Kathmandu®

KATHMANDU HOLDINGS LIMITED
Share Purchase Plan

23 March 2018

THIS IS AN IMPORTANT DOCUMENT

You should read the whole document before deciding whether to subscribe for shares. If you have any doubts as to what you should do, please consult your broker, financial, investment or other professional advisor.

IMPORTANT INFORMATION

General Information

This document has been prepared by Kathmandu Holdings Limited *(Kathmandu)* in connection with an offer of new ordinary shares.

In New Zealand the offer is made to Eligible Shareholders under the exclusion in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013.

In Australia the offer is made to Eligible Shareholders in accordance with the relief granted under ASIC Class Order 09/425.

This document is not a product disclosure statement or prospectus and does not contain all of the information which may be required in order to make an informed investment decision about the Offer or Kathmandu.

Additional information available under continuous disclosure obligations

Kathmandu is subject to continuous disclosure obligations under the NZX Main Board Listing Rules and the ASX Listing Rules. Market releases by Kathmandu, including its most recent financial statements, are available at www.nzx.com and www.asx.com.au under stock code KMD.

Offering restrictions

No action has been taken to permit a public offering of the Shares in any jurisdiction outside New Zealand and Australia. The distribution of this document 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.

No person may subscribe for, purchase, offer, sell, distribute or deliver the Shares, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Shares, in any jurisdiction other than in compliance with all applicable laws and regulations. Without limiting the foregoing, this document may not be sent into or distributed in the United States.

No Guarantee

No person named in this document (nor any other person) guarantees the Shares to be issued pursuant to the Offer or warrants the future performance of Kathmandu or any return on any investment made pursuant to this document.

Decision to participate in the Offer

The information in this document does not constitute a recommendation to acquire Shares or financial product advice. This document has been prepared without taking into account the investment objectives, financial, or taxation situation or particular needs of any applicant or investor.

Enquiries

Enquiries about the Offer can be directed to an NZX Primary Market Participant, or your solicitor, accountant, financial or other professional adviser. If you have any questions about the number of Shares shown on the Application Form that accompanies this document, or how to complete the Application Form, please contact the Share Registrar on +64 9 375 5998 (New Zealand) or +61 2 8280 7111 (Australia).

Times

All references in this document to time are to New Zealand time.

Defined terms

Capitalised terms used in this Share Purchase Plan *(SPP)* booklet have the specific meaning given to them in the Glossary at the back of this booklet or in the relevant section of this booklet.

DEAR KATHMANDU SHAREHOLDER

23 MARCH 2018

Kathmandu Holdings Limited – Share Purchase Plan

On behalf of the directors of Kathmandu Holdings Limited *(Kathmandu)*, I am pleased to offer you the opportunity to acquire ordinary shares in Kathmandu through this Share Purchase Plan *(SPP)*, without incurring brokerage or other transaction costs.

On 20 March 2018 Kathmandu announced that it had entered into an unconditional agreement to purchase all of the shares in Oboz Footwear LLC (the *Acquisition*). Oboz Footwear will be Kathmandu's first acquisition since its IPO and NZX Main Board and Australian Securities Exchange listing in 2009.

Oboz designs, sources, and sells footwear for backpacking, hiking, travel, winter and general outdoor wear through wholesale channels primarily to outdoor retailers in North America. Oboz is a high growth, capital light international wholesaler with distribution capability into outdoor retailers in the US, Kathmandu's primary wholesale customer targets.

Kathmandu and Oboz have worked together for over 10 years, Kathmandu being historically the second customer of Oboz when the brand launched in 2007. Kathmandu currently is the exclusive retailer of Oboz in Australia and New Zealand.

The acquisition of Oboz is expected to deliver a number of benefits to both Kathmandu and Oboz, including:

- a more balanced geographical exposure with greater product diversification;
- a stronger positioning in the outdoor footwear product category;
- the opportunity to leverage the wholesale expertise of Oboz and the retail expertise of Kathmandu;
- further expansion for Oboz in Australia and New Zealand; and
- the opportunity to leverage the two brands to access new international markets.

Kathmandu also announced on 20 March 2018 that it intended to raise up to NZ$50 million of new capital to partially fund the purchase price for the Acquisition. The balance of the purchase price will be sourced from the headroom in Kathmandu's existing bank facilities.

The first stage of the capital raising was an equity placement of approximately NZ$40 million of Shares to existing and new investors under which 18,518,519 new Shares will be issued at NZ$2.16 per Share.

