or minor addition discrepancies.

Kathmandu Income Statements (NZ\$m)³³

Income Statement	Year ended 31 July 2010	Year ended 31 July 2011	Year ended 31 July 2012	Year ended 31 July 2013	Year ended 31 July 2014	Half Year ended 31 January 2015
Sales	245.8	306.1	347.1	384.0	392.9	179.4
Cost of goods sold	(90.5)	(105.6)	(127.6)	(142.0)	(144.8)	(73.1)
Gross profit	155.3	200.6	219.5	242.0	248.1	106.3
Other income				0.9	1.4	
Store/selling expenses	(77.6)	(94.8)	(113.8)	(121.8)	(123.2)	(72.7)
Admin and general expenses	(29.3)	(41.8)	(48.9)	(57.7)	(62.1)	(33.0)
Earnings before interest and tax	48.5	64.0	57.0	63.4	64.3	0.6
Finance income	2.3	0.2	0.1	0.2	0.3	0.3
Finance expenses	(11.9)	(7.0)	(6.0)	(4.6)	(4.9)	(2.6)
Net finance costs	(9.7)	(6.8)	(5.8)	(4.4)	(4.6)	(2.4)
Costs associated with IPO	(16.8)					
Profit before income tax	22.0	57.2	51.1	59.0	59.7	(1.8)
Income tax expense	(12.6)	(18.2)	(16.3)	(14.8)	(17.5)	(0.1)
Net profit after income tax	9.4	39.1	34.9	44.2	42.2	(1.8)
Basic earnings per share (cents)	0.3*	19.5	17.4	22.1	21.0	(0.9)
Dividends declared (cents)	7.0*	10.0	10.0	12.0	12.0	3.0

* Kathmandu's IPO was in the 2010 year, during which changes to its capital structure as well as one-off IPO related costs impacted EPS. No interim dividend was declared during this year.

33. Rounding to millions may cause slight differences to published statements and/or minor addition discrepancies.



Kathmandu Balance Sheets (NZ\$m)³⁴

Balance Sheet	As at 31 July 2010	As at 31 July 2011	As at 31 July 2012	As at 31 July 2013	As at 31 July 2014	As at 31 January 2015
Assets						
Current assets:						
Cash and cash equivalents	4.7	3.6	1.8	2.3	7.2	1.8
Trade and other receivables	3.9	2.3	3.5	3.7	3.8	4.0
Derivative financial instruments				7.9		15.4
Current tax asset						6.2
Inventories	37.4	54.0	73.3	80.0	103.8	97.3
Total current assets	46.1	59.9	78.6	93.9	114.7	124.7
Non-current assets:						
Property, plant and equipment	28.0	32.8	41.9	43.4	48.4	50.5
Intangible assets	241.8	243.7	249.1	234.9	238.7	236.3
Derivative financial instruments					0.1	
Deferred tax	3.5	3.5	3.2	4.0	6.3	0.9
Total non-current assets	273.4	280.0	294.2	282.3	293.5	287.8
Total assets	319.4	339.9	372.8	376.2	408.3	412.5
Liabilities						
Current liabilities:						
Trade and other payables	16.9	21.0	29.3	33.0	37.5	31.1
Derivative financial instruments	4.8	10.5	3.1	0.1	3.0	0.1
Interest bearing liabilities				0.2	0.2	87.3
Current tax liabilities	4.3	6.7	6.3	5.5	2.7	
Total current liabilities	26.0	38.2	38.7	38.8	43.5	118.4
Non-current liabilities:						
Derivative financial instruments	0.3	0.3	0.8	0.6	0.2	0.5
Interest bearing liabilities	54.0	46.5	53.7	42.6	62.5	
Total non-current liabilities	54.3	46.8	54.5	43.2	62.7	0.5
Total liabilities	80.3	85.0	93.2	82.0	106.2	118.9
Equity						
Contributed equity - ordinary shares	197.0	197.0	197.3	197.4	198.2	200.2
Reserves	(1.3)	(4.5)	5.1	(4.7)	(15.7)	(6.4)
Retained earnings	43.4	62.4	77.3	101.5	119.6	99.8
Total equity	239.1	254.9	279.6	294.2	302.1	293.6
Total liabilities and equity	319.4	339.9	372.8	376.2	408.3	412.5

34. Rounding to millions may cause slight differences to published statements and/or minor addition discrepancies.

Combined Group Overview

This section contains an unaudited pro forma balance sheet, which has been prepared to provide Kathmandu shareholders with an indication of the scale and size of the Combined Group as at 31 January 2015, as if Briscoe Group had acquired all Kathmandu Shares on issue on that date.

The pro forma balance sheet presented in this section should be read in conjunction with the accounting

policies of Briscoe Group and Kathmandu as disclosed in their most recent annual financial reports that were individually prepared in accordance with generally accepted accounting practice (GAAP) in New Zealand, International Financial Reporting Standards (IFRS) and NZ equivalents to International Financial Reporting Standards (NZ IFRS), and with the notes below.



Unaudited Pro Forma Balance Sheet of the Combined Group
(NZ\$m)³⁵

Pro Forma Balance Sheet	Briscoe Group		Kathmandu	Pro Forma Adjustments		Pro Forma Combined Group
	25 January 2015	31 January 2015	Notes b(i), b(ii)	Note b(iii)	Note b(iv)	
Assets						
Current assets:						
Cash and cash equivalents	89.7	1.8	(26.4)	(63.3)		1.8
Trade and other receivables	3.8	4.0				7.8
Derivative financial instruments	3.7	15.4				19.1
Current tax asset		6.2			(4.1)	2.1
Inventories	73.5	97.3				170.8
Total current assets	170.7	124.7	(26.4)	(63.3)	(4.1)	201.6
Non-current assets:						
Property, plant and equipment	61.6	50.6				112.2
Investment in subsidiary				359.2	(359.2)	0.0
Intangible assets	1.5	236.3			65.6	303.4
Deferred tax	0.9	0.9				1.8
Total non-current assets	64.0	287.8	0.0	359.2	(293.6)	417.4
Total assets	234.7	412.5	(26.4)	295.9	(297.7)	619.0
Liabilities						
Current liabilities:						
Trade and other payables	74.3	31.1	(26.4)			79.0
Interest bearing liabilities		87.3	(87.3)	37.7		37.7
Current tax liabilities	4.1				(4.1)	0.0
Total current liabilities	78.4	118.4	(113.7)	37.7	(4.1)	116.7
Non-current liabilities:						
Derivative financial instruments		0.5				0.5
Interest bearing liabilities			87.3			87.3
Other	0.7					0.7
Total non-current liabilities	0.7	0.5	87.3	0.0	0.0	88.5
Total liabilities	79.1	118.9	(26.4)	37.7	(4.1)	205.2
Equity						
Contributed equity - ordinary shares	46.6	200.2		258.2	(200.2)	304.8
Reserves	3.9	(6.4)			6.4	3.9
Retained earnings	105.1	99.8			(99.8)	105.1
Total equity	155.6	293.6	0.0	258.2	(293.6)	413.8
Total liabilities and equity	234.7	412.5	(26.4)	295.9	(297.7)	619.0

35. Rounding to millions may cause slight differences to published statements and/or minor addition discrepancies.

Unaudited Pro Forma Balance Sheet for the Combined Group

a. Basis of presentation of unaudited pro forma balance sheet

The unaudited pro forma balance sheet as at 31 January 2015 of the Combined Group is a pro forma consolidation of the audited Briscoe Group balance sheet as at 25 January 2015, and the unaudited balance sheet included in Kathmandu's interim financial statements as at 31 January 2015, then adjusted as described below.

