

Underground Fashions Limited/Just Jeans Group Limited

On 27 January 1997 Just Jeans Group Limited ("Just Jeans") announced it had gained control of Underground Fashions Limited ("Underground"), a New Zealand based specialty retailer, by purchasing 71.4% of the company from the Risetto family. This valued the company at \$8.9 million. The acquisition price represented a 20% premium to the closing share price of Underground on the day immediately prior to the announcement of the acquisition. Just Jeans acquired the balance of the shares in an offer to all other shareholders at the same price. Underground designed, manufactured and retailed women's fashion garments and had stores in Australia and New Zealand. Underground reported a loss of \$2.7 million for the year ended 31 July 1996.

Just Jeans Group Limited/Catalyst Investment Managers Pty Ltd

On 27 June 2001, Just Jeans announced it had received a proposal for Catalyst Investment Managers Pty Ltd ("Catalyst") to acquire all of the shares in Just Jeans. The proposal involved a buyback by Just Jeans of 20.8% of its capital at A\$1.35 per share, followed by an offer being made for the remaining shares by Catalyst also at A\$1.35 cash per share. The offer price of A\$1.35 per share was at a small premium to the pre-announcement trading price of A\$1.26 per share.

Pacific Brands/CVC Asia Pacific

CVC and Catalyst Investment Managers led an investor consortium to acquire Pacific Brands from Pacific Dunlop Limited for \$730 million. Pacific Brands is principally a clothing manufacturer producing a wide range of garments under such brands as Berlei, Bods, Formfit, Haines, Jockey and Playtex. In addition, it markets sporting goods under the Slazenger brand, bedding (Dunlop and Sleepmaker) and footwear.

Rebel Sports Limited/Harvey Norman Holdings Limited

On 6 April 2001, Harvey Norman Limited ("Harvey Norman") announced a conditional cash offer to acquire all the outstanding ordinary shares in Rebel Sports Limited ("Rebel") for A\$0.83 a share. The offer valued Rebel at A\$52 million and represented a 19% premium to the closing share price on the day prior to the bid being announced. Rebel retails sporting goods, footwear, clothing and related equipment throughout Australia and New Zealand through its franchised superstores. Rebel opened three new superstores in the 2001 financial year bringing the total number of superstores to 37. Rebel has finalised plans to open two further superstores in the 2002 financial year. On 25 July 2001 Harvey Norman announced that it has reached its targeted 55% ownership of Rebel and that its offer was therefore unconditional. Since 23 July 2001 Rebel has traded at a significant premium to the takeover price.

Sara Lee/Pacific Brands

In February 2001, Pacific Brands acquired Sara Lee Apparel Australasia for approximately A\$60 million. Sara Lee produces intimate apparel and activewear clothing under brands including Stubbies, Razzamatazz and Wonderbra.

Palmer Corporation Limited/Colorado Group Limited

On 20 December 2000 Colorado Group Limited ("Colorado") made a cash takeover bid for all the outstanding ordinary shares in Palmer Corporation Limited ("Palmer") of A\$0.29 per share. The effective aggregate consideration represented a premium of 56% over the closing share price of Palmer on the day immediately preceding the announcement of the offer. Palmer owned and operated 27 stores throughout Australia and had a substantial wholesaling and licensing business. Palmer had the licence for the up market brands, "JAG" and "DKNY".

Katies Fashion Chains/Millers Retail Limited

On 2 November 2000, Millers announced that it had acquired the "Katies" fashion chain from Coles Myer Limited ("Coles Myer") in a transaction valued at A\$20.4 million. Millers issued Coles Myer 6.52 million shares as consideration for the loss making women's clothing chain. The acquisition added 208 stores to Miller's apparel network across Australia and provided Millers to enter the New Zealand market by rebranding the "Katies" stores in New Zealand. As well as the "Katies" stores, the acquisition brought Millers the "1626" brand stores. Katies had been a poor performer and Coles Myer had reported a loss in the division in the 2000 financial year of A\$14 million. As a result any historical earnings multiples derived were not meaningful.

19 February 2002

The Directors
Bendon Group Limited
PO Box 1134
AUCKLAND

Dear Directors

Takeover offer by Pacific Retail**1 Introduction**

On 18 January 2002, Pacific Retail Group Limited ("Pacific Retail") through its wholly owned subsidiary Pacific Retail Apparel Limited announced its intention to make a full takeover offer (the "Pacific Retail Offer") to acquire all of the equity securities in Bendon Group Limited ("Bendon Group") that it did not already own at a price of \$1.90 per ordinary share. Pacific Retail owns 19.05% of the voting capital of Bendon Group.

As required by the Takeovers Code, the Pacific Retail Offer is conditional upon it receiving acceptances under the offer sufficient to take its total voting rights in Bendon Group to greater than 50%.

The Pacific Retail Offer constitutes a full takeover offer under Rule 8 of the Takeovers Code. Accordingly, the Independent Directors of Bendon Group have engaged Grant Samuel & Associates Limited ("Grant Samuel") to prepare the Independent Adviser's Report required under Rule 21 of the Takeovers Code setting out an assessment of the merits of the Pacific Retail Offer to assist Bendon Group shareholders in forming an opinion on the Pacific Retail Offer. Grant Samuel is independent of Bendon Group and Pacific Retail and has no involvement with, or interest in, the outcome of the proposed acquisition of shares in Bendon Group by Pacific Retail.

2 Evaluation of the Merits of the Pacific Retail Offer**2.1 The Pacific Retail Offer is below the assessed value range**

Bendon Group has been valued in the range NZ\$59.9 million – NZ\$67.6 million. This value range corresponds to a value of NZ\$1.94 – NZ\$2.19 per share. The valuation represents the full underlying value of Bendon Group assuming 100 per cent of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect Bendon Group shares to trade on the stock exchange in the absence of a takeover offer.

stores throughout the USA, which offer a full range of its lifestyle products. It also has licence agreements with international partners in more than 60 countries to operate 108 freestanding Polo stores.

Liz Claiborne Inc

Liz Claiborne Inc is a leading designer of women's apparel sold mainly through department stores under a range of brands. The company also holds licenses for marketing DKNY jeans and activewear, DKNY women's career and casual sportswear and Kenneth Cole women's apparel. Sales for the year ended 31 December 2000 totalled US\$3.1 billion with wholesale sales of apparel accounting for more than 70% of total sales.

Tommy Hilfiger Corporation

Hong Kong based Tommy Hilfiger Corporation designs, sources and markets men's and women's sportswear, jeanswear and childrenswear under the Tommy Hilfiger trademark. These products are sold via department and specialty retail stores throughout the USA, Canada, Mexico, Central and South America, Europe, Japan and Hong Kong. On 30 January 2002 Tommy Hilfiger Corporation issued a profit warning for fiscal 2003. Its share price fell during afternoon trading by US\$2.38 to close at US\$12.75 on the NYSE on the date of the announcement.

Nautica Enterprises

Nautica Enterprises designs, sources, markets and distributes apparel under a range of brands including Nautica, John Varvatos, E Magrath, Byron Nelson and Earl Jean. Products include sportswear, men's and women's jeans, sleepwear and childrenswear. In addition to its wholesale business, Nautica Enterprises also operates outlet stores throughout the USA.

19.05% of Bendon Group. Pacific Retail requires shareholders holding at least 30.95% of the shares in Bendon Group to accept for it to achieve the 50% threshold of the Takeovers Code. As the largest shareholder in Bendon Group with a 25.86% shareholding, AMP Henderson is in a position to influence the outcome of the Pacific Retail Offer. If AMP Henderson accepts the offer in terms of its entire shareholding, Pacific Retail would be entitled to 44.9% of the shares in Bendon Group, requiring only a small percentage of further acceptances to reach the 50% minimum acceptance threshold. If AMP Henderson does not accept the offer Pacific Retail may still reach the 50% threshold but cannot achieve a 90% acceptance level at which point the compulsory acquisition provisions would come into effect;

- AMP Henderson has a 25.86% shareholding in Bendon Group. A separate, but related division of the AMP group is AMP Private Capital New Zealand Limited, a part of the Venter Management Consortium which has made a bid for Bendon. AMP Henderson is under an obligation to maximise the price it receives when realising any of its investments on behalf of its investors. The fact that it is associated with a rival bidder does not provide any certainty that it will not accept the Pacific Retail Offer if it believes that it is in the best interests of its investors;
- Pacific Retail owns 19.05% of Bendon Group. This may be viewed by an alternative bidder as an impediment to making a competing offer. At the time of writing this report no alternative bid for Bendon Group had been received despite a number of other parties showing initial interest in acquiring Bendon. Pacific Retail's shareholding of 19.05% would not stop another bidder securing a controlling shareholding in Bendon Group. Given its offer to acquire Bendon late last year it is possible that the Venter Management Consortium could make an alternative offer for Bendon Group shares;
- Bendon Group is a reasonably liquid stock with solid trading volumes. The Pacific Retail Offer has a minimum threshold of 50%. There is a reasonable possibility that Pacific Retail could achieve sufficient acceptances to obtain more than a 50% shareholding in Bendon Group and declare its offer unconditional. With Pacific Retail holding at least 50% of the shares in Bendon Group the liquidity in the shares will contract, which could negatively impact the share price after the offer closes. Having achieved a 50% shareholding Pacific Retail could acquire a further 5% in any 12 month period either on market or by private treaty. Such purchases are likely to be at market prices. In addition, Pacific Retail could give notice of a partial offer to acquire a portion of the outstanding shares. A partial offer has to be made to all remaining shareholders but does not, in Grant Samuel's opinion, have to be at a price equivalent to the full underlying value as it is not a full takeover offer. Alternatively, Pacific Retail could declare the current offer unconditional at 50% and then give notice of intention of a new offer at a higher price. By any or all of these methods, Pacific Retail could gradually increase its shareholding in Bendon Group;
- shareholders not accepting the Pacific Retail Offer face the risk that Pacific Retail does not increase its offer price and it does not receive sufficient acceptances to declare the offer unconditional. If the offer lapses and in the absence of any alternative offers, the share price of Bendon Group may trade below the Pacific Retail Offer price of \$1.90 per share. Since the announcement of the Venter Management Consortium offer several other parties have expressed interest in acquiring Bendon. One of these has completed due diligence. If the Pacific Retail Offer lapses it is possible another party would come forward;
- when compared with the Venter Management Consortium offer announced on 30 November 2001, the Pacific Retail Offer has a higher price and is a more straightforward transaction. The Venter Management Consortium offer would require shareholders to approve the sale of Bendon at a meeting and to approve the winding up of Bendon Group. The sale of Bendon and winding up of Bendon Group could take several months. The approval to sell Bendon requires approval by two separate resolutions, one requiring support from 75% of those attending the meeting or voting by proxy, the other requiring 50%. In respect of the latter resolution, the Venter Management Consortium cannot vote its 25.9% shareholding meaning that Pacific Retail would only require the support of approximately 5.5% of Bendon Group shareholders to prevent the sale;