The second stage of the capital raising is this SPP, which will raise up to NZ$8 million with Kathmandu having the ability to accept oversubscriptions of up to an additional NZ$2 million (a total raise of up to NZ$10 million).

You can obtain further information about the Acquisition in the market announcement released by Kathmandu on 20 March 2018, which is available on Kathmandu's website www.kathmanduholdings.com and on the NZX website: www.nzx.com and on the ASX website: www.asx.com.au, under stock code KMD.

DAVID KIRK
CHAIRMAN

Share Purchase Plan

The SPP is available to all Kathmandu shareholders whose address recorded in Kathmandu's share register is in New Zealand or Australia, or who Kathmandu is satisfied can otherwise participate in the SPP in compliance with all applicable laws, on equal terms. It gives all eligible shareholders the opportunity to invest up to NZ$15,000 / AU$13,950 in new Kathmandu shares, with a minimum application of NZ$1,000 / AU$930.

The issue price per share is NZ$2.16 per Share (being the same price as Shares issued under the Placement). The issue price represents a 10% discount to the closing price on the NZX of NZ$2.40 on 19 March 2018.

While participation in the SPP is optional, if eligible shareholders choose not to take up the SPP their shareholdings will be diluted. The shareholdings of Kathmandu shareholders are likely to change in any event as a result of the SPP, given the SPP is not a pro-rata offer.

If we receive applications for Shares in excess of NZ$10 million (i.e. the initial cap of NZ$8 million and the additional band of NZ$2 million available at our discretion), your application will be scaled on a proportionate basis with regard to the size of existing shareholdings at the Record Date and you will receive fewer Shares than the number you applied for.

While Kathmandu's SPP and Placement are intended to partially fund the Acquisition, you should note that the SPP will proceed even if the Acquisition is cancelled.

Further details about the SPP are included in the enclosed booklet.

The SPP is scheduled to close at 7.00pm New Zealand time on 13 April 2018. To apply for your new Kathmandu shares, you should complete your application online at www.kathmandushares.com or return the enclosed Application Form with payment by a cheque or direct debit in New Zealand dollars or by BPAY® Australian dollars in plenty of time to be received no later than 13 April 2018.

The correct way to complete and send your Application Form and provide your application monies is set out on the Application Form accompanying the SPP booklet. Online application is strongly encouraged given potential for delay with the postal system.

Thank you for your continued support.

Yours sincerely

David Kirk

DAVID KIRK
CHAIRMAN

KEY DETAILS

EQUAL PARTICIPATION

Each Eligible Shareholder has the right to apply for the same dollar amount of Shares.

APPLICATION AMOUNT

You can apply for up to **NZ$15,000 / AU$13,950** of Shares. The minimum application amount is **NZ$1,000 / AU$930** of Shares.

ISSUE PRICE

Shares are priced at **NZ$2.16 per Share** (being the same price as Shares issued under the Placement).

WHEN TO APPLY

Applications must be received no later than 7.00pm on the Closing Date (**13 April 2018**, unless extended).

HOW TO APPLY

Applications can be made online at **www.kathmandushares.com**

Alternatively, complete and return your personalised Application Form accompanying this booklet, in accordance with the instructions. Online application is strongly encouraged given potential for delay with the postal system.

RECEIVING YOUR SHARES

You will receive your Shares on the Allotment Date (**20 April 2018**, unless extended).

KEY DATES*

DATE	EVENT	
7:00pm 19 March 2018	Record Date	The date on which Eligible Shareholders are determined.
26 March 2018	Mailing Date	Share Purchase Plan documents e-mailed or mailed to Eligible Shareholders.
26 March 2018	Opening Date	Share Purchase Plan opens.
13 April 2018	Closing Date	Share Purchase Plan closes. Application Forms and payment must be received no later than 7.00pm.
20 April 2018	Allotment Date and trading commencement	Shares allotted. Trading is expected to commence on the NZX Main Board and the Australian Securities Exchange on the next Trading Day.
No later than 30 April 2018	Allotment statements mailed	Allotment statements despatched to shareholders within 5 business days of the Allotment Date.

* Subject to the Listing Rules, Kathmandu reserves the right to alter the key dates.


Kathmandu
Kathmandu

QUESTIONS AND ANSWERS

1 What is the Share Purchase Plan (SPP)?

The SPP allows Eligible Shareholders to purchase additional Shares in Kathmandu without incurring brokerage or other transaction costs.