The unaudited pro forma consolidated balance sheet of the Combined Group is presented in New Zealand millions of dollars and has been prepared in accordance with the accounting policies of Briscoe Group.

b. Notes to the adjustments made in preparing the unaudited pro forma balance sheet

- (i) Consolidation adjustments - different balance dates

The Briscoe Group balance sheet as at 25 January 2015 has been adjusted to account for the approximately NZ\$26.4 million payment of liabilities made after balance date but on or before 31 January 2015. No other adjustments have been made to allow for differing balance dates.

- (ii) Adjustment to classification of Kathmandu's interest bearing liabilities

In Kathmandu's unaudited 31 January 2015 balance sheet, the interest bearing liability of NZ\$87.3 million was classified as a current liability as the loan balance was repayable in full on the facility maturity date of 21 December 2015. According to the notes to the interim financial statements, subsequent to the 31 January 2015 balance date the Kathmandu Group entered into a new facility agreement on terms consistent with the existing facility agreement and with a new maturity date of 23 March 2018. An adjustment has been made to reclassify the balance outstanding at 31 January 2015 to a non-current liability, on the assumption that this new facility agreement would remain in place after the proposed acquisition by Briscoe Group.

- (iii) Acquisition of Kathmandu Shares, issue of share capital and debt drawdown
The pro forma balance sheet assumes that Briscoe Group had acquired 100% of the shares of Kathmandu for NZ\$359.2 million on 31 January 2015, funded by then existing cash reserves and a drawdown of debt, together totalling NZ\$101.0 million, and an issue of 89.6 million Briscoe Group shares for the balance, at an assumed issue price of NZ\$2.88 per Briscoe Group share (being the one-month VWAP of Briscoe Group shares on NZX up to and including 29 June 2015, the trading day prior to Briscoe Group announcing its intention to make this Offer).

- (iv) Goodwill arising on consolidation
The pro forma balance sheet incorporates goodwill arising on this proposed acquisition of NZ\$141.0 million. This has been calculated on the assumption that the book value of Kathmandu's identifiable net assets as reported in Kathmandu's unaudited balance sheet as at 31 January 2015 equate to fair values. The only adjustment made to Kathmandu's reported net assets has been to exclude purchased goodwill, estimated at NZ\$75.4 million, that was included within their total intangible asset balance of NZ\$236.3 million. The increase in goodwill within the pro forma adjustments of NZ\$65.6 million is the net of these two amounts.

- (v) Other acquisition accounting adjustments
No other adjustments have been made in the pro forma balance sheet that may arise as part of the acquisition accounting process and related fair value exercise as they have not been able to be identified or quantified.

Pro Forma Income Statement and Statement of Cash Flows

Briscoe Group has not provided a pro forma consolidated income statement or pro forma consolidated statement of cash flows for the Combined Group for the latest periods for which financial statements of Briscoe Group and Kathmandu are available. The reasons for this include:

- Kathmandu's historical trading performance for the year ended 31 July 2014 is presumed to have little relevance to Kathmandu's financial performance for the current financial year to 31 July 2015, given performance in the first half of the year to 31 July 2015 was significantly below the performance in the first half of the year to 31 July 2014.
- A pro forma consolidation of the companies' financial performance statements and statement of cash flows for the latest periods for which published financial information is available would involve considerable subjectivity as it would require multiple adjustments and assumptions.

The results of actual performance for each of the two companies' current reporting periods (half year ended 26 July 2015 for Briscoe Group and full year ended 31 July 2015 for Kathmandu) are due to be announced and published by the companies in coming weeks and months, for which no guidance has yet been provided by the Directors of Kathmandu, but which will be relevant to assessing the merits of the Offer.

Forecast information

Briscoe Group has chosen not to provide forecast financial information in this Offer document in respect of the Combined Group as Briscoe Group does not believe it has a reasonable basis on which to make forecasts of Kathmandu's future performance.



KEY RISKS

Risk Factors

In deciding whether to accept the Offer, you should read this Offer document in its entirety and carefully consider the risks of owning Briscoe Group shares, including risks that may have an adverse impact on the financial performance of the Combined Group and the value of Briscoe Group shares. You should also consider the information released to the market under the continuous disclosure regimes that Briscoe Group and Kathmandu are required to adhere to as a result of Briscoe Group shares being listed on the NZX and Kathmandu Shares being listed on the NZX and ASX.

This section does not detail every risk that the Combined Group would face. In particular, it does not address risks to which Kathmandu is already exposed, risks that apply to businesses generally or risks that apply to investments generally. There may also be risks that are not presently known to Briscoe Group or, if known, that are not presently considered key risks, that may turn out to be as important as the key risks identified in this section.

You should seek your own professional advice about this Offer and the risks associated with it. You should contact your broker, accountant, lawyer or other advisor if you have any questions about this Offer.

Key risks associated with the Offer

You will be exposed to risks that the Combined Group faces as part of the Offer. Briscoe Group believes the key risks arising from the Offer that you should consider are as follows:

- Briscoe Group may not acquire all of the Kathmandu Shares that it does not already own and this could have an impact on the Combined Group's capacity to realise synergies from the acquisition of Kathmandu and to implement the intentions described in this Offer document
- The price and market value of the Briscoe Group shares issued as consideration under the Offer may vary from time to time (including between the date on which you accept the Offer and the time you receive your Briscoe Group shares)
- You may not be able to sell your Briscoe Group shares at price levels at which the Briscoe Group shares are currently being traded
- The change in control of Kathmandu may trigger termination (or other adverse) rights
- Briscoe Group may not achieve admission to list on the ASX³⁶
- There are risks of business acquisition relating to the ability to integrate the businesses' processes and systems to achieve anticipated benefits
- You may have tax consequences and risks that depend upon your specific circumstances.

Further details about these risks associated with the Offer are set out in the section titled 'Key Risks' in the Simplified Disclosure Prospectus, which is included as part of this Offer document.

Key other risks for you from becoming a shareholder in Briscoe Group

You are already exposed to risks associated with Kathmandu and the retail industry in which it operates. In the Combined Group, many of those risks will be the same or similar but some of those risks may change and there may be some additional risks. Briscoe Group believes the key changes in risk exposures that you could experience as a result of Kathmandu becoming part of the Combined Group (rather than remaining as direct shareholders in Kathmandu) are as follows:

- An exposure to risks associated with Briscoe Group's existing businesses and markets, offset to some extent by increased diversification of the Combined Group and in particular a reduction in exposure to risks associated with Kathmandu's existing business and markets
- An increased exposure to any deterioration in the retail environment in New Zealand and a reduced exposure to any improvement in the retail environment in Australia. In each case, the converse also applies
- An exposure to the loss of key Kathmandu and Briscoe Group personnel
- An increased exposure to adverse New Zealand dollar movements against the Australian dollar. The converse also applies.