- different purchasers will be able to extract varying levels of benefits from an acquisition of Bendon Group and accordingly are likely to attribute different values to the company. Synergy gains for Pacific Retail from an acquisition of Bendon Group are not immediately obvious, although Pacific Retail has previously stated its desire to extend its retail ability into other areas. If Pacific Retail acquires 50% of the shares it would have control over Bendon Group and would be likely to implement some, if not all, of its as yet undisclosed future plans for Bendon Group;
- the factors affecting the market in which Bendon operates include:
 - the increasing use of private label merchandise by major chains and the increasing market share of discount department stores are the two major retailing trends impacting Bendon's business. The increase of private label merchandise, in what is a comparatively static market for intimate apparel, has been at the expense of branded merchandise. Private label merchandise has also kept prices of branded merchandise down, while the strength of the US dollar has led to increases in product costs. In New Zealand and Australia sales to the two major customers, Farmers and Coles Myer, have declined in the six months ending 31 December 2001 when compared with the same period in the previous financial year. The decline has been attributed, at least in part, to increased usage of private label merchandise by both of these companies. The loss of sales has in both cases been substantially offset by increases in sales to discount department stores, The Warehouse and Target. The increasing profile of discount department stores has enabled Bendon to maintain sales levels in the New Zealand market albeit at reduced margins;
 - Bendon operates in a highly competitive market place characterised by a large number of competitors and purchasing dominated by a small number of large retail chains. Bendon has secured a strong position in the Australian and New Zealand intimate apparel marketplace and is seeking to establish a modest market presence in the UK. If it is successful in the UK there will be significant benefits to shareholders although the UK market is not without risks. The Elle MacPherson Intimates brand is new to a market that already includes a number of similar product ranges, each with a relatively small market presence. Bendon is focussing on the upper end of the market comprising branded merchandise and the upper end of the private label market. This segment comprises approximately 20% of the UK market, which is dominated by private label merchandise. Competition in this segment is intense with the two major participants Triumph and Courtaulds having an estimated¹ 7% and 8% market shares respectively. Bendon is targeting the Elle MacPherson Intimates brand to achieve a 7% share of the segment by 2006;
 - Bendon's earnings are reasonably seasonal. For the six months ending 30 September 2001, Bendon's earnings were barely breakeven. In the three months ended 31 December 2001, the business excluding UK produced an EBITA of approximately \$2.3 million, and has forecast earnings of \$3.6 million for the three months ending 31 March 2002. Achievement of the forecast earnings for the remaining quarter of the financial year will require retail sales in both New Zealand and Australia to be relatively buoyant when compared with the earlier part of the year; and
 - Bendon is not forecasting material increases in market share in either the New Zealand market where it has an estimated 48% share or Australia where it has an estimated 25% share. The size of both markets is not growing, margins continue to remain under pressure from private label merchandise and competition, particularly in Australia, is likely to remain at a high levels. These factors produce an outlook for only gradual increases in earnings largely driven by improving the way in which the company conducts the business and the relaunch of Expozay as both a swimwear and intimate apparel brand.

¹ Source – Bendon management.

Colorado Group Limited

Colorado Group Limited ("Colorado") operates specialty retail stores in Australia under the names "Colorado Adventurewear", "William the Shoeman" and "Mathers Shoes". The company has 340 stores, which are mainly concentrated in Queensland and New South Wales. Recently, Colorado acquired Palmer Corporation Limited, which has provided 30 new stores and the rights to the upmarket international brands, "JAG" and "DKNY". The company is intending to open 25 new stores in the 2002 financial year. In January 2002, Colorado acquired Diana Ferrari Pty Limited, a wholesaler of women's footwear in Australia and New Zealand for A\$18 million. It is understood acquisition multiples were in the range of 4.5 times EBITDA or 5.0 times EBIT and the transaction is expected to have an immediate positive impact on earnings per share.

Brazin Limited

Brazin Limited ("Brazin") is a specialist retailer of women's lingerie, sleepwear and swimwear and is the largest music retailer in Australia. The company operates 125 "Bras n Things" stores, which primarily sell women's lingerie, owns Aztec Rose, a designer and marketer of women's surfwear, and retails music, predominantly through its 268 "Sanity Music", "Dance Arena" and "TN2" stores. The company announced in January 2001 that it was to close the loss making Sain Bar, Sanity Entertainment and Viva Lingerie businesses. Its remaining core businesses, Bras n Things and Sanity Music, are relatively mature businesses. During 2001, Brazin acquired Our Price Limited from Virgin for A\$23 million less a capital contribution from Virgin for the same amount. Our Price owns 77 music retail stores in the UK.

Gazal Corporation Limited

Gazal Corporation Limited ("Gazal") distributes branded apparel including men's business and sports shirts, ladies lingerie and sleepwear, boys and girls schoolwear, sweatsuits, dressed and casual wear, under brands such as "Nautica", "Van Heusen" and "Lovable". Gazal acquired the "Mambo" chain of stores in March 2000 giving it exposure to the high growth surf and streetwear sector of the retail apparel market.

Oroton International Limited

Oroton International Limited ("Oroton") owns and operates retail leather and accessory stores in Australia and the United States. The company manufactures and markets leather products and retails premium clothing apparel and accessories under the brand names "Oroton" and "Polo Ralph Lauren". In December 2000 Oroton added to its existing brands with the acquisition of the "Peter Morrissey" brand. In the 2001 financial year, Oroton embarked on a substantial expansion program, opening and/or refurbishing 15 Oroton and Polo Ralph Lauren boutiques in Australia. As a consequence of such initiatives, Oroton has achieved solid profit growth for the third consecutive year. EBITDA has grown from A\$4 million in the 1998 financial year to over A\$11 million for the year ended 31 July 2001.

Nike Inc

Nike is a leading brand of athletic footwear, apparel and sports equipment. The company also owns Cole Haan, a dress and casual footwear business, and Bauer, a hockey equipment manufacturer. Nike footwear sales accounted for more than 60% of total sales of US\$9.5 billion for the year ended 31 May 2001.

Intimate Brands Inc

The business division of Intimate Brands Inc comprise Victoria Secret Stores, Victoria Secret Beauty, Victoria Secret Direct and Bath & Body Works. Victoria Secret Stores retail women's intimate apparel and related products. Victoria Secrets Beauty is a specialty retailer of beauty products. Victoria Secret Direct is the catalogue and e-commerce sales division marketing intimate and other women's apparel. Bath & Body Works retails personal care products. Victoria Secret products are expected to account for more than 60% of estimated total sales for the year ended 31 January 2001 of US\$5 billion.

Polo Ralph Lauren Corporation

Polo Ralph Lauren Corporation ("Ralph Lauren") designs, markets and distributes premium branded lifestyle products including apparel, homeware, accessories and fragrances. Men's and womenswear accounted for 68% of total sales for the year ended 31 March 2001 with the majority of sales made in the USA. Wholesale sales represent approximately half of Ralph Lauren's total revenue. In addition, the company operates 231 retail

product in any category and operates under the trademark "Where everyone gets a bargain". The Warehouse entered the Australian market through the acquisition of the Clints and Solly's retail stores, which have now been rebranded The Warehouse. It has a total of 117 stores in Australia. In the current financial year, The Warehouse expects to open a further 10 stores in New Zealand (including six Warehouse Stationery stores) and 16 further stores in Australia.

Briscoe Group Limited

Briscoe Group Limited ("Briscoe") listed on the NZSE in December 2001. Briscoe operate 28 Briscoes Homeware and 11 Rebel Sport stores throughout New Zealand. The homeware stores retail branded household linen, electrical appliances, kitchenware and other homeware products. The sports stores retail both sporting goods and clothing. Briscoe holds the rights to operate under the Rebel Sport brand in New Zealand.

Michael Hill International Limited

Michael Hill International Limited ("Michael Hill") is a specialist jewellery manufacturer and retailer with 91 stores throughout New Zealand and Australia. The company is continuing to expand successfully into Australia following a strategy of controlled, profitable growth with emphasis on efficiency and productivity within existing stores. Despite relatively soft retail conditions, particularly in New Zealand, Michael Hill is expected to continue to grow same store sales in both its markets, as well as opening new supa stores formats during this year.

Hallenstein Glasson Holdings Limited

Hallenstein Glasson Holdings Limited ("Hallenstein") owns and operates retail stores that sell men's and boy's clothing, sportswear and footwear. The stores operate under the "Hallenstein" name and are located in shopping malls throughout New Zealand. Hallenstein also operates "Glasson" stores, which retail women's discount fashion apparel. The company operates 107 stores with 52 under the "Hallenstein" banner, 31 under the "Glasson" banner, 13 childwear stores and 12 Australian stores. The New Zealand retail market is far more fragmented than the Australian market, which is dominated by the major department stores.

Pacific Retail Group Limited

Pacific Retail Group Limited ("Pacific Retail") operates four chains of retail stores – Noel Leeming, Bond and Bond (both appliance retailers), Computer City (computer retailing often co-located in Noel Leeming stores), and Living and Giving (giftware retailing) – together with a finance company which provides hire purchase paper for the group's retailers.

Miller's Retail Limited

Miller's Retail Limited ("Millers") is a retailer of women's low priced clothing in Australia. The business targets women over 35 years of age and is expected to have 700 stores throughout Australia at the completion of the current financial year. Millers operates the Millers and Crazy Prices discount store chains. Millers has recently increased its revenue base significantly with the acquisition of the Katie's chain of stores from Coles Myer, Chickenfeed, Look Sharp, Go-Lo/Crazy Clarks and Silhouette. The company has grown significantly with sales for 2002 forecast to exceed A\$1 billion compared to A\$650 million for the previous year. The earnings multiples derived for discount store based businesses are of limited comparability to the fashion based business of Bendon.

David Jones Limited

David Jones Limited ("David Jones") is Australia's second largest traditional department store retailer. David Jones is recognised as Australia's pre-eminent department store with its stores positioned at the top end of the market. David Jones has 36 stores located throughout Australia. David Jones is implementing a strategy to broaden its product mix in the future. The company has recently moved into food retailing with foodchain stores beginning to produce revenues in the 2001 financial year. However, its department store business is still projected to earn over 90% of the company's total EBIT in the 2001 financial year.

A decision to retain Bendon Group shares means that shareholders remain exposed to the risks (and returns) of the business. Bendon Group is forecasting increasing earnings largely driven by expanding its share of the UK intimate apparel market.

2.3 Acceptance or Rejection of the Pacific Retail Offer

Acceptance or rejection of the Pacific Retail Offer is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser.

3 Other Matters

3.1 Limitations and Reliance on Information

The report is based upon financial and other information provided by Bendon Group. Grant Samuel has considered and relied upon this information. Grant Samuel believes that the information provided was reliable, complete and not misleading and has no reason to believe that any material facts have been withheld. The information provided has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion as to the underlying value of Bendon Group.

3.2 Qualifications

Grant Samuel and its related companies provide financial advisory services to corporate and other clients in relation to mergers and acquisitions, capital raisings, corporate restructuring, property and financial matters generally in Australia and New Zealand. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since its inception in 1988, Grant Samuel and its related companies have prepared more than 200 public expert or appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Michael Lorimer, BCA, CA and Simon Cotter, BCom. Each has a significant number of years experience in relevant corporate advisory matters.

3.3 Independence

Grant Samuel does not have at the date of this report, and has not had within the previous two years, any shareholding in or other relationship with Bendon Group, that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the proposed transaction. Grant Samuel had no part in the formulation of the proposed transaction. Its only role has been the preparation of this report and its summary.

Grant Samuel's opinion is made at the date of this letter and reflects circumstances and conditions as at that date.

This letter is a summary of Grant Samuel's opinion. The full report and appendices from which this summary has been prepared is attached and should be read in conjunction with and as an integral part of this summary.

This letter is for the benefit of the holders of Bendon Group shares (other than Pacific Retail and its associated persons). The report should not be used for any other purpose other than as an expression of Grant Samuel's opinion as to the merits of the Pacific Retail Offer.

Yours faithfully
GRANT SAMUEL & ASSOCIATES LIMITED

Grant Samuel + Associates

Appendix 1
Sharemarket Ratings of Selected Comparable Listed Companies

The sharemarket ratings of selected listed companies operating businesses similar to that of Bendon are summarised in the table below. While the selected companies are not precisely comparable to Bendon, the sharemarket data provides a framework to review the valuation of Bendon and the multiples implied by that valuation. Sharemarket ratings have been compared on the basis of multiples of EBITDA, EBIT and net tangible assets ("NTA"). EBITDA and EBIT multiples have been used to minimise distortions that may be caused by variations in gearing and tax rates.