All Shares issued under the SPP will be of the same class as, and rank equally with, all Shares in Kathmandu currently on issue. It is a term of the SPP that Kathmandu will take any necessary steps to ensure that the Shares are immediately after issue, quoted on the NZX Main Board and the Australian Securities Exchange.

2 Am I eligible to participate?

You are eligible if you were registered as a Kathmandu shareholder at 7.00pm on 19 March 2018 (being the Record Date) and your address recorded on the share register is in New Zealand or Australia or if Kathmandu is satisfied you can otherwise participate in the SPP in compliance with all applicable laws.

3 How many Shares can I purchase?

If you apply for Shares under the SPP, you will apply for a dollar amount rather than a number of Shares.

Eligible Shareholders can apply for up to NZ$15,000 / AU$13,950 of Shares under the SPP, with a minimum application of NZ$1,000 / AU$930).

Kathmandu may need to scale your application backwards if the total value of valid applications exceeds NZ$10 million, being the initial cap of NZ$8 million and the additional band of NZ$2 million available at our discretion. See clause 9 of the Terms and Conditions.

4 What is the Issue Price of the Shares?

The issue price of the Shares is $NZ2.16 per share, (being the same price paid by investors in the Placement).

The market price of Kathmandu's shares may rise or fall between the date of this offer and the date on which the Shares are allotted to you. The Issue Price may therefore be higher, equal to or lower than the price at which Kathmandu's Shares are trading on the NZX Main Board and/or the Australian Securities Exchange at the time the Shares are allotted to you.

5 Can I pay for Shares in Australian dollars?

The Issue Price determined above is a New Zealand dollar amount. If you apply for an Australian dollar amount of Shares, Kathmandu will convert the New Zealand dollar Issue Price to Australian dollars at the NZ$/AU$ exchange rate published by the New Zealand Reserve Bank on its website at 7:00pm on the Closing Date.

6 Are there any conditions to the SPP?

No.

However, if the SPP is cancelled for any reason, all application monies will be returned to applicants and no Shares will be allotted under the SPP. No interest will be payable on any monies returned to applicants.

7 What if I own Shares through a trustee or custodian or own Shares in more than one capacity?

If you own Shares through a trustee or custodian, then, subject to certain certification requirements and other conditions, you may instruct the trustee or custodian to purchase Shares on your behalf, up to the NZ$15,000 / AU$13,950 limit. If you own Shares through a trustee or custodian and also own Shares in your own name, then you may either purchase Shares yourself or instruct your trustee or custodian to purchase Shares on your behalf. You may not do both.

If you receive more than one copy of this SPP booklet, or if you hold Shares in more than one capacity (e.g. because you are both a sole and joint holder of Shares) but not where you own Shares through a trustee or custodian to which the first paragraph above applies you may only purchase Shares in all capacities up to the NZ$15,000 / AU$13,950 limit. By applying to purchase Shares under the SPP, you represent that you have not exceeded that limit.

If you are a Custodian, or you hold shares through a Custodian, please read clause 4 of the Terms and Conditions.

8 Do I have to participate?

No. Participation is entirely voluntary.

9 Is this offer transferable to another person?

No. This offer is personal to you and you may not transfer your right to purchase Shares under the SPP to anyone else; that is, it is non-renounceable.

10 What are the risks to investing in the SPP?

The market price of Shares may rise or fall between the date of this offer and the date when Shares are allotted to you. As a result, the price to be paid for the Shares to be issued under the SPP may be higher or lower than the price at which Shares are trading on the NZX Main Board and/or the Australian Securities Exchange when the Shares are allotted to you.

There is no certainty that Shares will trade at or above the Issue Price following the issue of Shares under the SPP. Therefore, you should seek your own financial advice in relation to this offer and your participation under the SPP.

Further information about Kathmandu, including its most recent financial statements, can be obtained from Kathmandu's website: www.kathmanduholdings.com. You are also recommended to monitor Kathmandu's market announcements through the NZX and ASX websites: www.nzx.com and www.asx.com.au, which are released under the ticker code KMD.

11 What is the current Share price?

The Share price is quoted on the NZX website at www.nzx.com and on the ASX website at www.asx.com.au.

12 How do I apply for Shares under the SPP?

Apply online at www.kathmandushares.com or follow the step-by-step instructions set out on the enclosed personalised Application Form.

If you apply by using the enclosed personalised Application Form, send your completed Application Form with your payment by cheque or direct debit in New Zealand dollars or by BPAY® Australian dollars for the value of the Shares you wish to apply for to the Share Registrar, as set out in the instructions on the Application Form.