Further details about the change in risk or the additional risk are set out in the section titled 'Key Risks' in the Simplified Disclosure Prospectus, which is included as part of this Offer document.

36. Briscoe Group intends to seek listing on the ASX (alongside its NZX listing) if the Offer is successful. Quotation is subject to approval by ASX (there is no guarantee that Briscoe Group's application will be successful) and ASX takes no responsibility for any statement made in this Offer document.



6. HOW TO ACCEPT THIS OFFER

<p>Closing date</p>	<p>The Offer is scheduled to close on 17 September 2015 (unless extended in accordance with the Takeovers Code).</p> <p>If you wish to ACCEPT the Offer, you must ensure that your Acceptance Form is received by Briscoe Group on or before the Closing Date.</p>
<p>How to ACCEPT</p>	<p>To ACCEPT the Offer by Briscoe Group, you should complete the relevant Acceptance Form enclosed with this Offer document in accordance with the instructions set out on that form and then return that form in one of the ways described below.</p> <p>If you wish to accept the Offer for some or all of your Kathmandu Shares, you can select to accept by Regular Acceptance or by Facility Acceptance or by a combination of both methods of acceptance.</p> <p>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.</p> <p>Regular Acceptance – Green Acceptance Form</p> <p>You may accept the Offer by completing the enclosed Green Acceptance Form in accordance with the instructions on that form and then returning that form to the address set out below.</p> <p>If you accept the Offer through a Regular Acceptance, you have no right to withdraw your acceptance (other than for non-payment).</p> <p>Facility Acceptance – Blue Acceptance Form</p> <p>You may accept this Offer through an Acceptance Facility managed by Link Market Services Limited (Link Market Services) by completing the enclosed Blue Acceptance Form in accordance with the instructions on that form and then returning that form to the address set out as follows.</p> <p>Briscoe Group has established the Acceptance Facility in order to facilitate acceptance of the Offer by those Kathmandu Shareholders who may wish to retain the right to withdraw such Facility Acceptances.</p> <p>Difference between a Regular Acceptance and a Facility Acceptance</p> <p>The difference between a Regular Acceptance and a Facility Acceptance is that the Facility Acceptance method gives you the right to withdraw your Facility Acceptance.</p> <p>You may withdraw your Facility Acceptance by submitting a Withdrawal Notice. A Withdrawal Notice will be effective if it is validly completed and received by Link Market Services prior to Briscoe Group receiving a Confirmation Notice from Link Market Services in accordance with clause 7.6(e) of the Offer that the Offeror holds the right to acceptances equal to or more than 90% of the Kathmandu Shares or that Briscoe Group has otherwise declared the Offer unconditional.</p> <p>Full details of the Regular Acceptances and the Facility Acceptances are set out in clause 7 of the Offer.</p> <p>Green Acceptance Forms and Blue Acceptance Forms are together described in this Offer as ‘Acceptance Forms’.</p>



<p>Address for acceptance</p>	<p>You should mail or deliver your completed Acceptance Forms in the enclosed reply paid envelope to Briscoe Group at the following address (if mailing from overseas please affix required postage stamp):</p>
<p>Mail</p>	<p>Briscoe Group c/- Link Market Services PO Box 91976 Auckland 1142</p>
<p>Deliver</p>	<p>Briscoe Group c/- Link Market Services Level 7, Zurich House 21 Queen Street Auckland</p>
<p>Facsimile</p>	<p>You may also fax your completed Acceptance Forms to Briscoe Group at:</p> <p>Briscoe Group c/- Link Market Services on +64 (0) 9 375 5990</p>
<p>Email</p>	<p>You may also email your completed Acceptance Forms to Briscoe Group at:</p> <p>Briscoe Group c/- Link Market Services applications@linkmarketservices.com (Please put 'Briscoe Group Acceptance' in the subject line for easy identification).</p>
<p>Important</p>	<p>ACCEPTANCES MUST BE RECEIVED BY OR POST-MARKED NOT LATER THAN 17 September 2015 (unless the Offer Period is extended in accordance with the Takeovers Code).</p>
<p>If you have sold all your Kathmandu Shares</p>	<p>If you have sold all of your Kathmandu Shares, please send this Offer document and all enclosures (including the Acceptance Forms) immediately to the purchaser or agent (e.g., the broker) through whom the sale was made, to be passed to the purchaser.</p>

Instructions on 'How to Accept this Offer' continue on the following page.

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<p>If you have sold some of your Kathmandu Shares</p>	<p>If you have sold some of your Kathmandu Shares, please alter the total holding printed on the Acceptance Form to the number of Kathmandu Shares which you have retained, initial the change and forward the amended Acceptance Form in any way as instructed above to Briscoe Group c/- Link Market Services.</p> <p>Upon receipt of your amended Acceptance Form, Briscoe Group will re-calculate the consideration to which you are entitled to reflect the number Kathmandu Shares for which you have accepted the Offer.</p> <p>Please also advise the purchaser(s) of your Kathmandu Shares, or request the broker through whom you made the sale to advise the purchaser(s) of your Kathmandu Shares, of the Offer and that copies of this Offer document are available from Link Market Services.</p>
<p>If you have lost your Acceptance Form or if you have any other questions in relation to the Offer</p>	<p>If you have lost your Acceptance Forms or if you have any other questions in relation to the Offer, please telephone the Link Market Services on 09 375 5998 (or, if calling from outside New Zealand, +64 (0) 9 375 5998) or email applications@linkmarketservices.com (Please put 'Briscoe Group Acceptance' in the subject line for easy identification).</p>





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 17 September 2015 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 22 July 2015 (**Offer Date**).

2. CONSIDERATION

- 2.1 The consideration offered by Briscoe Group is:
 - (a) in respect of Foreign Exempt Shareholders, the proceeds of sale of Briscoe Group Shares as described in paragraphs 2.4 and 2.6, plus a cash amount of NZ\$0.20 per Kathmandu Share; and
 - (b) in respect of all other Kathmandu shareholders, five (5) Briscoe Group Shares for every nine (9) Kathmandu Shares, plus a cash amount of NZ\$0.20 per Kathmandu Share,

subject to any further adjustment in accordance with paragraph 6.1 or paragraph 6.4.



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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.

- 2.2** The Briscoe Group Shares forming the consideration payable to each holder of Kathmandu Shares who accepts this Takeover Offer (each an **Acceptor**) will be allotted (subject to clause 2.1), and advice of the allotment will be sent by ordinary mail to Acceptors no later than seven (7) days after the later of:
- (a) the date on which that Acceptor's acceptance is received by Briscoe Group;
 - (b) the date on which this Takeover Offer becomes unconditional; and
 - (c) 17 September 2015,
(such date being the **Latest Payment Date**).
- 2.3** Consideration in the form of Briscoe Group Shares will be deemed to have been sent by Briscoe Group and received by an Acceptor of this Takeover Offer upon:
- (a) the issue of the relevant shares to the Acceptor by the entry into Briscoe Group's share register of the name of the Acceptor as the holder of the relevant number of Briscoe Group Shares; and
 - (b) the payment of the cash amount to the Acceptor in accordance with paragraph 8.

