

**KATHMANDU HOLDINGS LIMITED**  
**ASX/NZX/MEDIA ANNOUNCEMENT**  
**15 September 2015**

**UPDATE REGARDING BRISCOE GROUP'S UNSOLICITED TAKEOVER OFFER**

**Status of Briscoe Group's unsolicited takeover offer**

Prior to announcing its unsolicited takeover offer ("Offer"), Briscoe Group Limited ("Briscoe Group") obtained 19.9% of the shares in Kathmandu Holdings Limited ("Kathmandu") for all cash consideration. As set out in its notice lodged on 14 September 2015, Briscoe Group's substantial holding in Kathmandu has risen from 19.9% to 22.171%.

As part of the Offer, as at 11 September 2014, Briscoe Group has received total acceptances in relation to only 2.271% additional shares.

The Directors of Kathmandu note that Briscoe Group will not be increasing the Offer price or extending the Offer period, unless the Offer becomes unconditional as to level of acceptances. The closing date for the Offer is currently 17 September 2015.

Shareholders are advised to take no action in response to the Offer.

**Kathmandu Directors recommendation**

The Directors of Kathmandu continue to believe that the Offer is inadequate and does not reflect the underlying value of Kathmandu. As set out in the Target Company Statement, the reasons why Directors believe that you should REJECT the Offer include:

- the Offer is below the Independent Adviser's valuation. The Independent Adviser has valued each Kathmandu share at between NZ\$2.10 and NZ\$2.41 per share, NZ\$0.30 to NZ\$0.61 above the implied value of the Offer of NZ\$1.80<sup>1</sup> per share;
- the Offer is inadequate and does not reflect the underlying value of Kathmandu;
- illustrative EPS accretion analysis for FY2016F indicates that Briscoe Group can afford to offer more than the top end of the Independent Adviser's range and still be accretive for Briscoe Group;
- the Offer has been timed to exploit recent weakness in Kathmandu's share price and an isolated period of challenging trading conditions;
- the Offer fails to reflect the strength of Kathmandu's business and future plans for growth;

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<sup>1</sup> The implied value of the Offer based on Briscoe Group's 1 month VWAP of NZ\$2.88 for the period up to and including 29 June 2015.

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- becoming a Briscoe Group shareholder would change the profile of an investment in Kathmandu. Kathmandu is a higher growth, geographically diverse, vertically integrated retailer with a focus on outdoor travel and adventure products. In contrast, Briscoe is a lower growth, New Zealand only business with a greater focus on general homewares and sporting goods; and
- the implied value of the Offer is uncertain. The Offer has a very high proportion of consideration in Briscoe Group shares and minimal cash, which will expose Kathmandu shareholders to movements in the value of Briscoe Group shares.

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