Sharemarket Ratings of Selected Comparable Listed Companies									
	Market Capitalisation ⁴ (millions)	Year End	EBITDA ¹ Multiple (times)			EBIT ² Multiple (times)			Ungearred NTA ³ Multiple (times)
			2001 historical	2002 forecast	2003 forecast	2001 historical	2002 forecast	2003 forecast	
New Zealand									
NZ\$									
The Warehouse Group	\$2,033.9	31 Jul	13.4	11.5	10.0	20.4	15.8	13.4	5.5
Briscoe Group	\$371.3	31 Jan	14.9	13.1	11.5	17.1	14.9	13.1	5.7
Michael Hill International	\$190.6	30 Jun	10.3	8.5	7.8	13.0	10.4	9.3	2.8
Hallenstein Glasson Holdings	\$174.0	31 Jul	8.1	7.8	7.3	10.3	9.9	9.4	5.1
Pacific Retail Group	\$114.4	31 Mar	6.0	4.1	3.2	6.5	5.9	5.1	2.1
Average			10.5	9.0	8.0	13.5	11.4	10.1	4.2
Average (excl The Warehouse & Briscoe)			8.1	6.8	6.1	9.9	8.7	7.9	3.3
Australia									
A\$									
Miller's Retail	\$823.4	30 Jun	15.3	10.7	8.5	20.7	14.4	10.9	29.0
David Jones	\$495.7	31 Jul	5.9	5.5	4.6	13.8	10.5	8.6	1.2
Brazin	\$239.8	30 Jun	9.0	6.7	6.2	13.0	8.9	7.9	3.0
Colorado Group	\$221.7	31 Jan	8.5	7.5	6.1	10.9	10.2	7.8	3.2
Gazal Corporation	\$128.0	30 Jun	8.3	na	na	9.4	na	na	2.3
Oroton International	\$77.4	31 Jul	7.6	6.5	5.3	9.3	8.5	6.5	3.4
Average			9.1	7.4	6.1	12.8	10.5	8.3	7.0
Average (excl Miller's Retail)			7.8	6.6	5.5	11.3	9.5	7.7	2.6
USA									
US\$									
Nike Inc	\$16,876.2	31 May	13.4	12.2	11.5	16.3	15.3	13.5	4.6
Intimate Brands	\$8,765.1	31 Jan	10.7	12.3	11.1	12.4	15.0	13.3	7.4
Polo Ralph Lauren	\$2,897.9	31 Mar	7.7	7.6	7.3	9.7	10.2	8.9	3.4
Liz Claiborne ⁵	\$2,809.8	31 Dec	8.4	7.7	7.3	10.4	9.8	8.9	2.9
Tommy Hilfiger	\$1,189.2	31 Mar	5.0	4.8	na	7.7	7.4	na	2.7
Nautica Enterprises	\$509.0	28 Feb	5.3	6.9	5.3	6.8	10.1	7.1	1.8
Average			8.4	8.6	8.5	10.6	11.3	10.4	3.8
Average (excl Nike & Intimate Brands)			6.6	6.8	6.6	8.7	9.4	8.3	2.7

Source: Bloomberg, IRESS, annual reports, prospectuses, broker's reports.

Brief explanatory notes on each of the above companies are set out below.

The Warehouse Group

The Warehouse Group Limited ("The Warehouse") is New Zealand's largest chain of discount department stores with 75 outlets nationwide and 33 discount stationery stores. It offers a wide range of products and recently expanded into whiteware with AEG branded products and brown goods. Its strategy is to sell the lowest price

¹ Represents the gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus borrowings less cash as at the latest balance date) divided by EBITDA.

² Represents the gross capitalisation divided by EBIT.

³ Represents the gross capitalisation divided by ungeared net tangible assets (that is, shareholder funds less intangibles, plus borrowings less cash as at the latest balance date).

⁴ Based on the share prices at the close of business on the 30 January 2002 in local currency.

⁵ Liz Claiborne financial year ends on 31 December. Grant Samuel has used results for the year ended 31 December 2000 to calculate historical earnings multiples in the 2001 column and estimates or forecasts for the subsequent years to calculate forecast earnings multiples in 2002 and 2003 columns.

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1. Comparable Company Sharemarket Ratings
2. Comparable Acquisition Analysis

1 Terms of the Takeover Offer

On 18 January 2002, Pacific Retail Group Limited ("Pacific Retail") through its wholly owned subsidiary Pacific Retail Apparel Limited announced its intention to make a full takeover offer (the "Pacific Retail Offer") to acquire all of the equity securities in Bendon Group Limited ("Bendon Group") that it did not already own at a price of \$1.90 per ordinary share.

The Pacific Retail Offer is conditional upon, inter alia:

- Pacific Retail receiving acceptances under the offer sufficient to take its total voting rights in Bendon Group to greater than 50%. This is a mandatory condition required under the rules of the Takeovers Code. Through two recent off market share acquisitions, Pacific Retail currently owns 19.05% of the issued capital of Bendon Group;
- no dividends, bonuses, other payments or distributions being declared or paid to Bendon Group shareholders during the term of the offer;
- no issues of shares or convertible notes or other voting securities being issued or agreed to be issued by Bendon Group;
- no shares in Bendon Group or any of its subsidiaries being made the subject of any option, or right to subscribe for the issue of securities in Bendon Group;
- no alteration being made to the Constitution of Bendon Group; and
- neither Bendon Group nor any of its subsidiaries entering into a material transaction with a related party or a major transaction to which the New Zealand Stock Exchange ("NZSE") Listing Rules 9.1 or 9.2 apply.

The last condition is important as it effectively precludes the proposed sale of the intimate apparel business of Bendon Limited ("Bendon"), which was scheduled to be put to shareholders for their consideration in early March 2002. The proposed sale of Bendon is discussed further in Section 3.2 of this report.

The Pacific Retail Offer is open for acceptance up until and including the closing date of 11 March 2002, unless extended.

proceeding initiated by any person except where Grant Samuel or its employees and officers are found to have been negligent or engaged in wilful misconduct in which case Grant Samuel shall bear such costs.

Advance drafts of this report (and parts of it) were provided to Bendon Group. Certain changes were made to this report as a result of the circulation of the draft report. However, there was no alteration to the methodology, conclusions or recommendations made to Bendon Group shareholders as a result of issuing the drafts.

Grant Samuel's terms of reference for its engagement did not contain any term which materially restricted the scope of this report.

7.6 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the information to be sent to Bendon Group shareholders. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

7.7 Other

The accompanying letter dated 19 February 2002 and attached appendices form part of this report.

GRANT SAMUEL & ASSOCIATES LIMITED
19 February 2002

Grant Samuel + Associates

7 Qualifications, Declarations and Consents

7.1 Qualifications

Grant Samuel and its related companies provide financial advisory services to corporate and other clients in relation to mergers and acquisitions, capital raisings, corporate restructuring, property and financial matters generally in Australia and New Zealand. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since its inception in 1988, Grant Samuel and its related companies have prepared more than 200 public expert or appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Michael Lorimer, BCA, CA and Simon Cotter, BCom. Each has a significant number of years experience in relevant corporate advisory matters.

7.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion on the fairness of the proposed transaction. Grant Samuel expressly disclaims any liability to any Bendon Group shareholder that relies or purports to rely on this report for any other purpose and to any other party who relies or purports to rely on this report for any purpose.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

7.3 Independence

Grant Samuel does not have at the date of this report, and has not had within the previous two years, any shareholding in or other relationship with Bendon Group, that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the proposed transaction. Grant Samuel had no part in the formulation of the proposed transaction. Its only role has been the preparation of this report and its summary.

Grant Samuel will receive a fixed fee for the preparation of this report. This fee is not contingent on the outcome of the proposed transaction. Grant Samuel will receive no other benefit for the preparation of this report. Accordingly, Grant Samuel considers itself to be independent for the purposes of the NZSE Listing Rules.

7.4 Information

Grant Samuel has obtained all information, which it believes is desirable for the purposes of preparing this report, including all relevant information which is or should have been known to any Director of Bendon Group and made available to the Directors. Grant Samuel confirms that in its opinion the information provided by Bendon Group and contained within this report is sufficient to enable Bendon Group shareholders to understand all relevant factors and make an informed decision, in respect of the proposed transaction.

7.5 Declarations

Bendon Group has agreed that to the extent permitted by law, it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or arising out of the preparation of this report. This indemnity will not apply in respect of the proportion of liability found by a court to be attributable to any conduct involving negligence or wilful misconduct by Grant Samuel. Bendon Group has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or

2 Scope of the Report

2.1 Requirements of the Takeovers Code

The Takeovers Code came into effect on 1 July 2001, replacing the Companies Amendment Act 1963 and the New Zealand Stock Exchange ("NZSE") Listing Rule requirements governing the conduct of listed company takeover activity in New Zealand. The Takeovers Code seeks to ensure that all shareholders are treated equally and on the basis of proper disclosure, are able to make an informed decision as to whether to accept or reject an offer.

The Takeovers Code specifies the responsibilities and obligations for both Pacific Retail and Bendon Group as "bidder" and "target" respectively. Bendon Group's response to the Pacific Retail Offer, known as a "target company statement", must contain the information prescribed in the Second Schedule of the Takeovers Code, and is to include or be accompanied by an Independent Adviser's Report (or summary thereof). If only a summary report is included within the target company statement, the full report must be available to Bendon Group shareholders for inspection upon request.

2.2 Purpose of the Report

The Pacific Retail Offer constitutes a full takeover offer under Rule 8 of the Takeovers Code. Accordingly, the Independent Directors of Bendon Group have engaged Grant Samuel & Associates Limited ("Grant Samuel") to prepare the Independent Adviser's Report required under Rule 21 of the Takeovers Code setting out an assessment of the merits of the Pacific Retail Offer to assist Bendon Group shareholders in forming an opinion on the Pacific Retail Offer. Grant Samuel is independent of Bendon Group and Pacific Retail and has no involvement with, or interest in, the outcome of the proposed acquisition of shares in Bendon Group by Pacific Retail.

Grant Samuel has been approved by the Takeovers Panel to prepare the Independent Adviser's Report. The report is for the benefit of the holders of Bendon Group shares (other than Pacific Retail and its associated persons). The report should not be used for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Pacific Retail Offer.

2.3 Basis of Assessment

Rule 21 of the Takeovers Code requires the Independent Adviser to assess "the merits of an offer". The term "merits" has no definition either in the Takeovers Code itself or in any statute dealing with securities or commercial law in New Zealand. The Takeovers Panel has not issued guidelines as to the interpretation of the term "merits".

Under the compulsory acquisition rules of the Takeovers Code, where the 90% threshold is reached as a result of a Takeovers Code offer and 50% of the shares not held by the offeror prior to the offer commencing have been acquired as a result of the offer, the price for the remaining shares is set at the price offered. In other circumstances the compulsory acquisition price is a cash price specified by the dominant owner and certified as "fair and reasonable" by an independent adviser. The Takeovers Code provides no guidance as to the definition of "fair and reasonable".

In Australia, the phrase "fair and reasonable" appears in legislation and the Australian Stock Exchange Listing Rules as a basis for assessing takeover and similar transactions. The terms "fair" and "fair and reasonable" are both widely used tests or frameworks for analysing corporate transactions. However, there is very little useful legal or regulatory guidance as to the meaning of these terms.

The Australian approach draws a distinction between "fair" and "reasonable" in relation to takeover offers. A fair offer is one that reflects the full market value of a company's businesses and assets. A takeover offer that is in excess of the pre-bid market prices but less than full value will not be "fair" but may be "reasonable" if shareholders are otherwise unlikely in the foreseeable future to realise an amount for their shares in excess of the bid price. This is commonly the case in takeover offers where the bidder already controls the target company. In that situation, the minority shareholders

have little prospect of receiving full value from a third party offeror unless the controlling shareholder is prepared to sell its controlling shareholding.

Reasonableness is said to involve an analysis of other factors that a shareholder might consider prior to accepting a takeover offer such as:

- the offeror's existing shareholding;
- other significant shareholdings;
- the liquidity of the market for the target company's shares;
- any benefits through achieving 100% ownership;
- any special value of the company to the offeror; and
- the likelihood of an alternative offer.

A takeover offer could be considered "reasonable" if there were valid reasons to accept the offer notwithstanding that it was not "fair". A fair offer will always be reasonable but a reasonable offer will not necessarily be fair.