- 2.4** The Briscoe Group Shares can only be allotted to Kathmandu shareholders who are not Foreign Exempt Shareholders. This is because of the restrictions imposed by overseas regulators on the offer and allotment of securities into overseas jurisdictions. Under the Takeovers Code, an offer is required to be made to all shareholders on the same terms. By distinguishing between Foreign Exempt Shareholders on the one hand and all other Kathmandu shareholders on the other, the Takeover Offer is not compliant with the Code in the absence of an exemption from the Panel. Prior to making the Takeover Offer, Briscoe Group applied to the 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 below the 'minimum holding' (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 less than the minimum holding of Briscoe Group Shares (unless that shareholder already holds Briscoe Group Shares). In accordance with the Takeovers Code (Kathmandu Holdings

Limited) Exemption Notice 2015, if, at the time of acceptance of the Takeover Offer, would result in that shareholder holding less than a minimum holding 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 (Kathmandu Holdings 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 17 September 2015. If this Takeover Offer is not extended and the Takeover Offer period ends on 17 September 2015, 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 2 October 2015, 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 on NZX). 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 fulfillment 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 on NZX). 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 CHES holding (in which case your Holder Identification Number will commence with 'X'):

- (a)** any Regular Acceptance will authorise 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 7.4 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 a 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 acknowledgment 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 Offer Date.

1. DATE

This Takeover Offer is dated 22 July 2015.

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'Loghlen 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%
The Goldman Sachs Group, Inc	Target Shares held by a person holding or controlling more than 5% of the class	25,264,190	Ordinary shares	12.5%
Accident Compensation Corporation	Target Shares held by a person holding or controlling more than 5% of the class	13,470,578	Ordinary shares	6.7%

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 (and substantial holding notices) 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 up to the Offer 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 Offer 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 (NZ\$)	Acquisition or Disposal
ORDINARY SHARES				
R A Duke Ltd	3,000,000	2 February 2015	4,500,000	Acquisition
R A Duke Ltd	247,200	3 February 2015	360,912	Acquisition
R A Duke Ltd	1,900,000	3 February 2015	2,818,948	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	Disposal
Kein Geld (NZ) Ltd*	852,800	17 June 2015	1,176,864	Disposal
Briscoe Group Ltd*	6,000,000	17 June 2015	8,856,724	Acquisition
Briscoe Group Ltd**	283,010	22 June 2015	364,881	Acquisition
Briscoe Group Ltd**	72,602	23 June 2015	97,667	Acquisition
Briscoe Group Ltd**	3,697,875	25 June 2015	5,287,961	Acquisition
Briscoe Group Ltd	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.

** Briscoe Group Limited acquired the specified shares using Kein Geld (NZ) Ltd as its agent and bare trustee. The transfer of the legal title in these shares acquired between 22 June 2015 and 25 June 2015, 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 Offer 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 other than set out in this Offer document.

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

As at the Offer 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 Offer 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



BRISCOES
HOMEWARE



SIMPLIFIED DISCLOSURE PROSPECTUS

**Dated 1 July 2015
as amended by a Memorandum of Amendments dated 23 July 2015.**

For the offer of new shares in Briscoe Group Limited (**Briscoe Group**) of the same class as, and ranking equally with, ordinary shares of Briscoe Group listed on the NZX Main Board (**NZSX**). The offer of new shares in Briscoe Group is being offered as consideration for the acquisition of shares in Kathmandu Holdings Limited (**Kathmandu**) pursuant to a Takeover Offer made or to be made by Briscoe Group.

Briscoe Group is a company listed on the NZSX and is subject to the continuous disclosure obligations of the Listing Rules. The Listing Rules generally require Briscoe Group to notify certain material information to NZX, for the purpose of that information being made available to participants in NZX's markets.

Living & Giving

GLOSSARY

The following definitions apply throughout this Simplified Disclosure Prospectus unless the context otherwise requires.

ASIC - Australian Securities and Investments Commission

Australian Corporations Act - Corporations Act 2001 (Cth)

Business Day - a day of the week other than a Saturday, Sunday or national public holiday in New Zealand

Briscoe Group - Briscoe Group Limited

Briscoe Group Share - a fully paid ordinary share in Briscoe Group

Directors - the directors of Briscoe Group

DPS - declared dividend per share

Combined Group - a combination of the existing companies of Briscoe Group and Kathmandu within a single group

\$ - New Zealand dollars

Eligible Kathmandu Shareholders - the holders of Kathmandu Shares excluding Foreign Exempt Shareholders

Foreign Exempt Shareholder - 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 in the form of this offer and the accompanying Simplified Disclosure Prospectus

Kathmandu - Kathmandu Holdings Limited

Kathmandu Share - a fully paid ordinary share in Kathmandu

Kathmandu Shareholders - the holders of Kathmandu Shares

Latest Payment Date - has the meaning given in the Takeover Offer Document

Listing Rules - the NZSX Listing Rules as amended from time to time

New Briscoe Group Share - an ordinary Briscoe Group share to be issued on a fully paid basis under this Simplified Disclosure Prospectus and the Takeover Offer and **New Briscoe Group Shares** has a corresponding meaning

NZSX - the main board equity security market operated by NZX

NZX - NZX Limited

Prospectus and Simplified Disclosure Prospectus - this simplified disclosure prospectus being the document registered with the New Zealand Registrar of Financial Service Providers and ASIC relating to the Takeover Offer

Takeover Offer - the offer by Briscoe Group in accordance with the provisions of the Takeovers Code to acquire all of the shares in Kathmandu that it does not already hold as described in the Takeover Offer Document

Takeover Offer Document - Briscoe Group's offer document to acquire all of the shares in Kathmandu that it does not already hold, dated 22 July 2015



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STATUTORY INDEX

The following index outlines the matters required to be stated or contained in a registered simplified disclosure prospectus under Schedule 10 of the Securities Regulations 2009.

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IMPORTANT INFORMATION

SECURITIES ACT 1978 APPLIES TO THIS OFFER

Briscoe Group has elected for the Securities Act 1978 and the Securities Regulations 2009 to apply to the offer contained in this Simplified Disclosure Prospectus for the purposes of sub-clause 6(3) of Schedule 4 of the Financial Markets Conduct Act 2013. Accordingly, this Simplified Disclosure Prospectus has been prepared in accordance with the Securities Act 1978 and the Securities Regulations 2009 rather than the Financial Markets Conduct Act 2013. All New Zealand legislation can be viewed online at www.legislation.govt.nz

LODGEMENT

This Simplified Disclosure Prospectus is issued by Briscoe Group and is dated 1 July 2015 as amended by a Memorandum of Amendments dated 23 July 2015.

A copy of this Simplified Disclosure Prospectus, signed by or on behalf of the Directors of Briscoe Group, was delivered to the New Zealand Registrar of Financial Service Providers for registration under section 42 of the Securities Act 1978 on 1 July 2015. A copy of this Simplified Disclosure Prospectus as amended by a Memorandum of Amendments, signed by or on behalf of the Directors of Briscoe Group, has been delivered to the New Zealand Registrar of Financial Service Providers for registration under section 43 of the Securities Act 1978. Pursuant to section 43D of the Securities Act 1978, Briscoe Group is unable to allot any New Briscoe Group Shares or accept any applications or subscriptions in respect of the Takeover Offer during the Financial Markets Authority 'Consideration Period'. The Consideration Period commences on the date of registration of this Simplified Disclosure Prospectus and ends at the close of the day that is five working days after the date of registration. The Financial Markets Authority may shorten this Consideration Period, or extend it by no more than five additional working days.

