

MERCANTILE NZ LIMITED

31 May 2016

Kirkcaldie & Stains Limited
c/- Kensington Swan Lawyers
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Wellington, 6011

For: Gerald Fitzgerald

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NOTICE PURSUANT TO RULE 49C OF THE TAKEOVERS CODE

Mercantile NZ Limited (**Mercantile**) made a full offer to purchase all of the ordinary shares in Kirkcaldie & Stains Limited (**K & S**) it does not already own (**Offer**) under a takeover offer document dated 15 March 2016 (**Offer Document**).

In accordance with Rule 49C(1) of the Takeovers Code, Mercantile advises that, as at the date of this notice:

1. The Offer remains subject to the conditions set out in paragraphs 4 and 5.1 of the "Terms and Conditions of the Offer" section of the Offer Document.
2. Of the conditions described above, Mercantile has the right to waive the conditions in paragraphs 4(a) and 5.1.
3. To the best knowledge and belief of Mercantile, after making proper enquiry, none of the conditions described above has been satisfied or waived.
4. The percentage of voting rights in K & S in respect of which Mercantile has received acceptances under the Offer is 1.954%. Mercantile does not hold or control any other voting rights in K & S, but its holding company Mercantile Investment Company Limited holds or controls 9.943% of the total voting rights in K & S. These percentages together comprise 11.898% of the total voting rights in K & S.

Yours faithfully
Mercantile NZ Limited



Ron Brierley
CHAIRMAN

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