For the purposes of this report, Grant Samuel is of the opinion that an assessment of the merits of a transaction is a broader test than "fair and reasonable" and encompasses a wider range of issues associated with a takeover offer. Grant Samuel has assessed the merits of the Pacific Retail Offer after taking into consideration the following factors:

- the estimated value of Bendon;
- the existing shareholding structure of Bendon Group and Pacific Retail's shareholding in Bendon Group;
- the likelihood of an alternative offer and alternative transactions that could realise fair value;
- the likely market price and liquidity of Bendon Group shares in the absence of the Pacific Retail Offer;
- any disadvantages for Bendon Group shareholders of accepting the Pacific Retail Offer;
- the likelihood of the Pacific Retail Offer being declared unconditional;
- the likelihood of the Pacific Retail Offer not achieving the 50% acquisition threshold and Pacific Retail not increasing its offer;
- the attractions of the Bendon Group business; and
- the risks of the Bendon Group business.

Grant Samuel's opinion on the merits of the Pacific Retail Offer are to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

2.4 Approach to Evaluation of Fairness

The Pacific Retail Offer is for all the outstanding shares in Bendon Group and accordingly is a full takeover offer. In Grant Samuel's opinion the price to be paid under a full takeover should reflect the full underlying value of the company. The support for this opinion is two fold:

- the Takeovers Code's compulsory acquisition provisions apply when the threshold of 90% of voting rights has been reached. In this instance the Takeovers Code seeks to avoid issues of premiums or discounts for minority holdings by providing that a class of shares is to be valued as a whole with each share then being valued on a pro-rata basis. In other words, the minority shareholder is to receive the full underlying value. Grant Samuel believes that the appropriate test for fairness under a full takeover offer is the full underlying value, pro-rated across all shares. The underlying rationale is that it would be inconsistent for one group of shareholders, those selling under compulsory acquisition, to receive a different price under the same offer than those who accepted the offer earlier; and

approximately 20% of the UK market, which is dominated by private label merchandise. Competition in this segment is intense with the two major participants Triumph and Courtaulds having an estimated³ 7% and 8% market shares respectively. Bendon is targeting the Elle MacPherson Intimates brand to achieve a 7% share of the segment by 2006;

- Bendon's earnings are reasonably seasonal. For the six months ending 30 September 2001, Bendon's earnings were barely breakeven. In the three months ended 31 December 2001, the business excluding UK produced an EBITA of approximately \$2.3 million, and has forecast earnings of \$3.6 million for the three months ending 31 March 2002. Achievement of the forecast earnings for the remaining quarter of the financial year will require retail sales in both New Zealand and Australia to be relatively buoyant when compared with the earlier part of the year; and
- Bendon is not forecasting material increases in market share in either the New Zealand market where it has an estimated 48% share or Australia where it has an estimated 25% share. The size of both markets is not growing, margins continue to remain under pressure from private label merchandise and competition, particularly in Australia, is likely to remain at a high levels. These factors produce an outlook for only gradual increases in earnings largely driven by improving the way in which the company conducts the business and the relaunch of Expozay as both a swimwear and intimate apparel brand.

A decision to retain Bendon Group shares means that shareholders remain exposed to the risks (and returns) of the business. Bendon Group is forecasting increasing earnings largely driven by expanding its share of the UK intimate apparel market.

6.2 Acceptance or Rejection of the Pacific Retail Offer

Acceptance or rejection of the Pacific Retail Offer is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser.

³ Source – Bendon management.

- shareholders not accepting the Pacific Retail Offer face the risk that Pacific Retail does not increase its offer price and it does not receive sufficient acceptances to declare the offer unconditional. If the offer lapses and in the absence of any alternative offers, the share price of Bendon Group may trade below the Pacific Retail Offer price of \$1.90 per share. Since the announcement of the Venter Management Consortium offer several other parties have expressed interest in acquiring Bendon. One of these has completed due diligence. If the Pacific Retail Offer lapses it is possible another party would come forward;
- if it achieved a 50% controlling shareholding Pacific Retail could suspend dividend payments as happened with Pacific Retail Group Limited when Logan Corporation failed to achieve full acceptance under a takeover offer. Some shareholders may wish to accept the offer on the basis that it provides liquidity at a premium to the pre-bid trading price and avoids the potential risk of dividend payments ceasing;
- when compared with the Venter Management Consortium offer announced on 30 November 2001, the Pacific Retail Offer has a higher price and is a more straightforward transaction. The Venter Management Consortium offer would require shareholders to approve the sale of Bendon at a meeting and to approve the winding up of Bendon Group. The sale of Bendon and winding up of Bendon Group could take several months. The approval to sell Bendon requires approval by two separate resolutions, one requiring support from 75% of those attending the meeting or voting by proxy, the other requiring 50%. In respect of the latter resolution, the Venter Management Consortium cannot vote its 25.9% shareholding meaning that Pacific Retail would only require the support of approximately 5.5% of Bendon Group shareholders to prevent the sale;
- different purchasers will be able to extract varying levels of benefits from an acquisition of Bendon Group and accordingly are likely to attribute different values to the company. Synergy gains for Pacific Retail from an acquisition of Bendon Group are not immediately obvious, although Pacific Retail has previously stated its desire to extend its retail ability into other areas. If Pacific Retail acquires 50% of the shares it would have control over Bendon Group and would be likely to implement some, if not all, of its as yet undisclosed future plans for Bendon Group;
- the factors affecting the market in which Bendon operates include:
 - the increasing use of private label merchandise by major chains and the increasing market share of discount department stores are the two major retailing trends impacting Bendon's business. The increase of private label merchandise, in what is a comparatively static market for intimate apparel, has been at the expense of branded merchandise. Private label merchandise has also kept prices of branded merchandise down, while the strength of the US dollar has led to increases in product costs. In New Zealand and Australia sales to the two major customers, Farmers and Coles Myer, have declined in the six months ending 31 December 2001 when compared with the same period in the previous financial year. The decline has been attributed, at least in part, to increased usage of private label merchandise by both of these companies. The loss of sales has in both cases been substantially offset by increases in sales to discount department stores, The Warehouse and Target. The increasing profile of discount department stores has enabled Bendon to maintain sales levels in the New Zealand market albeit at reduced margins;
 - Bendon operates in a highly competitive market place characterised by a large number of competitors and purchasing dominated by a small number of large retail chains. Bendon has secured a strong position in the Australian and New Zealand intimate apparel marketplace and is seeking to establish a modest market presence in the UK. If it is successful in the UK there will be significant benefits to shareholders although the UK market is not without risks. The Elle MacPherson Intimates brand is new to a market that already includes a number of similar product ranges, each with a relatively small market presence. Bendon is focussing on the upper end of the market comprising branded merchandise and the upper end of the private label market. This segment comprises

- under the old takeover provisions of the NZSE Listing Rules a controlling shareholding could have been transferred to another party without a full takeover offer being made to the remaining shareholders. Under the Takeovers Code it is now a requirement that the acquisition of more than 20% of the voting rights in a "code" company can only be made under an offer to all shareholders unless the shareholders otherwise give approval. As a result, a controlling shareholding (generally accepted to be no less than 40% of the voting rights) cannot be transferred without the acquirer making an offer on the same terms and conditions to all shareholders (unless target company shareholders consent). Prior to the introduction of the Takeovers Code some market commentators held the view that where a major shareholder had a controlling shareholding, any control premium attached only to that shareholding. One of the core foundations of the Takeovers Code is that all shareholders be treated equally. In this context any available control premium is now available to all shareholders under a takeover offer regardless of the size of their shareholding, or the size of the offeror's shareholding at the time the offer is made. Accordingly, Grant Samuel is of the opinion that not only because shares acquired under compulsory acquisition will receive a price equivalent to full underlying value, but because the control premium is now available to all shareholders, the share price under a takeover offer should be equal to or exceed the pro-rated full underlying value of the company.

Grant Samuel has considered whether the Pacific Retail Offer price is fair by comparing the consideration of \$1.90 per share with an assessment of the full underlying value of Bendon Group shares. A takeover offer consideration that falls within or exceeds a valuation range estimated on this basis is fair. The estimated value was determined by:

- assessing the ungeared valuation of the Bendon intimate apparel business;
- adding the value of other assets; and
- adding the net cash of Bendon Group.

Bendon Group has been valued at fair market value, which is defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information. The analysis attributes the full control value to Bendon Group. The aggregate therefore represents the full underlying value of Bendon Group. The resulting value exceeds the price at which Grant Samuel expects portfolio interests in Bendon Group would trade in the sharemarket in the absence of the Pacific Retail Offer.

2.5 Sources of Information

The following information on Bendon Group was used and relied upon in preparing this report:

- annual reports of Bendon Group for the years ended 31 March 2000 and 2001;
- annual reports of Ceramco Corporation Limited for the years ended 31 March 1998 and 1999;
- half year reports of Bendon Group for the six months ended 30 September 2000 and 2001;
- management accounts for the nine months to 31 December 2001;
- forecasts and budgets for the years to 31 March 2002, 2003, 2004 and 2005;
- other confidential reports and working papers prepared by Bendon Group management;
- other confidential reports and working papers prepared in relation to the proposed sale of Bendon Limited; and
- due diligence information provided to the prospective purchasers of Bendon Limited and Bendon Group.

Publicly available information, including the following, was also utilised:

- recent brokers reports on Bendon Group; and
- other information on the branded apparel industry and public listed branded apparel companies including annual reports, interim financial results, price reports, industry studies and brokers' reports, and information regarding the prospective financial performance of those companies.

Grant Samuel has also had discussions with and obtained information from senior management of Bendon Group and PricewaterhouseCoopers, advisers to the Directors of Bendon Group.

2.6 Limitations and Reliance on Information

The report is based upon financial and other information provided by Bendon Group. Grant Samuel has considered and relied upon this information. Grant Samuel believes that the information provided was reliable, complete and not misleading and has no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion as to the underlying value of Bendon Group. However, in such assignments time is limited and Grant Samuel does not warrant that these inquiries have identified or verified all of the matters which an audit, extensive examination or 'due diligence' investigation might disclose.

The time constraints imposed by the Takeovers Code are tight. This timeframe restricts the ability to undertake a detailed investigation of Bendon Group. In any event, an analysis of the merits of the offer is in the nature of an overall opinion rather than an audit or detailed investigation. Grant Samuel has not undertaken a due diligence investigation of Bendon Group. In addition, preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Bendon Group. It is understood that, where appropriate, the accounting information provided to Grant Samuel was prepared in accordance with generally accepted accounting practice and in a manner consistent with methods of accounting used in previous years.

An important part of the information base used in forming an opinion of the kind expressed in this report are the opinions and judgement of the management of the relevant enterprise. Grant Samuel held discussions with the management of Bendon Group and that information was also evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

The information provided to Grant Samuel included forecasts of future revenues, expenditures, profits and cash flows of Bendon Group prepared by the management of Bendon Group. Grant Samuel has assumed that these forecasts were prepared fairly and honestly based on information available to management at the time and within the practical constraints and limitations of such forecasts. It is assumed that the forecasts do not reflect any material bias, either positive or negative. Grant Samuel has no reason to believe otherwise.

However, Grant Samuel in no way guarantees or otherwise warrants the achievability of the forecasts of future profits and cash flows prepared by the management of Bendon Group. Forecasts are inherently uncertain and this is particularly so in case of the intimate apparel sector. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of management. The actual future results may be significantly more or less favourable.