A copy of this Simplified Disclosure Prospectus, and the other documentation required to be lodged in compliance with chapter 8 of the Corporations Act 2001 (Cth of Australia) and the Corporations Regulations 2001 (Cth of

Australia), was lodged with the Australian Securities and Investments Commission (**ASIC**) on 1 July 2015. A copy of this Simplified Disclosure Prospectus as amended by a Memorandum of Amendments will be lodged with ASIC no later than seven days after delivery to the New Zealand Registrar of Financial Service Providers.

NZSX LISTING

The New Briscoe Group Shares have been accepted for listing by NZX and will be quoted upon completion of allotment procedures. However, NZX accepts no responsibility for any statement in this Simplified Disclosure Prospectus. NZX is a licensed marked operator under the Financial Markets Conduct Act 2013.

New Briscoe Group Shares will be allotted to those Eligible Kathmandu Shareholders accepting the Takeover Offer as part of the consideration for the sale of their Kathmandu Shares. Allotment will be made in accordance with the terms of the Takeover Offer. The fact that New Briscoe Group Shares have been accepted by NZX for quotation is not to be taken in any way as an indication of the merits of the Takeover Offer or Briscoe Group.

GOVERNING LAW

This Simplified Disclosure Prospectus, the Takeover Offer and the contracts formed on acceptance of the Takeover Offer are governed by the laws of New Zealand.

NO GUARANTEE

No person (including any Director, agent, employee or adviser of Briscoe Group) guarantees the performance of any New Briscoe Group Shares.

NOTICE TO AUSTRALIAN KATHMANDU SHAREHOLDERS

This offer to Australian investors is a recognised offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the New Zealand Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings - Australia) Regulations 2008.

This offer and the content of the offer document are principally governed by New Zealand, rather than Australian law. In the main, the New Zealand Securities Act 1978 and New Zealand Securities Regulations 2009 set out how the offer must be made.

There are differences in how securities and financial products are regulated under New Zealand, as opposed to Australian law. For example, the disclosure of fees for managed investment schemes is different under New Zealand law.

The rights, remedies and compensation arrangements available to Australian investors in New Zealand securities and financial products may differ from the rights, remedies and compensation arrangements for Australian securities and financial products.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Australian Securities and Investments Commission (**ASIC**). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of New Zealand securities and financial products is not the same as that for Australian securities and products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial advisor.

The offer may involve a currency exchange risk. The currency for the security or financial product is in dollars that are not Australian dollars. The value of the security or financial product will go up and down according to changes in the exchange rate between those dollars and Australian dollars. These changes may be significant.

If you receive any payments in relation to the security or financial product that are not in Australian dollars, you may incur significant fees in having the funds credited to a bank account in Australia in Australian dollars.

If the security or financial product is able to be traded on a financial market and you wish to trade the security or financial product through that market, you will have to make arrangements for a participant in that market to sell the security or financial product on your behalf. If the financial market is a foreign market that is not licensed in Australia (such as a securities market operated by the New Zealand Exchange Limited (**NZX**)) the way in which the market operates, the regulation of participants in that market and the information available to you about the security or financial product and trading may differ from Australian licensed markets.

This offer is subject to the continuous disclosure obligations of NZX. Details of any continuous disclosure notices that relate to this offer can be accessed at www.nzx.com

This is an offer of a product that is currently listed on the NZSX.

The New Briscoe Group Shares have been accepted for listing and will be quoted on the NZSX following the completion of the allotment of the New Briscoe Group Shares.

OFFERING RESTRICTIONS

No action has been taken to register or qualify this Simplified Disclosure Prospectus or otherwise to permit a public offering of the New Briscoe Group Shares in any jurisdiction outside New Zealand and Australia. The distribution of this Simplified Disclosure Prospectus in a jurisdiction outside New Zealand and Australia may be restricted by law and persons who come into possession of it (including nominees, trustees or custodians) should seek advice on and observe any such restrictions.

New Briscoe Group Shares will only be issued pursuant to this Simplified Disclosure Prospectus to Eligible Kathmandu Shareholders. Due to overseas securities regulatory restrictions, New Briscoe Group Shares cannot be allotted to those Kathmandu Shareholders whose addresses are outside New Zealand and Australia and in relation to whom it would not be legal to offer New Briscoe Group Shares in the form of the Takeover Offer and the offer made in this Simplified Disclosure Prospectus. Kathmandu Shareholders to whom New Briscoe Group Shares cannot be allotted will have the New Briscoe Group Shares allotted to a nominee in New Zealand, appointed by Briscoe Group, who will sell those New Briscoe Group Shares and pay the proceeds, net of brokerage, to the relevant Kathmandu Shareholder. For further information on this process, please refer to page 8 under the heading 'Overseas Shareholders'. 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).

DEFINED TERMS

Terms and abbreviations used in this Simplified Disclosure Prospectus are defined in the Glossary of this Simplified Disclosure Prospectus.

All references to \$ or dollars are to New Zealand dollars unless specified otherwise.

ENQUIRIES

Enquiries about the Takeover Offer should be directed to your sharebroker, solicitor, accountant or other professional adviser.

SIMPLIFIED DISCLOSURE PROSPECTUS INFORMATION

This Simplified Disclosure Prospectus is issued by Briscoe Group in the context of the Takeover Offer.

You should read this Simplified Disclosure Prospectus in its entirety. If you do not understand or are in any doubt as to how to deal with this document, you should contact your sharebroker, solicitor, accountant or other professional adviser immediately.

This Simplified Disclosure Prospectus is accompanied by a Takeover Offer Document issued by Briscoe Group in accordance with the Takeovers Code. You are urged to read that document in addition to this Simplified Disclosure Prospectus.

KEY DATES

<p>Registration of the Simplified Disclosure Prospectus with the Companies Office of the Ministry of Economic Development - New Zealand and notification of Briscoe Group's intention to make an offer in Australia</p>	<p>1 July 2015</p>
<p>Lodgment of the Simplified Disclosure Prospectus with ASIC – Australia</p>	<p>1 July 2015</p>
<p>Opening Date of Offer</p>	<p>The date upon which the Takeover Offer Document is dispatched to Kathmandu Shareholders who were recorded as holding Kathmandu Shares on the record date nominated by Briscoe Group</p>
<p>Closing Date of Offer (or such later date as Briscoe Group may determine subject to any approval required under the Takeovers Code and/or the Listing Rules)</p>	<p>The date upon which the Takeover Offer is closed in accordance with the terms of the Takeover Offer</p>
<p>Allotment of New Briscoe Group Shares and dispatch of allotment statements</p>	<p>The date being no later than the Latest Payment Date under the Takeover Offer</p>
<p>Expected date for quotation of the New Briscoe Group Shares</p>	<p>The date being no later than the Latest Payment Date under the Takeover Offer</p>
<p>Anticipated date of the first dividend payment in respect of the New Briscoe Group Shares¹</p>	<p>Briscoe Group makes interim dividend payments in late September / early October and final dividend payments in late March.</p> <p>The date of the first dividend payment in respect of each New Briscoe Group Share will be the next dividend in respect of which the record date for such dividend occurs after the issue and allotment of the New Briscoe Group Shares</p>

Note: All dates are indicative only and may be varied by Briscoe Group without prior written notice, subject to the Listing Rules and the Takeovers Code. An announcement of any changes to the timetable will be made on the NZSX announcement platform for Briscoe Group.