Australian shareholders who make an Australian dollar BPAY® payment using the customer reference number shown on your Application Form, do not need to return the Application Form. By making such payment you are deemed to give the representations and certifications set out in these Terms and Conditions.

If the exact amount of money is not tendered, Kathmandu reserves the right not to accept all or part of your payment. In those circumstances, Kathmandu will return your application and cheque or refund all or part of your payment (without interest). Online application payments can only be made by direct debit in New Zealand or by BPAY® Australian dollars.

By submitting an application or by paying any subscription monies you agree to be bound by the terms set out in this SPP document including representing and certifying to Kathmandu those matters set out in clause 7, and (if you are a Custodian), clause 4 of the Terms and Conditions.

Once submitted, you will not be able to withdraw or revoke your application.

13 How long is the SPP open and when will I receive my Shares?

The SPP opens on 26 March 2018 and is expected to close at 7.00pm on 13 April 2018, unless extended. If you want to participate you should ensure your Application Form and payment (by cheque or direct debit in New Zealand or by BPAY® Australian dollars or cheque in Australia) is received no later than 7.00pm on the Closing Date.

Please allow adequate time for mail deliveries if payment is made by cheque. Applications received after this time may not be accepted.

You will receive Shares issued to you under the SPP on the Allotment Date, which is currently expected to be 20 April 2018. A statement confirming the number of Shares issued to you under the SPP will be sent to you no later than 5 business days after the Allotment Date.

14 How many Shares will I receive?

Subject to scaling, you will receive the number of Shares equal to the dollar amount of Shares you have applied for divided by the Issue Price (or, if you have subscribed for an Australian dollar amount, the Australian dollar Issue Price converted in accordance with question 5 above) and rounded up to the nearest Share, subject to the maximum application amount (see question 16 below).

If Kathmandu receives applications for Shares in excess of NZ$8 million, it has the discretion to accept oversubscriptions of up to an additional NZ$2 million. If Kathmandu receives applications for Shares in excess of NZ$10 million (i.e. the initial cap of NZ$8 million plus the additional band of NZ$2 million available at our discretion), it will scale back the number of Shares to be allotted under the SPP. See clause 9 of the terms and conditions.

In the case of scaling, your application monies will be greater than the value of the Shares you will be allotted. The difference between the value of the Shares you are allotted and your application monies will be refunded to you either by direct credit to your bank account in New Zealand or to your Australian bank account (if those details are held by the Share Registrar) or by cheque mailed within 5 business days of the Allotment Date. No interest will be paid on any application monies returned to you.

15 Will the Shares be quoted?

The Shares will be quoted on the NZX Main Board and on the Australian Securities Exchange. The NZX Main Board is a licensed market operated by NZX Limited, which is a licensed market operator regulated under the Financial Markets Conduct Act 2013. However, neither NZX nor ASX accept any responsibility for any statement in this SPP booklet.

It is expected that you will be able to commence trading the Shares allotted to you under the SPP on the NZX Main Board and the Australian Securities Exchange on the next Trading Day after the Allotment Date.

16 Why is there a maximum application amount?

The offer under the SPP needs to comply with the conditions imposed under NZX Main Board Listing Rule 7.3.4(c) and ASIC Class Order 09/425 which caps the maximum application amount of each Eligible Shareholder at NZ$15,000 and AU$15,000 respectively.

In order not to exceed the lesser of these two amounts, Kathmandu has set the maximum Australian dollar application amount at AU$13,950 to allow for NZ$/AU$ exchange rate movements up to the Closing Date.

However, if the NZ$:AU$ exchange rate varies such that the dollar amount you applied for exceeds either of the NZ$15,000 or AU$15,000 limits, then (subject to scaling) Shares having a total Issue Price equal to the relevant limit will be issued to you and you will be refunded the excess cash amount.

Refunds will not be paid however for any difference arising solely due to rounding or where the aggregate amount of the refund payable to an applicant is less than NZ$1.00.

17 What is Kathmandu's dividend policy?

Kathmandu does not have a formal dividend policy. On 20 March 2018 Kathmandu declared an interim dividend of NZ$0.04 per share in respect of the financial year ending 31 July 2018, with a record date of 8 June 2018. Shares issued under the SPP will be eligible to receive the dividend.

18 What is the dilutionary effect of the SPP?

If you do not participate in the SPP, your shareholding in Kathmandu will be diluted. By way of example, a Shareholder owning 5% of the issued Shares before the SPP who does not participate in the SPP will own approximately 4.9% of the issued Shares after the SPP (assuming the SPP is fully subscribed to the $8 million limit and the Shares are issued at NZ$2.16 per Share).