2.7 Current Market Conditions

The opinion of Grant Samuel is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

6 Evaluation of the Merits of the Pacific Retail Offer

6.1 Merits of the Pacific Retail Offer

In assessing the merits of the Pacific Retail Offer, Grant Samuel considered the following:

- in Grant Samuel's opinion the full underlying value of Bendon Group is in the range of \$1.94 to \$2.19 per share as set out in detail in section 5 of this report. The value is for 100% of Bendon Group and includes a premium for control. The Pacific Retail Offer is \$1.90 cash for each Bendon Group ordinary share. The offer price is below Grant Samuel's assessment of the underlying value of Bendon Group and accordingly, the Pacific Retail Offer is not fair;
- the premium implied by the offer price of \$1.90 per share of approximately 3% to the closing price of \$1.85 on the day prior to Pacific Retail acquiring its initial 15.5% shareholding in Bendon, is well below the premium observed in takeovers;
- under the Takeovers Code, Pacific Retail is unable to acquire more than 19.9% of the shares in Bendon Group except under an offer to all shareholders with a condition that it must receive acceptances sufficient to take its shareholding to at least 50%. Pacific Retail already owns 19.05% of Bendon Group. Pacific Retail requires shareholders holding at least 30.95% of the shares in Bendon Group to accept for it to achieve the 50% threshold of the Takeovers Code. As the largest shareholder in Bendon Group with 25.86% shareholding, AMP Henderson is in a position to influence the outcome of the Pacific Retail Offer. If AMP Henderson accepts the offer in terms of its entire shareholding, Pacific Retail would be entitled to 44.9% of the shares in Bendon Group, requiring only a small percentage of further acceptances to reach the 50% minimum acceptance threshold. If AMP Henderson does not accept the offer Pacific Retail may still reach the 50% threshold but cannot achieve a 90% acceptance level at which point the compulsory acquisition provisions would come into effect;
- AMP Henderson has a 25.86% shareholding in Bendon Group. A separate, but related division of the AMP group is AMP Private Capital New Zealand Limited, a part of the Venter Management Consortium which has made a bid for Bendon. AMP Henderson is under an obligation to maximise the price it receives when realising any of its investments on behalf of its investors. The fact that it is associated with a rival bidder does not provide any certainty that it will not accept the Pacific Retail Offer if it believes that it is in the best interests of its investors;
- Pacific Retail owns 19.05% of Bendon Group. This may be viewed by an alternative bidder as an impediment to making a competing offer. At the time of writing this report no alternative bid for Bendon Group had been received despite a number of other parties showing initial interest in acquiring Bendon. Pacific Retail's shareholding of 19.05% would not stop another bidder securing a controlling shareholding in Bendon Group. Given its offer to acquire Bendon late last year it is possible that the Venter Management Consortium could make an alternative offer for Bendon Group shares;
- Bendon Group is a reasonably liquid stock with solid trading volumes. The Pacific Retail Offer has a minimum threshold of 50%. There is a reasonable possibility that Pacific Retail could achieve sufficient acceptances to obtain more than a 50% shareholding in Bendon Group and declare its offer unconditional. With Pacific Retail holding at least 50% of the shares in Bendon Group the liquidity in the shares will contract, which could negatively impact the share price after the offer closes. Having achieved a 50% shareholding Pacific Retail could acquire a further 5% in any 12 month period either on market or by private treaty. Such purchases are likely to be at market prices. In addition, Pacific Retail could give notice of a partial offer to acquire a portion of the outstanding shares. A partial offer has to be made to all remaining shareholders but does not, in Grant Samuel's opinion, have to be at a price equivalent to the full underlying value as it is not a full takeover offer. Alternatively, Pacific Retail could declare the current offer unconditional at 50% and then give notice of intention of a new offer at a higher price. By any or all of these methods, Pacific Retail could gradually increase its shareholding in Bendon Group;

The costs of the restructuring are summarised in the table below:

Bendon Group – Restructuring Costs	
	\$m
Taxation	6.6
Lease liabilities	0.5
Pension liabilities	0.7
Administration and liquidation costs	2.6
Property	0.6
Other	0.2
	11.2
Funded by:	
Restructuring provision	9.0
Interest income	1.9
Transfer of existing pension provision	0.3
	11.2

Whilst no further provisioning is required, Bendon Group management have estimated that the remaining cash cost of the restructuring is approximately \$1.6 million and this amount has been deducted from the estimated surplus cash at 31 January 2002 in calculating the surplus cash for valuation purposes.

3 Profile of Bendon Group

3.1 Background and History

Bendon Industries Limited was formed in 1955 and listed in 1981 as a manufacturer, marketer and distributor of intimate apparel under the Bendon brand. Following the listing Bendon Industries acquired a number of other apparel operations such as Klipper (menswear), Manhattan (shirts) and Izone (jeans). In 1987 Bendon Industries was acquired by Ceramco Corporation Limited (“Ceramco”), a diversified company with activities in apparel, mining, ceramics and a range of investments including shareholdings in other listed companies. The ancillary apparel operations acquired in the 1980’s were subsequently divested, as were a number of smaller industrial business units. In recent years Ceramco has undergone a substantial restructuring and divestment programme such that its sole remaining operating business is Bendon intimate apparel. Ceramco was renamed Bendon Group Limited in June 2000 to reflect the refocussing of the business.

The restructuring process has incorporated the following key events:

- in February 2000, Bendon Group acquired the retail chain of eight Bennett and Bain stores, providing the group with an increased profile at the higher end of the lingerie retail market;
- Bendon commenced closure of its New Zealand manufacturing operations in 1999 electing instead to source all its product from China. The final New Zealand manufacturing plant was closed in March 2000;
- in June 2000, New Zealand China Clays was sold to Imerys, a French based minerals group, for \$40.8 million. New Zealand China Clays was a successful business producing strong cash flows, but it operated in a market dominated by large international clay and mineral producing companies. The sale of the China Clays business followed the sale of the much smaller Microsilica operation earlier in the year;
- in the year ending 31 March 2001, Bendon Group made a restructuring provision of \$9.0 million to cover the costs of liquidation and the consequent crystallisation of liabilities, such as tax on prior year earnings of overseas subsidiaries. Details of the provision are set out in section 5.5 of this report;
- in 2001 Bendon launched the Elle MacPherson Intimates brand into the UK, with initial distribution through high profile department stores such as House of Fraser and Selfridges; and
- in late 2001 Bendon acquired the business and brand names of swimwear company Expozay.

During the restructuring process, Bendon Group Directors continued to seek alternative investment opportunities for the company, and with the exception of several small acquisitions to support the core apparel business, concluded that the best use of the company’s surplus cash was to return it to shareholders. In 1998 and 1999 the company repurchased 8,808,832 shares at an average price of approximately \$1.28 per share. In June 2000 following the sale of the China Clays business, shareholders approved the cancellation of 1 in every 4 shares returning \$16.4 million to shareholders, equivalent to \$1.59 per share. More recently divestment alternatives for the remaining Bendon business have been considered. Prior to the receipt of the offer for Bendon by a consortium headed by Mr Hugo Venter, Bendon’s Managing Director and AMP Henderson Global Investors (the “Venter Management Consortium”) and the subsequent full takeover offer for Bendon Group by Pacific Retail, the Directors were pursuing a plan to wind up Bendon Group, distributing the surplus cash and listing Bendon as a new company.

Today Bendon Group’s assets comprise:

- the Bendon intimate apparel operating business;
- estimated net surplus cash of \$20.5 million as at 31 January 2002;
- a commercial property located in New Lynn, Auckland;

- prepaid tax credits of approximately \$1.5 million, which can be utilised by an acquiror of the company; and
- tax losses of approximately \$1.0 million, which can not be utilised by an acquiror of the company.

3.2 Proposed Sale of Bendon Limited

On 30 November 2001, Bendon Group announced that it had reached an agreement in principle to sell the shares in its subsidiary, Bendon. The Venter Management Consortium offer price was \$38.5 million plus an amount equal to the increase in shareholders funds from the period 30 September 2001 through to completion of the transaction. The proposed sale of Bendon was subject to completion of a satisfactory due diligence investigation by the Venter Management Consortium and Bendon Group shareholder approval. The proposed sale of Bendon to the Venter Management Consortium is both a Major Transaction under the Companies Act 1993 and the NZSE Listing Rules and a Material Transaction with a related party under the NZSE Listing Rules. Accordingly, it would need approval by a special resolution (75% of shares voted) and an ordinary resolution (50% of shares voted) for the transaction to proceed. Accordingly, AMP Henderson would not be able to vote on the ordinary resolution but could vote on the special resolution.

Following the announcement of the Venter Management Consortium offer, a number of other parties submitted indicative offers to acquire Bendon, and a selection of these parties were invited to conduct due diligence on the business.

On 16 January 2002 Pacific Retail announced that it had acquired a 15.5% shareholding in Bendon Group from Tower Asset Management Limited, and the following day announced that it had entered into an option to acquire a further 3.55% from The National Mutual Life Assurance of Australia Limited. That option has since been exercised. Given Pacific Retail's stated interest in taking over Bendon Group it is likely, in the absence of a higher offer by either the Venter Management Consortium or another party, Pacific Retail would vote against the special and ordinary resolutions required to approve a sale of Bendon from within Bendon Group. With its 19.05% shareholding, Pacific Retail would only need to gain the support of approximately another 5.5% of Bendon Group shareholders to defeat both resolutions.

3.3 Profile of Bendon

Bendon is today primarily a designer, marketer and distributor of intimate apparel for men and women. Bendon owns seven successful intimate apparel brands:

Bendon – Brand Portfolio	
Brand	Profile
Bendon	Contemporary, stylish and comfortable lingerie
Elle MacPherson Intimates	Premium product. Innovative design and high fashion lifestyle brand. Promoted by international model Elle MacPherson
MacPherson Men	Classic and stylish underwear targeted to male fashion market
hey sister!	Modern lifestyle underwear and bodywear aimed at the 'young at heart'
Hickory	Everyday fashion at attractive prices
Fayreform	Fashion and functionality designed for fuller busted women. Promoted by local model Nicky Watson
Expozay	Stylish, modern and fashionable range of swimwear

The Elle MacPherson Intimates brand was successfully launched into the Australasian market in 1990, the Hickory brand and business in Australia was acquired in 1992, and Fayreform was acquired in 2000. In 2001, Bendon acquired the business and brands of swimwear company Expozay.

Each of the key brands are registered as trademarks in New Zealand, Australia and internationally. Other than the Elle MacPherson Intimates and MacPherson Men trademarks, which are exclusively

attaching to larger companies as well as the fact that discount department store chains are currently displaying greater growth rates than other areas of the retail sector;

- acquisition multiples must be considered in the context of the industry and economic cycles and market conditions applying at the time of the transaction;
- weight was given to the recent acquisition of Pacific Brands by an investor consortium in November 2001 following a sale programme undertaken by Pacific Dunlop. While Pacific Brands is a larger and more diverse company than Bendon, it remains a valid comparable transaction. Pacific Brands was sold to CVC Asia Pacific for \$730 million implying a multiple of 6.6 times forecast EBITDA; and
- while only a limited number of transactions involving New Zealand apparel companies were able to be considered, these acquisitions reflected consistent earnings multiples in the range of 4.5 to 5.0 times forecast EBITDA.

5.5 Net Cash and Other Assets

Bendon Group has a significant balance of surplus cash. As at 31 January 2002, the net cash balance has been estimated to be \$23.9 million. Approximately \$2.0 million of this cash has come from a seasonal reduction in working capital from Bendon which will be required again in the July to October period when working capital peaks, and cannot be regarded as surplus. In addition, Bendon Group has a further \$1.6 million to pay under the restructuring. These two amounts have been deducted from the estimated net cash at 31 January 2002 to determine the net cash for valuation purposes.

Bendon Group owns a property in New Lynn which has a current book value of \$663,000. The property is the subject of a conditional sale agreement. The sale is conditional upon a Resource Consent application being successful. The likely outcome of the application is uncertain at this time. The Waitakere City Council has expressed a willingness to acquire the property. The Waitakere City Council rateable value is \$660,000. The costs of proceeding with the resource consent is estimated at \$50,000. Grant Samuel has valued this property using probabilities of 50% and 75% of receiving net proceeds of \$650,000. The selection of the probability factors is subjective, but in Grant Samuel's opinion reflects the risk of achieving a sale at the price offered.