1. It is a requirement of the NZSX Listing Rules that this Simplified Disclosure Prospectus must state the anticipated first dividend payment applicable to the New Briscoe Group Shares. This date is indicative only and is subject to change at the discretion of Briscoe Group. Similarly, Briscoe Group does not guarantee that it will in fact declare a dividend in respect of any future period. The decision to declare a dividend will be made by Briscoe Group having regard to the financial performance and the financial position of Briscoe Group at that time (see 'Dividend Policy' on page 8 for further information).

BRISCOE GROUP AND ITS DIRECTORS

The issuer is Briscoe Group Limited.

The registered office for Briscoe Group is 36 Taylors Road, Morningside, Auckland, New Zealand.

The Directors of Briscoe Group are:

- Mary Monica Devine
- Rodney Adrian Duke
- Stuart Hamilton Johnstone
- Dame Rosanne Philippa O'Loghlen Meo
- Alaister John Wall

TERMS OF THE OFFER AND THE NEW BRISCOE GROUP SHARES

Principal terms

Pursuant to the Takeover Offer, Briscoe Group is offering to acquire all of the Kathmandu Shares that it does not already hold from Kathmandu Shareholders. New Briscoe Group Shares will be issued as part of the consideration for Eligible Kathmandu Shareholders selling their Kathmandu Shares to Briscoe Group pursuant to the Takeover Offer, subject to, and in accordance with the terms of the Takeover Offer. No money is payable by a Kathmandu Shareholder by way of subscription for New Briscoe Group Shares.

Those Kathmandu Shareholders wishing to accept the Takeover Offer from Briscoe Group will receive five (5) New Briscoe Group Shares for every nine (9) Kathmandu Shares, plus a cash amount of \$0.20 per Kathmandu Share that they agree to sell to Briscoe Group under the Takeover Offer. In determining the total number of New Briscoe Group Shares to be issued to a Kathmandu Shareholder, fractional numbers of New 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.

The maximum number of New Briscoe Group Shares that may be issued pursuant to the Takeover Offer is 89,660,639 New Briscoe Group Shares (assuming that Kathmandu Shareholders have fractional numbers of New Briscoe Group Shares rounded up and rounded down equally).

PAYMENTS

Kathmandu Shareholders are not required to pay for the New Briscoe Group Shares in cash. The consideration for the New Briscoe Group Shares will be satisfied by Eligible Kathmandu Shareholders exchanging their Kathmandu Shares for: (a) the New Briscoe Group Shares pursuant to the Takeover Offer at the ratio detailed above; and (b) a cash amount of \$0.20 per Kathmandu Share, subject to variation in accordance with the terms of the Takeover Offer.

No brokerage is payable by Eligible Kathmandu Shareholders for the issue of the New Briscoe Group Shares.

ISSUE OF NEW BRISCOE GROUP SHARES

The New Briscoe Group Shares will be issued to Eligible Kathmandu Shareholders who accept the Takeover Offer in accordance with the terms of the Takeover Offer. Those terms include certain conditions that must be satisfied or waived by Briscoe Group. If those conditions are not satisfied or waived by the date specified in the Takeover Offer Document, then the Takeover Offer will not proceed and Briscoe Group will not issue any New Briscoe Group Shares to Eligible Kathmandu Shareholders.

The New Briscoe Group Shares will be issued on a fully paid basis on the terms and conditions outlined in this Simplified Disclosure Prospectus and the Takeover Offer Document.

OVERSEAS SHAREHOLDERS

The offer under this Simplified Disclosure Prospectus and the Takeover Offer Document is not made to those Kathmandu Shareholders whose addresses are outside New Zealand or Australia and to whom Briscoe Group is not satisfied that it would be legal to offer New Briscoe Group Shares pursuant to the Takeover Offer and this Simplified Disclosure Prospectus (**Foreign Exempt Shareholders**). This offer is also not applicable to current Briscoe Group shareholders (regardless of their address), except to the extent that they are also Kathmandu Shareholders.

A Foreign Exempt Shareholder will have their New Briscoe Group Shares allotted to a nominee in New Zealand, appointed by Briscoe Group, who will sell those Briscoe Group Shares on the NZSX market at the prevailing market price at the time of the sale, and pay the proceeds, net of brokerage, to the Foreign Exempt Shareholder in accordance with the Takeover Offer. Interest will not accrue on the proceeds of the sale of the New Briscoe Group Shares sold in accordance with this mechanism.

ACCEPTANCE OF THE TAKEOVER OFFER

In order to subscribe for the New Briscoe Group Shares, Eligible Kathmandu Shareholders are required to:

- accept the Takeover Offer made by Briscoe Group; and
- complete either the Green Acceptance Form, the Blue Acceptance Form or both the Green and Blue Acceptance Form enclosed with the Takeover Offer Document in accordance with the instructions set out in the Takeover Offer Document and the relevant Acceptance Form; and

- return the Acceptance Form/s by email, mail, hand delivery or fax to Link Market Services Limited in accordance with the instructions on the Acceptance Form/s on or before the Closing Date under the Takeover Offer and this Simplified Disclosure Prospectus.

NO RESERVATION OF NEW BRISCOE GROUP SHARES

No New Briscoe Group Shares have been reserved for any class of applicant other than Kathmandu Shareholders.

OVERSUBSCRIPTIONS

Kathmandu Shareholders may not seek to receive more New Briscoe Group Shares than that to which they are entitled under the Takeover Offer.

DIVIDEND POLICY

The decision as to whether Briscoe Group will pay a dividend or not will be subject to a number of considerations including the general business environment, the operating and financial results of Briscoe Group, capital requirements and any other factors the Board may consider relevant. In determining whether to pay dividends, the Board must have regard to the solvency, profitability and liquidity of the Briscoe Group and capital expenditure and/or other alternative applications of funds available to it. The Board reserves the right to vary the dividend policy of Briscoe Group at any time having regard to the then current circumstances of Briscoe Group. Dividends are declared at the discretion of the Board. Dividends are not payable on fixed dates.

OTHER TERMS OF OFFER AND SECURITIES

All other terms of this offer of New Briscoe Group Shares are set out in this Simplified Disclosure Prospectus and the Takeover Offer Document, except for those implied by law or set out in a document that is registered with a public official and is available for public inspection and is referred to in this Simplified Disclosure Prospectus.

RELATIONSHIP WITH LISTED SECURITIES

NEW BRISCOE GROUP SHARES SAME AS EXISTING BRISCOE GROUP SHARES

Each New Briscoe Group Share to be issued under the Takeover Offer will be of the same class and have the same rights as the existing ordinary fully paid shares of Briscoe Group which are currently issued and listed on the NZSX.