Further, as the SPP is not a pro-rata offer, even if you participate in the SPP, your shareholding percentage in Kathmandu will likely change. Whether your shareholding percentage increases or decreases will depend on how many Shares you apply for, how many Shares you hold on the Record Date and how many Shares other Eligible Shareholders apply for and are allotted under the SPP.

19 Further assistance

If you have any further questions, please contact your broker, financial, investment or other professional advisor before making your investment decision.

TERMS AND CONDITIONS

1 Eligible Shareholders

1.1 You may participate in the SPP if you are an Eligible Shareholder.

1.2 Joint holders of Shares are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and the certification on the Application Form is taken to have been given by all of them. Note that if you hold Shares in more than one capacity (e.g. because you are both a sole and joint holder of Shares), but not where you own Shares through a trustee or custodian to which the first paragraph of question 7 applies you may only purchase Shares in all capacities up to the NZ$15,000 / AU$13,950 limit.

1.3 If you are an Eligible Shareholder, your rights under this offer are personal to you and non-renounceable, so you may not transfer them.

2 Issue Price and value of Shares

2.1 The issue price of the Shares under the SPP is NZ$2.16 per Share (being the same price as the shares issued under the Placement).

2.2 Subject to clause 4.2, if you are an Eligible Shareholder you may apply to purchase up to NZ$15,000 / AU$13,950 of Shares under the SPP, with a minimum application of NZ$1,000 / AU$930 by selecting the desired amount on the Application Form.

2.3 Eligible Shareholders may only apply for a maximum of NZ$15,000 / AU$13,950 under the SPP and may only make one application. This applies to all Eligible Shareholders, including those who receive more than one offer under the SPP (for example, because they hold Shares in more than one capacity) and including whether the Eligible Shareholder is applying through a Custodian or on his or her own behalf. Any application in excess of NZ$15,000 or AU$13,950 will be deemed to be an application for NZ$15,000 or AU$13,950 (as applicable).

3 Payment

3.1 You can apply and pay for Shares in New Zealand dollars or in Australian dollars. The Issue Price determined above is a New Zealand dollar amount. If you apply for an Australian dollar amount of Shares, Kathmandu will convert the New Zealand dollar Issue Price to Australian dollars at the NZ$/AU$ exchange rate published by the New Zealand Reserve Bank on its website at 7:00pm on the Closing Date.

4 Custodians

4.1 Under the SPP, a custodian *(Custodian)* is any Eligible Shareholder that:

(a) holds an Australian financial services licence that:

(i) covers the provision of a custodial or depository service; or

(ii) covers the operation of an IDPS (as defined in ASIC Class Order [CO 13/763]); or

(b) is exempt under:

(i) paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001* (Cth) (the *Regulations*);

(ii) paragraph 7.6.01(1)(na) of the Regulations; or

(iii) ASIC Class Order [CO 14/1000] or Class Order [CO 14/1001]; or

(iv) Schedule 2 to the *ASIC Corporations (Repeal and Transitional) Instrument 2016/396*; or

(v) an instrument, not being a legislative instrument, made by ASIC and which applies to the person on terms similar to Schedule 2 of the legislative instrument referred to in subparagraph (b)(iv) or any of the ASIC Class Orders repealed by that legislative instrument; or

(vi) paragraph 911A(2)(h) of the Corporations Act,

from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service; or

(c) that is a trustee of a:

(i) self-managed superannuation fund; or

(ii) superannuation master trust; or

(d) that is the responsible entity of an IDPS-like scheme; or

(e) that is the registered holder of shares or interests in the class and is noted on the register of members of the body or scheme (as the case may be) as holding shares or interests on account of another person; or

(f) in the case of an Eligible Shareholder having a registered address in New Zealand:

(i) is a trustee corporation or a nominee company and holds Shares in Kathmandu by reason only of acting for another person in the ordinary course of business of that trustee corporation or nominee company; or

(ii) holds Shares in Kathmandu by reason only of being a bare trustee of a trust to which the Shares are subject, and is permitted to operate as a custodian under all relevant laws.

4.2 Custodians may apply to purchase Shares for greater than NZ$15,000 / AU$13,950 but only up to the total value of Shares applied for on behalf of each beneficial owner in New Zealand and Australia (or who Kathmandu is satisfied can otherwise participate in the SPP in compliance with all application laws) for whom the Custodian acts as a Custodian. Custodians must confirm to Kathmandu that they are holding Shares as a Custodian for that beneficial owner by providing the written certification to Kathmandu described in clause 4.3 below. Each beneficial owner may only direct the Custodian to apply on behalf of that beneficial owner for one of the parcels described in clause 2.2.