Bendon Group has a prepaid tax asset of approximately \$1.5 million. This has arisen because the New Zealand business has historically not generated sufficient surplus taxable income to enable dividends to be fully imputed. Prepaid tax can be used to offset future tax payments and as such has value to a purchaser of Bendon Group. It does not however give rise to imputation credits. Bendon management have advised that the forecast New Zealand taxable earnings for year ending 31 March 2003 will be sufficient to utilise all of the prepaid tax. An upwards adjustment to the valuation totalling \$1.4 million has been made to recognise the net present value of the future cash flow benefit from utilising the prepaid taxes during the year ending 31 March 2003.

Residual Restructuring Costs

In the address to the AGM on 26 September 2001 the Chairman commented "that the Directors intend calling a special meeting of shareholders in December or early next year to endorse a Court approved plan which will see the winding up of Bendon Group Limited, the listing of Bendon Limited as the public company and a distribution of cash and shares to shareholders. It is expected that the distribution of cash will take place early in 2002."

The restructuring of Bendon Group has been a complicated and lengthy exercise because of the significant number of subsidiary companies in both New Zealand and overseas. In addition, there were a number of liabilities for tax, pensions and leases which needed to be addressed. In the year ended 31 March 2001, the company made a provision of \$9.0 million against the cost of restructuring the group. Bendon Group management have advised that this provision combined with the interest income being earned on surplus cash will be sufficient to meet the full costs of the restructuring.

- an adjustment to incorporate estimated future maintainable earnings for the UK of approximately \$650,000, calculated using the average of Bendon management sales forecasts for the years ending 31 March 2003, 2004 and 2005. The 2003 budget forecasts a breakeven result for the UK with steadily rising earnings thereafter.

The impact of these two adjustments was to increase the earnings for valuation purposes by approximately \$1.0 million above budgeted earnings.

- the estimated value of Bendon Group implies a modest level of goodwill over the net assets (excluding cash). Bendon Group has net assets of approximately \$50 million. It is not unusual to pay higher levels of goodwill for companies with strong brands. The value of brands lies in their ability to generate above average or premium returns. An analysis of Bendon's brand profitability does not justify at the present time, in Grant Samuel's opinion, the payment of high levels of goodwill.

5.4 Market Evidence

In Grant Samuel's view the multiples implied by the valuation range are reasonable and consistent with the multiples implied by recent sales of similar apparel companies and the multiples implied by the share prices of other listed international apparel and retail companies having regard to the specific attributes of Bendon and the characteristics of the key markets in which it operates. The following table summarises the market evidence:

Market Evidence of Comparable Multiples		
	EBITDA Multiples	
	Historical	Forecast
Bendon share price 29 November 2001 \$1.82	4.8	5.1
Pacific Apparel Offer (\$1.90)	5.1	5.5
Average acquisitions multiples	5.5	5.7
Average trading multiples of selected listed companies:		
- New Zealand	10.5	9.0
- New Zealand (excl The Warehouse & Briscoe)	8.1	6.8
- Australia	9.1	7.4
- Australia (excl Miller Retail)	7.8	6.6
- USA	8.4	8.6
- USA (excl Nike & Intimate Brands)	6.6	6.8

More detail on individual companies and transactions incorporated in the above averages is included in Appendix 1 (comparable listed companies) and Appendix 2 (comparable transaction evidence). In addition, it should be noted that:

- the listed company trading multiples are based on share prices on 30 January 2002. The share prices, and therefore the multiples, do not include a premium for control. Shares in a company normally trade at a discount to the underlying value of the company as a whole;
- the balance dates vary across the selection of comparable listed companies, not all of which have the same financial year end as Bendon Group. To the extent that different market conditions apply, caution needs to be exercised in comparing the implied earnings multiples over different financial periods;
- unlike Bendon, many of the companies listed in Appendix 1 have substantial other assets or business interests in related areas. These other assets and operating activities can distort a like for like comparison of earnings;
- listed apparel retailers are trading at relatively high historical earnings multiples reflecting market expectation of a continuation of the strong growth that has been evident in recent years;
- there appears to be a distinction between the multiples at which larger retailers are trading compared to their smaller counterparts. This appears to be in part due to the greater liquidity

licensed to Bendon, all other trademarks, company names and designs are owned by Bendon or related companies.

Approximately 70% of Bendon's product ranges are classified as basics and are available all year. The balance is seasonal product which is presented to the customer well in advance of the season and available for a limited period only. Generally seasonal merchandise is only made to order.

In addition to the head office and distribution centre in East Tamaki, Auckland where the design and marketing functions are located, Bendon operates the following retail outlets:

- the Bendon on Broadway flagship store in Newmarket, Auckland; and
- the Sanctuary by Bendon store in the Botany Town Centre, Auckland;
- a retail chain of seven Bennett & Bain stores in New Zealand;
- the Expozay store in Mt Maunganui.
- a network of eight Bendon factory outlet stores located in New Zealand;
- a network of seven Bendon factory outlet stores located in Australia;

Bendon competes in the intimate apparel sector against other designer branded and private label intimate apparel manufacturers and distributors. The advent of import deregulation has been the major factor affecting the textile and apparel industry in New Zealand over the past decade. Import protection and export assistance has been progressively phased out, resulting in a dramatic reduction in the volume of locally produced textiles and apparel products.

Bendon continues to design all of its garments in New Zealand. The decision in 1999 to withdraw from local manufacturing and have product manufactured by third parties offshore was brought about by the need to remain commercially viable in what continues to be a fiercely competitive marketplace. Historically labour accounted for approximately 40% of Bendon's direct manufacturing costs, with fabric and other materials accounting for approximately 60%. Even while it operated manufacturing plants in New Zealand, Bendon sourced substantially all of its material requirements internationally. Despite a significant weakening of both the New Zealand and Australian currencies relative to the US dollar since the decision to transfer manufacturing offshore, Bendon management believe that the current cost of product is still below the equivalent cost of manufacturing the same quality of product in New Zealand.

3.4 Distribution

The Bendon product range is distributed through two principal channels:

- wholesale to department stores, discount department stores and speciality retail stores; and
- direct retail through company owned specialty retail stores and company owned outlet stores.

Wholesale - Australasia

Approximately 70% of Bendon's sales by dollar value are through the wholesale distribution channel. The channel is costly to service and whilst initial margins are satisfactory, the requirement to provide markdowns, in store displays and discounts reduces the profitability as a percentage of sales significantly. Bendon's major wholesale distribution channel is department store chains. The large retail chains including The Warehouse, Coles Myer and Farmers enjoy purchasing leverage that, when wielded, can impact on supplier margins. The intimate apparel industry is characterised by a number of companies similar in size to Bendon, and margin pressure exerted by the large retail chains can intensify an already competitive environment. Net margins achieved from department stores have been declining over recent years particularly in Australia where a proportion of the retail price increase on intimate apparel arising from the introduction of GST was absorbed by the supplier.

Product manufactured directly for the large retailers is referred to as 'house' brands or more commonly as 'private label'. In both New Zealand and Australia private label product has also constrained margins on branded merchandise.

Discount department stores are an increasingly important component of Bendon's wholesale distribution business, as this store format continues to improve its share of the consumer retail market. Bendon supplies the Hickory and hey sister! brands to chains such as the Warehouse, Best & Less and Kmart as well as producing a private label range for Target. Lower initial margins through the discount department store chains are usually compensated for by a lower cost of servicing the brand. While the discount department store channel is experiencing good growth, the small overall growth in the wholesale market means that sales growth in one area is typically resulting in a reduction in sales in another.

Direct Retail - Australasia

Approximately 30% of Bendon's sales by dollar value are achieved through its own retail stores. The majority of these are outlet stores located predominantly in secondary retail locations with significantly lower operating costs than prime retail space in shopping malls or high street locations. Bendon management believe that growth opportunities for its retail business are limited as further expansion could potentially alienate the major retailers whose continued support is critical to the wider business. The Bendon retail stores and in particular the outlet stores, continue to produce strong and consistent earnings for Bendon.

3.5 Markets

Bendon operates in three geographic markets, New Zealand, Australia and the UK. The summary profile of each of these markets is shown below:

Bendon Intimate Apparel Market Profile				
Market	Wholesale Estimated Total Market Size	Wholesale Estimated Target Market Size	Estimated Share of Target Market	Features
Australia	A\$400m p.a.	A\$145m p.a.	25%	<ul style="list-style-type: none"> ▪ Bendon's top 10 customers account for approximate 84% of total wholesale sales. ▪ Largest wholesale customer is Myer/Grace Bros chain.
New Zealand	NZ\$70m p.a.	NZ\$70m p.a.	48%	<ul style="list-style-type: none"> ▪ Bendon's top 10 customers account for approximate 82% of total wholesale sales. ▪ Largest wholesale customer is Farmers.
UK	£970m p.a.	£71m p.a.	1.4%	<ul style="list-style-type: none"> ▪ launched in September 2001. ▪ currently sold through 35 outlets, with a target of double this in the next 12 months.

Australia

Bendon is the single largest supplier of branded intimate apparel into the Australian market but has only a small share of the private label market in contrast to Pacific Brands. Product is sold through the large retail chains such as Myer/Grace Bros and David Jones, discount department stores such as Kmart, Best & Less, and specialty retailers. Bendon operates seven outlet stores in Australia located in New South Wales (3), Victoria (3) and Queensland (1). There are many participants in the Australian Intimate Apparel market, resulting in a higher level of supplier competition than in New Zealand. Bendon's main competitor in the Australian market is Pacific Brands, now a private company but formerly a division of Australian listed company Pacific Dunlop Limited. Pacific Brands is a substantially larger producer of branded and private label intimate apparel than Bendon. Pacific Brands has an annual turnover of approximately A\$1.4 billion of which approximately A\$150 million comprises intimate apparel.

- in general terms, the apparel industry warrants relatively low multiples of earnings. This is reflected in the market evidence from listed companies and recent transactions and reflects issues such as:
 - the competitive nature of the industry is characterised by a large number of suppliers, most relying to some extent on large retail chains in their respective markets;
 - the ongoing requirement to have appealing designs and product ranges in a fashion driven market. To sustain sales growth product ranges must be constantly redesigned and effectively marketed;
 - the apparel industry has historically operated at relatively low earnings/sales margins, reflecting the substantial ongoing expenditure required to develop and support branded product;
 - Bendon sources all of its product from China with payment in US dollars. Its largest market is Australia. Accordingly, Bendon's earnings are vulnerable to changes in relative exchange rates;
 - the outlook for the market is difficult to predict. While consumer confidence in Australia and New Zealand is currently strong, many market commentators are uncertain about the global economy and whether growth can be sustained;
- Bendon Group is an attractive acquisition candidate:
 - it is a substantial business with annual revenues of more than \$80 million per annum;
 - it is the market leader in the branded intimate apparel industry in both New Zealand and Australia with a substantial and diversified retail presence in each market;
 - it has a stable and experienced management team;
 - although only a recent launch, Bendon has been successful to date in implementing its UK strategy and has achieved a small presence in that market.

Other matters that should be noted in relation to the valuation include:

- in arriving at the value of Bendon two adjustments were made:
 - inventory is currently at a level which is considered by Bendon management to be higher than optimal. The 2003 budget is forecasting an average stockturn of approximately 2.5 times. If the stockturn was improved to 2.75 times approximately \$2.0 million in additional cash could be extracted. Bendon management believe that a higher level of stockturn is achievable over a 12 month period. An amount of \$2.0 million has been added to the value of Bendon to allow for a reduction in working capital; and
 - the capital expenditure budget for the year ending 31 March 2003 shows expenditure in excess of \$3.0 million. The single biggest item is expenditure on new information systems. This level of expenditure is high when compared to historical and projected levels of depreciation. Bendon management is forecasting capital expenditure to reduce in subsequent years to around \$2.0 million per annum which is in line with forecast depreciation. A one off negative adjustment of \$1 million has been made to the valuation to account for the unusually high level of capital expenditure required over the next 12 months.
- certain adjustments were made to the budgeted earnings of Bendon to determine an appropriate level of earnings for valuation purposes:
 - the elimination of corporate costs associated with Bendon being a public company totalling \$350,000; and

5.3 Valuation Analysis

Bendon Group has been valued in the range NZ\$59.9 million – NZ\$67.6 million. This value range corresponds to a value of NZ\$1.94 – NZ\$2.19 per share. The valuation represents the full underlying value of Bendon Group assuming 100 per cent of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect Bendon Group shares to trade on the stock exchange in the absence of a takeover offer.