DESCRIPTION OF EXISTING BRISCOE GROUP SHARES

The existing Briscoe Group Shares confer upon the holder the right to:

- one vote on a poll at a meeting of Briscoe Group on any resolution;
- an equal share in dividends authorised by the Board of Briscoe Group;
- an equal share in the distribution of the surplus assets of Briscoe Group;
- be sent reports, notices of meetings and other information sent to Briscoe Group shareholders pursuant to the Briscoe Group constitution, the Companies Act 1993 and the Listing Rules; and
- any other rights as a Briscoe Group shareholder conferred by the Briscoe Group constitution, the Companies Act 1993 and the Listing Rules.

EXISTING BRISCOE GROUP SHARES

The existing Briscoe Group Shares are currently listed on the NZSX market operated by NZX Limited.

MARKET PRICE

The market price of the existing Briscoe Group Shares may change between the date of this Simplified Disclosure Prospectus and the date when the New Briscoe Group Shares are allotted. In the event that the market price of the existing Briscoe Group Shares changes during the term of the Takeover Offer, the consideration to be satisfied by Kathmandu Shareholders to acquire the New Briscoe Group Shares will not change. However, the ultimate price that a Kathmandu Shareholder may realise for the sale of a New Briscoe Group Share may change as a consequence of such a change in market price.

INFORMATION AVAILABLE UNDER BRISCOE GROUP'S DISCLOSURE OBLIGATION

As a listed company, Briscoe Group is subject to the Listing Rules. The Listing Rules require that Briscoe Group must immediately notify NZX of any information of which it is, or becomes, aware concerning the activities and operations of Briscoe Group which a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of its listed securities unless an exception in the Listing Rules applies.

Briscoe Group has made the following material announcements to the market via the NZX Market Announcement Platform in the last 3 months:

- 24 July 2015 - Briscoe Group Offer documents sent to Kathmandu Shareholders
- 1 July 2015 - Briscoe Group Lodges Takeover Notice for all of the shares in Kathmandu Holding Limited;
- 30 June 2015 - SSH Notice for holding in Kathmandu Holdings Limited;
- 30 June 2015 - Briscoe Group takes 19.9% holding in Kathmandu;
- 14 May 2015 – BGR – Annual Meeting Results;
- 14 May 2015 – Managing Director's Address to Annual Meeting;
- 14 May 2015 – Chairman's Address to Annual Meeting;
- 6 May 2015 – 1st Quarter Sales to 26 April 2015;
- 4 May 2015 – Disclosure Notices;
- 29 April 2015 – Notice Pursuant to listing rule 7.12.1;
- 8 April 2015 – Disclosure Notices;
- 2 April 2015 – Annual Report.

More information about Briscoe Group activities and Briscoe Group's recent trading position are contained in the 2015 Annual Report (which includes the audited financial statements for the period ended 25 January 2015).

Briscoe Group is not aware of any material information that is not generally available to the market that would likely assist a prudent but non-expert person to decide whether or not to subscribe for the New Briscoe Group Shares in accordance with the Takeover Offer.

The Directors, after due enquiry by them, are of the opinion that Briscoe Group is in compliance with the requirements of the continuous disclosure provisions that apply to it.

Copies of all disclosures made by Briscoe Group to NZX, including financial statements, can be obtained, free of charge at Briscoe Group's website (www.briscoegroup.co.nz) or at NZX's website (www.nzx.com). Alternatively, copies can be obtained, free of charge from Briscoe Group's registered office indicated in the Directory.

An electronic copy of this Simplified Disclosure Prospectus:

- can be obtained free of charge from Briscoe Group (contact details are set out in the Directory of this Simplified Disclosure Prospectus);
- is available for download from the Briscoe Group website (www.briscoegroup.co.nz); and
- is filed on a public register at the Companies Office of the Ministry of Economic Development and is available for public inspection, or by internet access at the website: www.companies.govt.nz

FINANCIAL STATEMENTS

The latest published financial statements for Briscoe Group are the audited consolidated financial statements for the period ended 25 January 2015, as contained in the 2015 Annual Report. These financial statements were prepared in compliance with the Financial Reporting Act 1993 and were registered with the New Zealand Companies Office on 4 May 2015. The financial statements were notified to NZX on 2 April 2015 in accordance with the Listing Rules.

ADDITIONAL INTERIM FINANCIAL STATEMENTS

No interim financial statements have been prepared for Briscoe Group and notified by Briscoe Group to NZX for the period from or after the date of the audited consolidated financial statements for Briscoe Group for the period ended 25 January 2015.

KEY RISKS

In deciding whether to accept the Takeover Offer, you should read the Takeover Offer Document and this Prospectus in their entirety and carefully consider the risks of owning Briscoe Group Shares, including risks that may have an adverse impact on the financial performance and position of the combined businesses of Briscoe Group and Kathmandu (**Combined Group**) and the value of Briscoe Group Shares. You should also consider the information released to the market under the continuous disclosure regimes that Briscoe Group and Kathmandu are both required to adhere to as a result of Briscoe Group Shares being listed on the NZX and Kathmandu Shares being listed on the NZX and ASX.

We have detailed below what Briscoe Group believes to be the key risks for you that specifically relate to:

- the Takeover Offer; and
- the Combined Group (where those risks are changes in, or additional to, the risks you have now as a Kathmandu Shareholder).

This section does not detail every risk that the Combined Group would face. In particular, it does not address risks to which Kathmandu is already exposed, risks that apply to businesses generally or risks that apply to investments generally. There may also be risks that are not presently known to Briscoe Group or, if known, that are not presently considered key risks, that may turn out to be as important as the key risks identified in this section.

You should seek your own professional advice about the Takeover Offer and the risks associated with it. You should contact your broker, accountant, lawyer or other advisor if you have any questions about the Takeover Offer.

Key risks associated with the Takeover Offer

You will be exposed to risks that the Combined Group faces as part of the Takeover Offer. Briscoe Group believes the key risks arising from the Takeover Offer that you should consider are as follows:

- ***Briscoe Group may not acquire all of the Kathmandu Shares that it does not already own*** - Although the Takeover Offer is conditional on Briscoe Group receiving acceptances that, taking into account Briscoe Group's existing shareholding, would result in Briscoe Group holding or controlling 90% or more of the voting rights in Kathmandu (thereby entitling it to compulsorily acquire all outstanding Kathmandu Shares) and Briscoe Group has no present intention to waive this condition, it is possible that, under the Takeover Offer, Briscoe Group will not acquire all of the Kathmandu Shares that it does not already own. The impact on the Combined Group of Briscoe Group of not acquiring all of the Kathmandu Shares that it does not already own would depend on the ultimate level of ownership acquired but, in any event, the existence of a minority interest in Kathmandu could have an impact on the Combined Group's capacity to realise synergies from the acquisition of Kathmandu and to implement the intentions described in the Takeover Offer Document.
- ***The price and market value of the Briscoe Group Shares issued as consideration may vary from time to time*** - The price and market value of Briscoe Group Shares at the time at which you receive them may vary from their price and market value on the date that you accept the Takeover Offer.