4.3 If a Custodian applies to purchase Shares on behalf of one or more beneficial owners, the Custodian must certify to Kathmandu in writing (which must be in the form required by ASIC Class Order 09/425 if any of clauses 4.1(a) to (e) above apply):

(a) that the Custodian holds Shares directly or indirectly as a Custodian for beneficial owners;

(b) the number of those beneficial owners;

(c) the name and address of each beneficial owner;

(d) in respect of each beneficial owner, the number of Shares that the Custodian holds on their behalf;

(e) that each beneficial owner has a registered address in Australia or New Zealand;

(f) in respect of each of the beneficial owners, how many Shares the beneficial owner or the beneficial owner's agent has instructed the Custodian to apply for on behalf of that beneficial owner;

(g) that the Custodian undertakes not to accept on behalf of any of those beneficial owners on whose behalf it directly or indirectly holds Shares, in any 12 month period, Shares under the Offer or any similar arrangement the total Issue Price of which is more than the lesser of NZ$15,000 or AU$15,000;

(h) that the beneficial owner on whose behalf the Custodian is submitting an application is not making an application as an Eligible Shareholder for Shares under the SPP;

(i) that there are no participating beneficiaries in respect of which the total of the application monies for the following exceeds the lesser of NZ$15,000 or AU$15,000:

(i) the Shares applied for by the Custodian on their behalf under the SPP;

(ii) any other Shares in the class issued to the Custodian in the 12 months before the application as a result of an instruction given by them to the Custodian to apply for Shares on their behalf under an arrangement similar to the SPP.

(j) each beneficial owner (or the beneficial owner's agent) has instructed the Custodian to apply for, and accept, under the SPP the dollar amount of Shares set out on the Application Form (or in a schedule attached to the Application Form); and

(k) no other Custodian is submitting an application under the SPP for that beneficial owner.

5 Completing the Application Form and paying for Shares

If you wish to participate in the SPP, you must apply online at www.kathmandushares.com or complete the Application Form and provide payment by cheque, or by direct debit in New Zealand dollars, or by BPAY® Australian dollars for the parcel of Shares you have selected in accordance with the instructions on the Application Form.

Australian shareholders who make an Australian dollar BPAY® payment using the customer reference number shown on your Application Form, do not need to return the Application Form. By making such payment you are deemed to give the representations and certifications set out in these Terms and Conditions.

6 Kathmandu's discretion to accept or reject applications

6.1 Kathmandu has complete discretion to accept or reject your application to purchase Shares under the SPP, including (without limitation) if:

(a) your Application Form is incorrectly completed, incomplete or otherwise determined by Kathmandu to be invalid;

(b) your cheque is dishonoured or has not been completed correctly;

(c) you enclosed a cheque with your Application Form that is not made out in New Zealand dollars or Australian dollars for the exact amount of the parcel that you have selected on the Application Form;

(d) your direct debit payment is dishonoured;

(e) it appears that you are applying to buy more than the lesser of NZ$15,000 and AU$13,950 (in aggregate) of Shares (except if you are a Custodian applying on behalf of more than one beneficial owner in accordance with clause 4.2);

(f) your Application Form is received after the Closing Date. While Kathmandu has discretion to accept late Application Forms and cheques, there is no assurance that it will do so. Late Application Forms and cheques, if not processed, will be returned to you at your registered address within 5 business days of the Allotment Date or within 5 business days of the date of receipt in respect of any late applications received after the Allotment Date;

(g) Kathmandu believes that you are not an Eligible Shareholder or Custodian; or

(h) Kathmandu considers that your application does not otherwise comply with these terms and conditions.

6.2 No interest will be paid on any application monies returned to you. Any refunds for whatever reason will be paid to you either by direct credit to your New Zealand bank account or to your Australian bank account (if those details are held by the Share Registrar) or by cheque mailed within 5 business days of the Allotment Date.