The valuation is summarised below:

Bendon Group – Valuation Summary (\$million)		
	Value Range	
	Low	High
Value of Bendon	37.9	45.4
Net cash and other assets	22.0	22.2
Equity value	59.9	67.6
Number of shares outstanding (million)	30.9	30.9
Equity value per share (\$)	\$1.94	\$2.19

In estimating these values, Grant Samuel has considered a variety of data and analyses including:

- the implied EBITDA and EBIT multiples for the years ended 31 March 2001 and 31 March 2002 for Bendon Group;
- the implied EBITDA and EBIT multiples based on Bendon Group's forecasts for the year ending 31 March 2003;
- a discounted cash flow analysis and a number of sensitivities applied to it. This analysis was based on Bendon's projections for the next four years. Cash flows for Bendon's operations were forecast on a country by country basis; and
- the extent of the premium implied by the valuation over the pre-announcement share price.

The data and analyses were considered in the context of the outlook for the industry and the specific attributes of, and issues facing, Bendon.

The valuation of Bendon Group implies the following capitalisation multiples:

Bendon Group – Multiples Implied by Valuation		
	Low	High
Value Range (per share)	\$1.94	\$2.19
Enterprise Value (\$ million)	\$37.9	\$45.4
EBITA multiples		
- 2001 ¹ actual	6.7	8.0
- 2002 ² forecast	6.2	7.4
- 2003 budget	5.7	6.8
EBTDA multiples		
- 2001 actual	5.3	6.3
- 2002 ² forecast	5.0	6.0
- 2003 budget	5.5	6.6

In Grant Samuel's opinion, these valuation parameters are reasonable and appropriate for Bendon Group. In forming this view, the following factors were taken into account:

¹ Excludes earnings from China Clay.

² Excludes operating losses incurred in UK.

New Zealand

From Bendon's perspective the New Zealand market has historically been dominated by large department store chains and in particular, Farmers/Deka. The closure of the Deka chain in 2001 and an increased use of private label product by Farmers has seen Bendon's sales through these two companies decline significantly over the last three years. Despite the loss of this business Bendon has suffered only a comparatively small reduction in sales in New Zealand due to the introduction of the Hickory and hey sister! brands into The Warehouse and an increase in sales through company owned retail stores. Bendon continues to have strong support from the well established independent department stores, Smith & Caughey (Auckland), Kirkcaldie & Staines (Wellington), J Ballantyne (Christchurch), Arthur Barnett (Dunedin) and H & J Smiths (Invercargill).

UK

In September 2001 Bendon launched the Elle MacPherson Intimates range of lingerie into the UK. The launch into the major UK department stores has been supported by a combination of media and press presentations by Elle MacPherson who resides in England. The cost of entering the UK market to 31 March 2002 will be \$4.1 million including one off expenses and operating losses. Bendon expects to generate profits from its UK operations in 2004 provided projected turnover and marketing objectives are achieved. Elle MacPherson Intimates is currently distributed in the UK through 35 outlets including House of Fraser and Selfridges department stores. A general manager with specific experience in this market segment has recently been appointed.

3.6 Strategy and Operations

The substantial reduction in duties and tariffs over the last decade that has shifted almost all apparel production from New Zealand to Asia has also changed the dynamics of the market at the retail end. Large retailers are now often able to source private label product, sometimes a direct copy of branded merchandise, at prices below that available from branded manufacturers. In the UK approximately 80% of intimate apparel is now private label. In Australasia the percentage is lower but still thought to be around 50%. Bendon management believe that the market share of private label in Australasia is no longer growing, however its presence continues to place pressure on Bendon's margins, particularly given the level of expenditure required to support the brands.

The intimate apparel market and notably at the designer branded end of the market is currently exhibiting little or no growth beyond population growth. The New Zealand market has been stable for many years. Following the introduction of GST the market in Australia shrank, although it is expected to see an improvement in market conditions in the 2003 financial year. Management believe Bendon's overall market share has grown in Australia, although further growth in market share will be constrained by the reluctance of retailers to increase their dependence on one supplier, particularly in a market where a very large number of other suppliers endeavour to gain access to the important department store channel.

Over recent years the intimate apparel sector worldwide has experienced difficult trading conditions. Tefron Limited, manufacturers of boutique quality intimate apparel and supplier to Victorias Secret, GAP, Banana Republic, Target, Nike and DKNY reported a net loss of US\$8.6 million on sales of US\$139.7 million for the nine months ended 30 September 2001. In the US Maidenform Inc went into Chapter 11 in 1997 and Warnaco Group Inc, the largest manufacturer of intimate apparel in the US, filed for Chapter 11 in June 2001. Bendon acquired both Fayreform and the retail chain, Bennett & Bain from receivers. Notwithstanding this environment Bendon has experienced significant success over the last three years following the decision to restructure its business away from manufacturing to focus primarily on design, marketing and distribution, allowing it to survive in a deregulated and more competitive international climate.

The limited growth opportunities in Australia and New Zealand led Bendon to seek out new markets. Despite the tyranny of distance, the UK market was identified as being an opportunity because of the similar profile of the retail market to those of New Zealand and Australia, and the high identity awareness of Elle McPherson. The UK bra and pants market is estimated to be approximately £1.0 billion of which approximately £250 million is either branded merchandise or the upper end of private label merchandise. Bendon is targeting a 7% share of the branded intimate

apparel market in the UK. This is an ambitious market share target as it is approximately equal to the market share of the two largest competitors, Courtaulds (owned by Sara Lee) with an 8% share, and Triumph with a 7% market share. The success of the UK business will, to a large extent, be dependent on increasing the number of outlets stocking the Elle MacPherson Intimates range. This will be a challenge given the stance adopted by retailers in that market.

3.7 Earnings Performance

The earnings performance of Bendon Group for the three years to 31 March 2001 and the six months to 30 September 2001 is summarised in the table below:

Bendon Group – Earnings Performance (NZ\$million)				
	Year ended 31 March			6 months ended
	1999	2000	2001	30 Sept 2001
Revenue	90.2	94.0	82.8	35.7
Overheads & expenses	(81.0)	(84.1)	(76.6)	(35.4)
EBITDA	9.2	9.9	6.2	0.3
EBITDA %	10.1%	10.5%	7.4%	0.9%
Depreciation & amortisation	(3.8)	(3.8)	(2.2)	(0.9)
EBIT	5.5	6.1	4.0	(0.5)
Net interest	0.1	(0.1)	1.3	0.6
Taxation	(1.6)	(0.3)	(9.0)	0.0
Non-recurring items	(5.5)	(7.1)	26.9	(1.2)
Surplus after taxation	(1.5)	(1.4)	23.3	(1.2)

Source: Bendon Group Annual Reports

- non-recurring items in 2001 comprise:

costs of establishing UK business	(1.2)
earnings from China Clays	1.7
gain on sale of China Clays	28.3
Provision for costs of restructuring	<u>(9.0)</u>
	19.8
add back transfer of provision to tax expense	<u>7.1</u>
	\$26.9
- the loss in the six months to 30 September 2001 is almost entirely due to losses from the UK business. The New Zealand and Australian business were effectively breakeven for the six months reflecting in part the seasonal nature of the business and the difficult trading conditions in Australia; and
- the restructuring process between 1998 and 2001 incurred non-recurring charges of approximately \$30.8 million of which \$13.3 million related to the apparel division. These charges were offset by non-recurring gains from the sale of assets (primarily from the minerals division) totalling \$29.8 million.

The Bendon Group earnings performance shown in the table above includes revenue and earnings for all operating businesses, Bendon, Klipper and John Webster in 1999, New Zealand China Clays and Microsilica. Revenue for New Zealand China Clays alone was \$12.7 million in 1999, \$15.5 million in 2000 and \$6.0 million in 2001 prior to the sale of the business.

the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers, it is necessary to infer the appropriate multiple from other evidence.

The primary approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. However, each transaction will be the product of a unique contribution of factors, including:

- economic factors (eg. economic growth, inflation, interest rates) affecting the markets in which the company operates;
- strategic attractions of the business - its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
- rationalisation or synergy benefits available to the acquirer;
- the structural and regulatory framework;
- investment and sharemarket conditions at the time; and
- the number of competing buyers for a business.

A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. This range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings.

An alternative approach used by valuers is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. Share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies. To convert sharemarket data to meaningful information on the valuation of companies as a whole, it is market practice to add a "premium for control" to allow for the premium which is normally paid to obtain control through a takeover offer. This premium in terms of equity values (i.e. share prices) is typically in the range 20-35 per cent (but is lower based on ungeared values).

The premium for control paid in takeovers is observable but caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons which vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply an average of 20-35 per cent without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering.

Acquisitions of listed companies in different countries can be analysed for comparative purposes, but it necessary to give consideration to differences in overall sharemarket levels and ratings between countries, economic factors (economic growth, inflation, interest rates) and market structures and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or sharemarket levels.

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between EBITDA, EBITA or EBIT is usually not critical and should give a similar result. All are commonly used in the valuation of industrial businesses. EBITDA can be preferable if depreciation or non-cash charges distort earnings or make comparisons between companies difficult.

In determining a value for Bendon, Grant Samuel has placed primary reliance on EBITDA multiples. The implied multiples for Bendon have been compared with the EBITDA multiples derived from an analysis of comparable listed companies and transactions involving comparable businesses.

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, including mining, and for the valuation of start-up projects where earnings during the first few years can be negative. Discounted cash flow valuations involve calculating the net present value of projected cash flows. The cash flows are discounted using a discount rate which reflects the risk associated with the cash flow stream. Considerable judgement is required in estimating future cash flows and the valuer generally places great reliance on medium to long term projections prepared by management. In addition, even where cash flow forecasts are available for up to, say, ten years, the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (ie. it is a "de facto" cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, discounted cash flow valuations are commonly used in valuing industrial companies and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions as to expected future performance that need to be made. In this case, they can capture some of the critical issues such as price cyclicality and capital expenditure timing. Grant Samuel has also considered a discounted cash flow analysis of Bendon in determining its value for Bendon Group.

Industry rules of thumb are commonly used in some industries. These are generally used by a valuer as a "cross check" of the result determined by a capitalised earnings valuation or by discounting cash flows. While they are only used as a "cross check" in most cases, industry rules of thumb can be the primary basis on which buyers determine prices in some industries. In any event, it must be recognised that rules of thumb are usually relatively crude and prone to misinterpretation.

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading.