- ***You may not be able to sell your Briscoe Group Shares at current levels*** - If Briscoe Group acquires all of the Kathmandu Shares that it does not already own under the Takeover Offer, Briscoe Group will issue up to approximately 89.6 million Briscoe Group Shares as part consideration. Some Kathmandu Shareholders who accept the Takeover Offer may not wish to retain the Briscoe Group Shares that they receive under the Takeover Offer and may subsequently wish to sell them. A large volume of Briscoe Group Shares offered for sale may depress the price of Briscoe Group Shares during the period for which they are offered for sale. If this occurs, there is a risk that you may not be able to sell your Briscoe Group Shares at price levels at which the Briscoe Group Shares are currently being traded.
- ***The change in control of Kathmandu may trigger termination (or other adverse) rights*** - Kathmandu may be party to agreements that contain change of control or pre-emptive rights provisions that may be triggered if Briscoe Group acquires control of Kathmandu. The operation of these provisions could have adverse consequences for Kathmandu (such as the loss of major contracts).
- ***Briscoe Group may not achieve admission to list on the ASX²*** – There is no guarantee that Briscoe Group will achieve listing on the ASX. Failure to achieve admission to list on the ASX would result in there being no active trading market in Briscoe Group Shares on the ASX.
- ***There are business acquisition and integration risks*** - Any business acquisition and integration carries with it uncertainty and risk, including as to whether the benefits of the merger will meet expectations and whether integration of processes and systems can be achieved. Briscoe Group has relied upon publicly available information and has not had direct access to Kathmandu for any assessment of Kathmandu, its processes, systems and ability to integrate it within the Combined Group. It has also relied on that information in presenting information about Kathmandu in documents relating to the Takeover Offer.
- ***You may have general taxation risks*** - Your tax consequences and risks of the Takeover Offer depend upon your specific circumstances. You should obtain your own professional taxation advice regarding the applicable law in respect of the Takeover Offer.

Key other risks for you from becoming a shareholder in Briscoe Group

You are already exposed to risks associated with Kathmandu and the retail industry in which it operates. In the Combined Group, many of those risks are the same or similar but some of those risks may change and there may be some additional risks. Briscoe Group believes the key changes in risk exposures that you could experience as a result of Kathmandu becoming part of the Combined Group (rather than remaining as a direct shareholder in Kathmandu) are as follows:

- ***An exposure to risks associated with Briscoe Group's existing businesses and markets*** – This may be offset to some extent by the increased diversification of the Combined Group and in particular by a reduction in exposure to risks associated with Kathmandu's existing business and markets.
- ***An increased exposure to any deterioration in the retail environment in New Zealand and a decreased exposure to any improvement in the retail environment in Australia*** - As discretionary retailers, both Kathmandu and Briscoe Group are exposed to general economic conditions in New Zealand and, in the case of Kathmandu, Australia. A greater percentage of the Combined Group's sales, earnings and assets would be in New Zealand compared to those of Kathmandu. Your exposure to a deterioration in New Zealand retail spending, whether due to weak economic conditions, consumer sentiment or other factors, would increase as a shareholder of the Combined Group relative to owning only Kathmandu Shares. Your exposure to an improvement in Australian retail conditions would also reduce. In each case, the converse also applies.
- ***An exposure to the loss of key Kathmandu and Briscoe Group personnel*** – The performance of the Combined Group will be a function of the quality and performance of its personnel, and particularly its management. It is possible that there could be some unintended loss of Kathmandu key staff leading up to and following the acquisition by Briscoe Group of a controlling interest in Kathmandu. The loss of some of the Combined Group's key employees (including Briscoe Group Managing Director, Rod Duke) could also have a material impact on the Combined Group's performance or value. Briscoe Group intends to manage this risk by effective succession planning

2. Briscoe Group intends to seek listing on the ASX (alongside its NZX listing) if the Offer is successful. Quotation is subject to approval by ASX (there is no guarantee that Briscoe Group's application will be successful) and ASX takes no responsibility for any statement made in this Offer document.



and by endeavouring to maintain a working environment that is stimulating and performance oriented with managers' remuneration linked to business performance.

- **Foreign exchange rates** – As a Combined Group shareholder you would have an increased exposure to adverse New Zealand dollar movements against the Australian dollar. The converse also applies.

ACCESS TO INFORMATION AND STATEMENTS

Copies of the disclosed information identified in the section entitled 'Information Available Under Briscoe Group's Disclosure Obligation', and the financial statements for the year ended 25 January 2015:

- are filed on a public register at the Companies Office of the Ministry of Economic Development and are available for public inspection (including at www.companies.govt.nz);
- are available on Briscoe Group's website (www.briscoegroup.co.nz)
- will be made available on request in writing, and free of charge from Briscoe Group's registered office indicated in the Directory.

The Annual Report (including financial statements for the year ended 25 January 2015) is also available for download from the Briscoe Group website (www.briscoegroup.co.nz).

TAXATION

Eligible Kathmandu Shareholders should be aware that there may be taxation implications in respect of an investment in New Briscoe Group Shares pursuant to this Simplified Disclosure Prospectus. These taxation implications will vary between different Eligible Kathmandu Shareholders. Eligible Kathmandu Shareholders should consult their professional adviser in connection with the taxation implications of accepting the Takeover Offer.

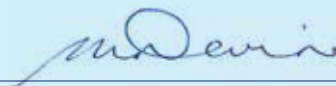
Briscoe Group does not propose to give any taxation advice and neither Briscoe Group nor any of its officers, employees, agents and advisers accept any responsibility or liability in respect of any taxation consequences in connection with participation in the Takeover Offer or the offer under this Simplified Disclosure Prospectus.

DIRECTORS' STATEMENT

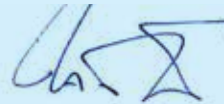
The Directors, after due enquiry by them, are of the opinion that Briscoe Group is in compliance with the requirements of the continuous disclosure provisions that apply to it.

This Simplified Disclosure Prospectus has been signed by each director of Briscoe Group Limited or a person authorised in writing by him or her to sign this Simplified Disclosure Prospectus on his or her behalf.

MARY MONICA DEVINE
Or her authorised agent



RODNEY ADRIAN DUKE
Or his authorised agent



STUART HAMILTON JOHNSTONE
Or his authorised agent



DAME ROSANNE PHILIPPA O'LOGHLEN MEO
Or her authorised agent



ALAISTER JOHN WALL
Or his authorised agent



Dated the 1st day of July 2015 as amended by a Memorandum of Amendments on this 23rd day of July 2015.



BRISCOES
HOMEWARE



DIRECTORY

DIRECTORS OF BRISCOE GROUP

- Mary Monica Devine
- Rodney Adrian Duke
- Stuart Hamilton Johnstone
- Dame Rosanne Philippa O'Loghlen Meo
- Alaister John Wall

REGISTERED OFFICE OF BRISCOE GROUP

- 36 Taylors Road
- Morningside
- Auckland
- New Zealand

WEBSITE

www.briscoegroup.co.nz

FINANCIAL ADVISER TO BRISCOE GROUP

- Macquarie Capital (New Zealand) Limited
- Lumley Centre
- 88 Shortland Street
- PO Box 2006, Shortland Street
- Auckland 1140
- New Zealand

SOLICITORS FOR THE OFFER

- Simpson Grierson
- Lumley Centre
- 88 Shortland Street
- Private Bag 92518
- Auckland 1141
- New Zealand

SHARE REGISTRAR

- Link Market Services
- PO Box 91976
- Auckland 1142

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