7 Significance of sending in an application

7.1 If you apply to purchase Shares under the SPP by completing and returning the Application Form:

(a) your application, on these terms and conditions, will be irrevocable and unconditional (i.e. it cannot be withdrawn);

(b) you certify to Kathmandu that you are an Eligible Shareholder entitled to apply for Shares under these terms and conditions;

(c) you acknowledge that the SPP may not proceed;

(d) you certify that your acceptance of the SPP will not be, or cause, a breach of any law in any jurisdiction;

(e) you certify to Kathmandu that you are not applying for Shares under the SPP with an aggregate application price in excess of the lesser of NZ$15,000 and AU$15,000 (including any application made through a Custodian) even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP and the total Issue Price of those Shares for which you are applying, if issued, together with the total Issue Price of all and any other Shares applied for by you under the SPP or any similar arrangement and issued by Kathmandu to you in the 12 months prior to and including the date of the application for Shares under the SPP will not exceed the lesser of NZ$15,000 or AU$15,000 (excluding any Shares you may have acquired in that period on the NZX Main Board or the Australian Securities Exchange);

Note that this limit applies only to Shares issued by Kathmandu under this SPP (since there has been no other similar arrangement in the last 12 months).

(f) you agree to be bound by the constitution of Kathmandu, which you may download for free from the Companies Office website: https://companies-register.companiesoffice.govt.nz/;

(g) if you are not a Custodian, you certify to Kathmandu that the total of the application monies for the following does not exceed the lesser of NZ$15,000 and AU$15,000:

(i) the Shares applied for under the SPP;

(ii) any other Shares issued under an arrangement similar to the SPP in the 12 months before the application;

(iii) any other Shares which you have instructed a Custodian to acquire under the SPP; and

(iv) any other Shares issued to a Custodian under an arrangement similar to the SPP in the 12 months before the application as a result of an instruction given by you to the Custodian or another Custodian and which resulted in you holding beneficial interests in Shares.

Note that this limit applies only to Shares issued by Kathmandu under this SPP (since there has been no other similar arrangement in the last 12 months)


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Kathmandu

and does not include any Shares the Eligible Shareholder may have acquired on the NZX Main Board or the Australian Securities Exchange.

(h) you authorise Kathmandu (and its officers or agents) to correct any error in, or omission from, your Application Form and to complete the Application Form by the insertion of any missing details;

(i) you acknowledge that Kathmandu may at any time irrevocably determine that your Application Form is valid, in accordance with these terms and conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;

(j) you accept the risk associated with any refund that may be despatched to you by cheque to your address shown on Kathmandu's share register;

(k) you agree to indemnify Kathmandu for, and to pay to Kathmandu within 5 business days of demand, any dishonour fees or other costs Kathmandu may incur in presenting a cheque for payment which is dishonoured;

(l) you acknowledge that none of Kathmandu, its advisors or agents has provided you with investment advice or financial product advice, and that none of them has an obligation to provide advice concerning your decision to apply for and purchase Shares under the SPP;

(m) you acknowledge the risk that the market price for the Shares may change between the date of this offer and the Allotment Date. A change in market price during this period may affect the value of the Shares you receive under the SPP; and

(n) you irrevocably and unconditionally agree to these terms and conditions.

7.2 If a Custodian applies to purchase Shares under the SPP for a beneficial owner pursuant to clause 4.2, the certification referred to in clause 7.1(e) will be taken to be given by the beneficial owner on whose behalf the Custodian is applying to purchase Shares.

8 Issue Price

You agree to pay the Issue Price per Share up to a maximum amount you have selected on the Application Form.

9 Scaling

9.1 If Kathmandu receives applications for Shares in excess of NZ$8 million, it has the discretion to accept oversubscriptions of up to an additional NZ$2 million. If Kathmandu receives applications in excess of NZ$10 million (i.e. the initial cap of NZ$8 million plus the additional band of NZ$2 million available at its discretion), it will scale back all applications on a proportionate basis having regard to the size of existing shareholdings at the Record Date. If you apply for Shares under the SPP, you will apply for a dollar amount rather than a number of Shares. The number of Shares you receive will be determined by dividing the dollar amount of the Shares you have applied for (as scaled back) by the Issue Price (or, if you elect to pay in Australian dollars, the Australian dollar Issue Price converted in accordance with section 5 above). If this produces a fractional number, the number of Shares you will be allotted will be rounded up to the nearest whole number of Shares.

9.2 If your application is scaled, your application monies will be greater than the value of the Shares you will be allotted. The difference will be refunded to you either by direct credit to your bank account (if those details are held by the Share Registrar) or by cheque mailed within 5 business days of the Allotment Date. No interest will be paid on any application monies returned to you.

10 The Shares

10.1 Shares issued under the SPP will rank equally with, and have the same voting rights, dividend rights and other entitlements as, existing fully paid Shares in Kathmandu quoted on the NZX Main Board and the Australian Securities Exchange.

10.2 The Shares have been accepted for quotation on the NZX Main Board and an application will be made by Kathmandu for the Shares that are allotted under the SPP to be quoted on the Australian Securities Exchange. The NZX Board is a registered market operated by NZX which is a licensed market operated by NZX Limited, which is a licensed market operator regulated under the Financial Markets Conduct Act 2013. Neither NZX nor ASX accept any responsibility for any statement in this SPP booklet.

10.3 You cannot trade in any Shares issued to you pursuant to the SPP, either as principal or agent, until quotation on the NZX Main Board and the Australian Securities

Exchange in accordance with the Listing Rules. Kathmandu expects that the Shares will commence trading on the NZX Main Board on the next Trading Day after the Allotment Date.

11 Amendments to the SPP and waiver of compliance

11.1 Notwithstanding any other term or condition of the SPP and/or the Application Form, Kathmandu may, at its discretion:

(a) make non-material modifications to the SPP on such terms and conditions it thinks fit (in which event applications for Shares under the SPP will remain binding on the applicant notwithstanding such modification and irrespective of whether an Application Form was received by the Share Registrar before or after such modification is made); and/or

(b) suspend or terminate the SPP at any time prior to the issue of the Shares under the SPP (including by reviewing the timetable for the SPP). If the SPP is terminated, application monies will be refunded to applicants without interest within 5 business days of termination.

11.2 Kathmandu reserves the right to waive compliance with any provision of these terms and conditions, which will be done in accordance with Australia and New Zealand law (including the NZX and ASX Listing Rules as relevant).

11.3 Kathmandu will notify NZX and ASX of any waiver, amendment, variation, suspension, withdrawal or termination of the SPP. Approval of any material changes to the SPP will be sought from NZX and ASX to the extent required under the NZX and ASX Listing Rules.

12 Governing Law

These terms and conditions shall be governed by and construed in accordance with the laws of New Zealand.

13 Dispute Resolution

If any dispute arises in connection with the SPP, Kathmandu may settle it in any manner it thinks fit. It may do so generally or in relation to any particular shareholder, applicant, application or Share. Kathmandu's decision will be final and binding.

14 Inconsistency

Unless otherwise determined by the directors of Kathmandu, in the event of any inconsistency between the terms and conditions of the SPP and:

(a) the accompanying letter from the Chairman of Kathmandu and Questions and Answers, the terms and conditions take precedence;

(b) Kathmandu's constitution, Kathmandu's constitution shall prevail.

GLOSSARY

Allotment Date	20 April 2018, unless extended.
Application Form	The personalised application form relating to the SPP that you received with this SPP booklet, including the instructions on the reverse of the form.
AU$	Australian dollars.
ASIC	The Australian Securities Investments Commission.
ASX	ASX Limited, ABN 98 008 624 691.
Australian Securities Exchange	The equity security market operated by ASX.
Closing Date	13 April 2018, unless extended.
Custodian	See clause 4.1 for the definition of "Custodian".
Eligible Shareholder	A person who, at 7.00pm on the Record Date, was recorded in Kathmandu's share register as being a registered holder of Shares and having an address in New Zealand or Australia recorded in the share register or who Kathmandu is satisfied can otherwise participate in the SPP in compliance with all applicable laws.
Issue Price	NZ$2.16 per Share (being the same price as Shares issued under the Placement).
Kathmandu	Kathmandu Holdings Limited.
Listing Rules	The NZX Main Board Listing Rules and/or the ASX Listing Rules, as the context requires.
$ or NZ$	New Zealand dollars.
NZX	NZX Limited.
NZX Main Board	The main board equity security market operated by NZX.
Opening Date	26 March 2018.
Placement	The NZ$40 million placement of Shares in Kathmandu to existing and new investors, under which 18,518,519 Shares will be issued on 26 March 2018.
Record Date	19 March 2018.
Share Registrar	Link Market Services Limited.
Share	An ordinary share of Kathmandu.
SPP	The share purchase plan detailed in this SPP booklet.
Trading Day	A full day on which Shares are quoted, and not suspended from quotation or made subject to a trading halt, on the Australian Securities Exchange and the NZX Main Board. A day on which the Australian Exchange Securities or NZX Main Board is closed or on which trading on the Australian Securities Exchange or the NZX Main Board is closed or on which the NZX Main Board is suspended is not a Trading Day.

DIRECTORY

ISSUER

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Kathmandu®

KATHMANDU HOLDINGS LIMITED
SHARE PURCHASE PLAN

kathmanduholdings.com