5.2.2 Capitalisation Multiples

Selection of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide

The following table summarises the historical earnings performance and projections of the Bendon intimate apparel business:

Bendon – Earnings Performance (NZ\$million)					
	Year ended 31 March				
	1999	2000	2001	2002F	2003B
Revenue:					
New Zealand	36.2	34.3	37.0	38.0	39.1
Australia	37.5	43.6	41.1	46.6	49.9
United Kingdom	-	-	-	2.1	5.7
Total revenue	73.7	77.9	78.1	86.7	94.7
EBIT	4.1	6.2	5.3	5.9	4.4
Non-recurring items/UK	(0.6)	(9.0)	(1.2)	(2.9)	-
NPBT	3.5	(2.8)	4.1	3.0	4.4

In analysing the table above, the following should be taken into account:

- Bendon's earnings are very susceptible to foreign exchange rate fluctuations, but particularly the US\$/NZ\$ exchange rate as all product is purchased in US dollars. A policy of hedging a significant proportion of purchases of product and sales into the Australian market has benefited Bendon's earnings in a period when the NZ dollar has been declining. Bendon has forward cover in place at US\$0.405 for its purchases from China and at A\$0.80 for its sales into Australia. Relative to current exchange rates the forward cover will have the effect of increasing the cost of product purchased and increasing the value of sales into Australia;
- Bendon does not pay or receive interest, which is accounted for at Bendon Group level;
- the revenue and earnings stated for the year to 31 March 1999 do not include the revenue and earnings for the business units Klipper and John Webster which were sold during that year;
- the \$9.0 million of non-recurring items (pertaining to the closure of apparel manufacturing operations) in the year to 31 March 2000 is the loss crystallised on closure of the Bendon manufacturing operations, including redundancy costs of \$3.4 million and provision for diminution in fixed assets of \$2.7 million;
- the non-recurring items in the year ended 31 March 2001 and the year ended 31 March 2002 are expenses associated with the set up and operating losses incurred in the UK business;
- sales in Australasia are forecast to increase by approximately 5% over projected sales for the year ending 31 March 2002. As at 31 December 2001, sales were behind budget and achievement of the projections requires strong sales in the January to March quarter;
- achievement of the budget for the year ending 31 March 2003 is dependent on growth in sales to the discount department store sector, the re-launch of Expozay as a lingerie and swimwear brand, and no further losses being incurred in the UK;
- achievement of the 2003 budget will require sales growth in New Zealand and Australia of just over 3% and 4% respectively. Year to date sales at 31 December 2001 reveal decreases on the previous year sales of 3.5% and 4.5% in New Zealand and Australia respectively. Reversing this trend will be a challenge given the high level of competition and recent under performance of Bendon's two largest customers, Farmers and Coles Myer; and
- the forecast earnings for the year ending 31 March 2002 for New Zealand and Australia are significantly higher than the budgeted earnings for the year ending 31 March 2003. The single largest factor in the difference is the change in the exchange rates which will adversely impact upon the cost of goods sold in the year ending 31 March 2003. The balance of the difference, approximately \$750,000, is accounted for by a number of relatively small non-recurring items.

3.8 Cash Flows

The cash flows of Bendon Group for the year ending 31 March 2001 and the projections for the years to 31 March 2002 and 2003 are summarised below:

	Bendon Group – Cash Flows (NZ\$million)		
	Year ended 31 March		
	2001	2002F	2003B
EBITDA (including UK)	6.3	4.7	6.3
Working capital and other adjustments	(4.1)	(2.5)	2.1
Taxation	(3.9)	(1.5)	(1.0)
Interest income	1.4	0.0	0.0
Net cash from operations	(0.3)	(0.7)	7.4
Capital expenditure (net)	(1.1)	(1.7)	(3.0)
Proceeds from sales	38.5	2.1	0.6
Debt repayment	(0.2)	(0.1)	0.0
Equity repurchased	(15.4)	0.0	0.0
Dividends	(2.8)	(1.2)	0.0
Net cash flow	18.7	(0.2)	5.0
Opening net cash	5.1	23.8	23.6
Closing net cash	23.8	23.6	28.6

Source: Bendon Group Annual Reports

In analysing the table above, the following should be taken into account:

- the cash flow for the years ending 1999 and 2000 have not been included as they are not relevant in the context of this report;
- interest income in 2002 is included in other adjustments as it has been offset against the costs of the restructuring. Interest income is assumed to be nil in 2003, on the basis of a capital repayment at the beginning of the financial year. No decision to make this payment has been made at the date of this report and accordingly the capital repayment has not been included in the above table. If the capital repayment were not made, net cash flow would increase by approximately \$800,000 from interest income;
- the proceeds from sales comprise:

• 2001 - China Clays	\$38.5m
• 2002 - Birmingham Road property	\$2.1m
• 2003 – New Lynn property	\$0.6m
- taxation paid relates only to the Australian business as New Zealand income is assumed to be offset against tax losses and prepaid tax during the year ending 31 March 2003.

5 Valuation of Bendon Group

5.1 Summary

Bendon Group has been valued in the range NZ\$59.9 million – NZ\$67.6 million. This value range corresponds to a value of NZ\$1.94 – NZ\$2.19 per share. The valuation represents the full underlying value of Bendon Group assuming 100 per cent of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect Bendon Group shares to trade on the stock exchange in the absence of a takeover offer.

5.2 Methodology

5.2.1 Overview

Grant Samuel's valuation of Bendon Group has been undertaken by aggregating the estimated market value of the operating business together with the realisable value of non-trading assets and adding net cash as at 31 January 2002. The value of Bendon has been estimated on the basis of fair market value as a going concern, defined as the maximum price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

The valuation of Bendon Group is appropriate for the acquisition of the company as a whole and accordingly incorporates a premium for control. The value is in excess of the level at which, under current market conditions, shares in Bendon Group could be expected to trade on the sharemarket. Shares in a company normally trade at a discount of 15-25 per cent to the underlying value of the company.

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows;
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved.

Capitalisation of earnings or cash flows is the most commonly used method for valuation of industrial businesses. This methodology is most appropriate for industrial businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBITA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBITA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the sharemarket. EBITDA, EBITA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer.

Where an ongoing business with relatively stable and predictable cash flows is being valued, Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point. Application of this valuation methodology involves:

4 Profile of Pacific Retail Group

Pacific Retail Group is New Zealand's largest retailer of appliances and electronic products trading under the brands Bond and Bond, Noel Leeming/Computer City and Big Byte. Pacific Retail was created following the merger of Bond and Bond, and Noel Leeming in 1996. Pacific Retail sells a wide range of whiteware, brown goods, personal computers and accessories. Pacific Retail also operates a substantial consumer finance division.

In October 2000, Pacific Retail acquired the Living & Giving chain of gift and homeware shops for \$4.4 million.

In the six months to 30 September 2001, Pacific Retail reported sales of \$214.3 million and a profit before tax and abnormals of \$7.5 million.

Pacific Retail is listed on the New Zealand Stock Exchange and is 76% owned by Logan Corporation Limited, a wholly owned subsidiary of Cullen Investments Limited. Cullen Investments Limited is a private investment company ultimately controlled by Mr Eric Watson.

3.9 Financial Position

The financial position of Bendon Group as at 31 March 2000 and 2001 and as at 30 September 2001 is summarised below:

Bendon Group – Financial Position (NZ\$million)			
	As at 31 March		6 months as at
	2000	2001	30 September 2001
Current assets			
Debtors	16.6	18.1	14.0
Inventories	18.5	21.2	21.7
Total current assets	35.1	39.3	35.7
Current liabilities			
Creditors & accruals	(10.9)	(16.1)	(11.9)
Total current liabilities	(10.9)	(16.1)	(11.9)
Net working capital	24.2	23.2	23.8
Fixed assets	13.8	3.0	3.0
Investments	0.1	0.1	0.1
Intangible assets	1.4	1.2	1.6
Other assets	3.2	0.8	2.8
Capital employed	42.7	28.3	31.3
Net cash	4.2	23.7	18.3
Shareholders funds	46.9	52.0	49.6
<i>Net tangible assets ("NTA") per share (NZ\$)</i>	<i>1.16</i>	<i>1.68</i>	<i>1.61</i>

Source: Bendon Group Annual Reports

In analysing the table above the following should be taken into account:

- the New Zealand China Clays business was sold in June 2000 for \$40.8 million to Mircal, a subsidiary of French industrial mining company Imerys; and
- following the sale of New Zealand China Clays the company cancelled 1 in every 4 shares resulting in 10.3 million shares being cancelled and \$16.4 million paid to shareholders.

3.10 Capital Structure and Ownership

There are currently 30,886,165 Bendon Group shares on issue. The capital structure of Bendon Group has changed over the last three years as follows:

Bendon Group – Changes in Capital Structure		Shares
Shares on issue 31 March 1998		48,465,641
Share options exercised in 1999, 2000 and 2001		1,500,000
Shares repurchased and cancelled - 1999		(7,256,652)
- 2000		(1,547,180)
- 2001		(10,275,644)
Shares on issue		30,886,165

The share repurchase programme had a total cost of \$27.7 million.

The top ten ordinary and institutional shareholders in each share class are shown in the following tables:

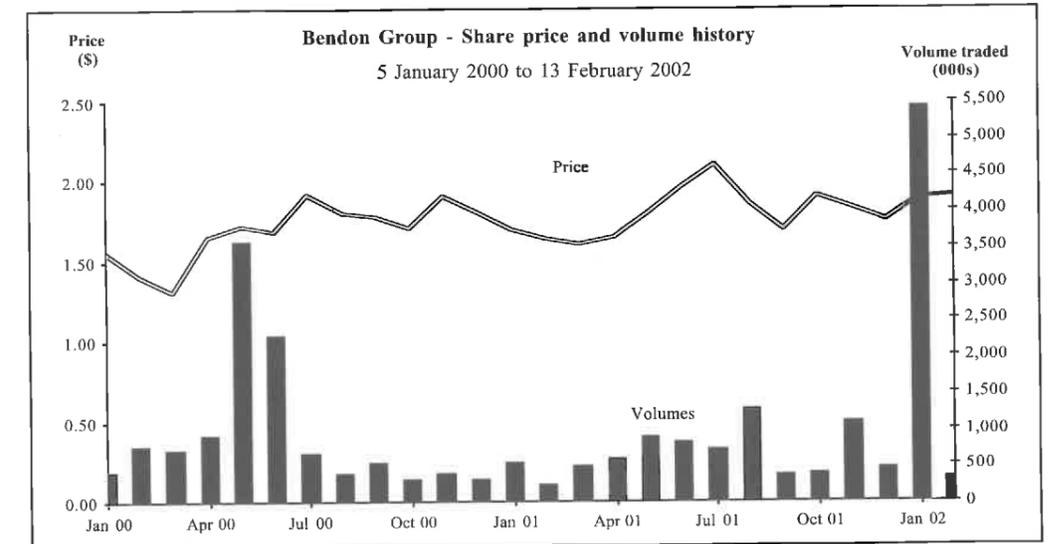
Bendon Group Ordinary Shares – Top 10 Holders as at 23 January 2002		
	Ordinary Shares	
	No. of Shares (000)	%
Pacific Retail Apparel Limited	5,885	19.1
AMP Life Limited	3,798	12.3
ANZ Nominees Limited	1,991	6.4
NZGT Nominees Limited	1,610	5.2
Cogent Nominees Limited	1,578	5.1
Portfolio Custodian Limited	1,464	4.7
AMP Investments Strategic Equity	935	3.0
South Pacific Merchant Finance	691	2.2
Accident Compensation Corporation	655	2.1
National Nominees New Zealand Limited	477	1.5
Total	19,084	61.6
Other	11,802	38.4
Total shares issued	30,886	100.0

3.11 Share Price History

The share trading history of Bendon Group since 1 January 2000 is summarised below:

Bendon Group – Share Price History				
	Share Price (cents)			Volume traded (000)
	Close	Low	High	
2000 (month ended)				
January	155	145	165	416.2
February	140	140	169	760.2
March	130	125	150	705.5
April	165	135	175	905.2
May	172	160	172	3,580.0
June	168	166	175	2,282.3
July	191	168	200	667.5
August	180	178	196	383.3
September	177	165	180	522.1
October	170	155	175	294.9
November	190	170	191	377.5
December	180	170	185	314.3
2001 (month ended)				
January	169	168	180	543.4
February	164	163	175	237.5
March	160	151	165	487.1
April	165	154	166	579.8
May	180	165	180	886.6
June	196	180	196	816.6
July	210	186	210	703.6
August	185	182	211	1,255.8
September	169	151	188	356.8
October	190	160	190	390.2
November	183	176	199	1,100.0
December	175	171	184	447.5
2002 (month ended)				
January	189	175	195	5,425.7
February (to 13 th)	190	186	193	324.3

The month end closing share price history of Bendon Group shares since January 2000 and the total volume of shares traded during each month of that period is depicted in the following graph:



Bendon Group ordinary shares have performed well relative to the performance of the NZSE Capital index, as shown in the graph below:

