

NOTICE TO ARTHUR BARNETT LIMITED OF INTENTION TO MAKE A FULL TAKEOVER OFFER

(pursuant to rule 41 of the Takeovers Code)

NOTICE DATED 14 AUGUST 2002

Belwalsh Holdings Limited ("the Offeror") gives notice that it intends to make a full takeover offer under the Takeover Code for 14,488,750 fully paid ordinary shares in Arthur Barnett Limited ("Arthur Barnett" or "the Company") being in total all of the voting and equity securities in that company for \$1.40 in cash per share pursuant to rule 44 of the Takeover Code. The full details of that intended takeover offer are set out below ("the Offer").

Additional information that the directors of the Offeror have determined could affect the decision of the offerees to accept or reject the Offer and which will be attached to the Offer are attached to and accompany this Notice as Appendices two to four.

THE OFFER

The Offeror will offer to acquire, on the terms and conditions set out in the Offer document, all of the ordinary shares in Arthur Barnett. All such shares are referred to in this document as *the Shares* and each of them singularly is referred to as *the Share*.

The Offer is to be made subject to the following terms and conditions:

1. Consideration

- 1.1 The consideration to be offered for each of the Shares will be \$1.40 cash.
- 1.2 The consideration for the Offer will be sent to holders whose Shares are taken up under the Offer not later than 7 days after the date which is 90 days after the date of the Offer (the later being the "Closing Date").

As at the date of this Notice, the last date by which such consideration must be sent to persons accepting the Offer is the date which is 7 days after the later of the Closing Date and the date on which the Offer becomes unconditional, but this date may change if the Closing Date in respect of the Offer is extended in accordance with paragraph 3.1 and the latest date the Offeror can declare the Offer to have become unconditional similarly extends in accordance with paragraph 3.2.

The consideration will be sent to each shareholder whose Shares are taken up under the Offer.

- 1.3 If the consideration for the Offer is not sent within the period specified in paragraph 1.2 to any holder whose Shares are taken up under the Offer, that holder may withdraw acceptance of the Offer:
 - (a) by notice in writing to the Offeror; but only
 - (b) after the expiration of 7 days' notice to the Offeror of that holder's intention to do so.

This right to withdraw acceptance of the Offer will not apply if the holder receives the consideration during the 7 day period referred to in this paragraph.

2. How to Accept the Offer

If an offeree wishes to accept the Offer, they need only:

- 2.1 Complete the applicable Acceptance Form (as set out in Appendix One) in accordance with the instructions set out in that form; and
- 2.2 Return the completed Acceptance Form in the reply paid envelope (which will be enclosed with the Offer) as soon as possible, but in any event so as to be received by the Offeror not later than 5 pm on the Closing Date (subject to paragraph 3.1 below). If the reply paid envelope has been mislaid, it should be delivered or mailed to:

Belwalsh Holdings Limited
C/- T D Scott & Co
PO Box 5344
Moray Place
Dunedin

The Offeror may, in its discretion, treat any Acceptance Form as valid notwithstanding that it does not comply with this paragraph, and may, in its discretion, rectify any errors in, or omissions from, any Acceptance Form.

Acceptance of the Offer by each acceptor constitutes a contract between the acceptor and the Offeror on the terms and subject to the conditions of the Offer. Other than in the circumstances set out in paragraph 1.3 above, an acceptor may not withdraw their acceptance during the time the Offer is open for acceptances, whether or not there has been any variation of the Offer.

3. Terms of Offer

The Offer is subject to the following terms:

3.1 Unless the Offer is totally withdrawn in accordance with the Takeovers Code and every person is released from every obligation incurred under the terms of it, or it lapses in accordance with its terms, it remains open for acceptance until and including the Closing Date (being 90 days after the date of the Offer) or such later Closing Date as the Offeror may decide in respect of the Offer in accordance with the Takeovers Code.

3.2 The latest date on which the Offeror can declare the Offer to have become unconditional is the date which is 14 days after the Closing Date.

As at the date of this Notice, the date by which the Offer must become unconditional will be 14 days after the Closing Date, but the exact date may change if the Closing Date in respect of the Offer is extended in accordance with paragraph 3.1 above. If the Offer is not declared unconditional, the Offer will lapse.

3.3 The Acceptance Form will comprise part of the Offer. The Acceptance Form duly completed may be treated by the Offeror as a valid acceptance of the Offer whether or not accompanied by the relevant FIN number.

3.4 The Offer is open for acceptance by any person who holds the relevant Shares, whether acquired before or after the date of the Offer, upon production of satisfactory evidence of such person's entitlement to those Shares.

3.5 All Shares are to be acquired free from all liens, charges, mortgages and encumbrances of any kind whatever, but together with all rights attaching to them, including the right to all dividends and other distributions arriving after or by reference to a date occurring on or after a date upon which settlement of the Offer occurs in accordance with paragraph 7 below.

4. Conditions of Offer

4.1 The Offer and any contract arising from it are subject to the conditions (subject to the right of the Offeror at its sole discretion to waive all or any of such conditions in whole or in part, to the extent permitted by the Takeovers Code or any exemption granted by the Takeovers Panel) that during the period from the date of the Offer until the last date by which the Offer must be declared unconditional by the Offeror:

(a) no dividends, bonuses or other payments or distributions (including, without limitation, any share buybacks) of any nature have been or will be declared, paid, or made upon or in respect of any of the Shares;

(b) no further shares or convertible notes or any voting securities of any description of the Company or any of its subsidiaries have been or will be issued or agreed to be issued and there have been or will be no alteration of rights, privileges and restrictions attaching to the Shares;

(c) neither the Company nor any of its subsidiaries has granted or will grant any option, or right, to subscribe for the issue of securities in the Company;

(d) there has been and will be no alteration to the Constitution of the Company or any of its subsidiaries;

- (e) neither the Company nor any of its subsidiaries enters into or contracts to enter into any transaction to which listing rule 9.1 and/or listing rule 9.2 of the New Zealand Stock Exchange's listing rules applies.

5. Minimum Acceptance

- 5.1 The Offer and any contract arising from acceptance of it will be conditional on the Offeror receiving acceptances in respect of voting securities that, when taken together with voting rights already held or controlled by the Offeror, confer more than 90% of the voting rights in the Company. That condition is for the benefit of the Offeror and accordingly may be waived in whole or in part by the Offeror.
- 5.2 Irrespective of whether the 90% condition is waived, the Offeror may not take up any Share under the Offer unless acceptances in respect of more than 50% of the Company's voting rights (calculated when aggregated with the Offeror's then existing shareholding) have been received by the date by which the Offer must be declared unconditional by the Offeror.

6. Notices

- 6.1 Notices to the Company, the Takeovers Panel and the New Zealand Stock Exchange:

- (a) declaring the Offer unconditional; or
- (b) advising that the Offer is withdrawn in accordance with the Takeovers Code or has lapsed in accordance with its terms;

will, in each case, be deemed to be notice to all offerees when so delivered.

- 6.2 Notice of any variation of the Offer will be sent to the Company, the Takeovers Panel, the New Zealand Stock Exchange and, except where not required in accordance with the Takeovers Code, to each offeree under the Offer.

7. Method of Settlement

- 7.1 No acknowledgement of the receipt of acceptances of the Offer will be issued.

- 7.2 If:

- (a) the Offer is declared unconditional or the conditions to it are waived by the Offeror; and
- (b) the Acceptance Form is in order and is accompanied by the relevant FIN number (or an indemnity acceptable in the opinion of the Offeror is given if the FIN number is not available);

then a cheque for the amount payable will be posted by regular post in accordance with the authority contained in the Acceptance Form by the date specified in paragraph 1.2.

- 7.3 If the Offer does not become unconditional and the conditions are not waived by the Offeror, the Offer will lapse.

- 7.4 The Offeror's obligations under paragraph 7 will be subject to registration of the transfer of the relevant Shares to the Offeror. The Offeror will, subject to paragraph 5.2, present all Acceptance Forms received to the Company for registration as soon as possible following the Offer being declared unconditional or the conditions being waived in respect of the Offer by the Offeror.

8. Change of Circumstances

- 8.1 If, after the date of this Notice, the Company declares or pays any dividend or makes any other distribution to its shareholders and the condition contained in paragraph 4.1(a) above is waived by the Offeror, shareholders accepting the Offer will be bound to pay to the Offeror an amount equivalent to such dividend (inclusive of withholding taxes deducted, if applicable) or the value of such other distribution or, at the option of the Offeror, the cash consideration which would otherwise have been paid to such acceptors shall be reduced by an amount equivalent to such dividend or the value of such other distribution.

- 8.2 If, after the date of this Notice, the Company makes any issue of shares or convertible notes or voting securities or grants any other rights or interests in its shares to holders of Shares by way of bonus issue and the condition contained in paragraphs 4.1(b) or 4.1(c) above is waived by the Offeror, acceptors of the Offer will be bound to transfer any such shares or convertible notes or

other rights and interests received by or otherwise accruing to them to the Offeror, without any additional consideration.

8.3 If all or any of the Shares are consolidated or subdivided after the date of the Offer then the Offer will be interpreted to take into account such consolidation or subdivision and will be deemed to be for the securities resulting from such consolidation or subdivision and the consideration per Share, as applicable, provided for under paragraph 1.1 above will be increased or reduced, as the case may require, in proportion to such consolidation or subdivision, and parties accepting the Offer will be bound to transfer such consolidated or subdivided securities to the Offeror on the basis of the consideration so increased or reduced.

8.4 If the Company makes any issue of shares to any person on or after the date of the Offer other than by way of bonus issue and the condition contained in paragraph 4.1(b) above is waived by the Offeror, then the Offer will be deemed to be extended to and include such shares and the consideration payable for them will be as provided in paragraph 1 above.

9. Miscellaneous

In this document:

9.1 Any reference to the Takeovers Code means the takeovers code recorded in the Takeovers Code Approval Order 2000 (SR 2000/210).

9.2 Except if expressly defined in this document, or where the context requires otherwise, terms defined in the Takeovers Code shall have the same meaning in this document.

9.3 All sums of money referred to in this Offer are in New Zealand currency.

9.4 References to *Notice* are to this takeover notice issued in relation to the Offer to Arthur Barnett.

9.5 References to time are references to New Zealand time.

9.6 The Offer and any contract arising from it shall be governed by and construed in accordance with the laws of New Zealand.

10. Further Information

Further information relating to the Offeror, as required by Schedule 1 to the Takeovers Code, is set out below, and forms part of, this Notice.

INFORMATION REQUIRED BY SCHEDULE 1 TO THE TAKEOVERS CODE

1. Date

The Offer will be dated.

2. Offeror and Its Directors

The Offeror:

(a) Name: Belwalsh Holdings Limited

(b) Address: C/- T D Scott & Co
Chartered Accountants
PO Box 5344
Dunedin
Attention: T D Scott

(c) Directors of the Offeror:

Trevor Donald Scott
Julian Charles Stanley Smith

3. Target Company

Arthur Barnett Limited (*Arthur Barnett*)

4. **Advice Statement**

The advice statement will be set out in the Offer document.

5. **Terms And Conditions Of The Offer**

The terms and conditions of the Offer will be as set out on pages 1 to 4 of this Notice.

6. **Ownership Of Equity Securities Of Arthur Barnett**

6.1 At the date of this Notice, the number, designation and percentage of equity securities of Arthur Barnett held or controlled by:

- (a) the Offeror, and
- (b) any related companies of the Offeror, and
- (c) any person acting jointly or in concert with the Offeror, and
- (d) any director of any of the persons described in paragraphs (a) to (c), and
- (e) any other person holding or controlling more than 5% of Arthur Barnett ordinary shares within the knowledge of the Offeror,

are as follows:

Name of Shareholder	Number of fully paid ordinary shares in Arthur Barnett	Percentage of total shares in Arthur Barnett
Fraser Smith Holdings Limited	6,724,770	46.41%
Jarden Custodians Limited	1,449,678	10.01%
Trevor Donald Scott, David Houghton Wale and Alexander Phillip Laing as trustees of the TD Scott No.2 Trust	989,952	6.83%
Julian Charles Stanley Smith	4,489	0.03%

7. **Trading In Arthur Barnett Equity Securities**

To the best of the Offeror's information, knowledge and belief, none of the persons referred to in paragraph 6.1 above have, during the 6-month period before the date of this Notice, acquired or disposed of any shares in Arthur Barnett.

8. **Agreements to Accept Offer**

As at the date of this Notice, no persons have agreed to accept this Offer conditionally or unconditionally.

9. **Arrangements To Pay Consideration**

9.1 The Offeror confirms that resources will be available to the Offeror sufficient to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer (including any debts arising under rule 49 of the Code).

9.2 A statement setting out the rights of each offeree under rule 34 of the Takeovers Code to withdraw their acceptance for non-payment by the Offeror of the consideration, is set out in paragraph 1.3 of this Notice.

10. **No Arrangements Between Offeror and Arthur Barnett**

As at the date of this Notice, no agreement or arrangement has been made or is proposed to be made between the Offeror (or an associate of the Offeror) and Arthur Barnett or a related company of Arthur Barnett in connection with or in anticipation of or in response to the Offer.

11. **No Arrangements Between Offeror, and Directors and Officers of Arthur Barnett**

As at the date of this Notice, no agreement or arrangement has been made or is proposed to be made between the Offeror or an associate of the Offeror and the directors or senior officers of Arthur Barnett (or a related company of Arthur Barnett) in connection with or in anticipation of or in response to the Offer.

12. No Financial Assistance

No financial assistance (directly or indirectly) is to be provided by Arthur Barnett in connection with the Offer.

13. Acquisitions Of Securities

This Offer will be a full offer for cash and neither the Offeror nor any related company of the Offeror or any person acting jointly or in concert with the Offeror, or any of their respective directors intend to acquire Shares in Arthur Barnett under rule 36 of the Code otherwise than under the Offer.

14. Likelihood Of Changes

The Offeror does not intend to make any material changes in respect of the business activities of the Company and its subsidiaries.

15. Pre-emption Clauses In Arthur Barnett Constitution

There are no restrictions contained in the constitution of Arthur Barnett on the right to transfer Shares to which the Offer relates which would have the effect of requiring holders of the Shares to offer the Shares for purchase to members of Arthur Barnett or another person before transferring the Shares.

16. No Escalation Clauses

As at the date of this Notice, no agreement or arrangement exists under which any existing holders of Shares in Arthur Barnett will or may receive in relation to or as a consequence of the Offer, additional consideration over and above the consideration set out in the Offer.

17. Independent Advisers Report

An independent adviser's report is not required to be included with the Offer under rule 22 of the Code.

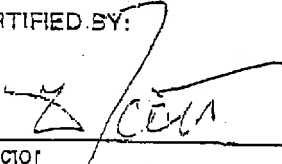
18. Additional Disclosures If Consideration Includes Securities

The consideration offered under the Offer does not include securities or shares of any other issuer.

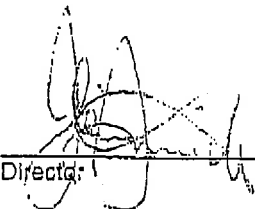
19. Certificate

To the best of our knowledge and belief, after making proper enquiry, the information contained in the Offer document is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Offeror under the Takeovers Code.

CERTIFIED BY:



Director



Director

cc Takeovers Panel
~~New Zealand Stock Exchange (with notice of intention to make Offer)~~
~~Registrar of Companies (with notice of intention to make Offer)~~
Arthur Barnett Limited

Appendix One

**FORM OF ACCEPTANCE AND TRANSFER
BELWALSH HOLDINGS LIMITED OFFER FOR SHARES IN ARTHUR BARNETT LIMITED**

	Holder Number	Number of Shares
	Faster Identification Number (FIN)	Total Consideration (at \$1.40 per share)

Shareholder/Transferor (the *Transferor*)

By signing this form the Transferor, for the consideration stated above, hereby:

- (a) accepts the Offer dated (Date of Offer) 2002 of Belwalsh Holdings Limited (the *Transferee*) for the shares described above in Arthur Barnett Limited (the *Company*) held by the Transferor, subject to the conditions on which they are so held and transfers those shares to the Transferee; and
- (b) represents and warrants to the Transferee that title to the Transferor's shares, described above in the Company held by the Transferor will pass to the Transferee free of all liens, charges, mortgages, encumbrances and other adverse interests and claims of any kind, and that the Transferor has full power and capacity to sell and transfer all such shares; and
- (c) as set out on the reverse of this form, enters into an indemnity in favour of and for the Company and the Transferee, and appoints the Transferee the attorney of the Transferor.

And the Transferee hereby agrees (as evidenced by its execution of a form of agreement to which this form and those of other transferors shall be appended together comprising an instrument of transfer) to take the shares subject to such conditions. The Transferor hereby authorises the Transferee to use the Transferor's FIN number to transfer the shares to the Transferee. For this purpose the FIN number must be set out above. If you do not fill in the FIN number, the indemnity overleaf will apply.

Dated and executed the _____ day of _____ 2002

FOR AN INDIVIDUAL/ATTORNEY	FOR A COMPANY
Signed by the Transferor:	Signed by the Transferor by:
in the presence of:	Director
Name: Occupation: Address:	Director

NOTES AND INSTRUCTIONS FOR COMPLETION

1. **INTERPRETATION:** In this form references to the Transferor in the singular shall include the plural.
2. **TO ACCEPT THE OFFER:** Insert your FIN number in the space provided. Sign this form where marked "Signed by the Transferor" and have your signature witnessed. Any person (including your husband or wife) may witness your signature and must add his or her occupation and full address in the space provided. Companies must sign in accordance with the Companies Act 1993.
3. **JOINT HOLDERS:** If the shares are registered in the names of joint holders, all must sign the form.
4. **POWER OF ATTORNEY:** If the form is signed under a power of attorney, the relevant power of attorney must be submitted with the form for noting and return, and the certificate printed overleaf must be completed. Where such power of attorney has already been noted by the Company, then this fact must be stated under the signature of the attorney.
5. **ON COMPLETION:** Place the signed form in the enclosed reply paid envelope and post to the Transferee at the addresses below as soon as possible, but in any event so as to be received not later than (the Closing Date) 2002 (subject to paragraph 1.2 of the Offer).
Belwalsh Holdings Limited, C/- T D Scott & Co, Chartered Accountants, PO Box 5344, Dunedin.
6. **PREVIOUS SALE:** If you have sold all of your shares, please pass this form together with the Offer documents to your sharebroker or the purchasers of such shares. If you have sold part of your shareholding, record that fact on this form by amending the number of shares noted as being held by you on the face of this form. Please also refer to the more detailed instructions on pages 1 and 5 of the Offer.

**FORM OF ACCEPTANCE AND TRANSFER
BELWALSH HOLDINGS LIMITED OFFER FOR SHARES IN ARTHUR BARNETT LIMITED**

BY THE TRANSFEROR'S EXECUTION ON THE FACE OF THIS FORM, THE TRANSFEROR:

1. Hereby declares that, if the FIN number in respect of the shares is not stated on this form in the space provided overleaf:
 - 1.1 the Transferor is the holder of the shares shown on the face of this form and, where the shares have been allocated a FIN number, the Transferor has made a proper search for the FIN number and has been unable to locate that number;
 - 1.2 the Transferor has not mortgaged, pledged, transferred or otherwise dealt with the shares and no other person holds any interest in the shares and they are the property of the Transferor absolutely; and
 - 1.3 the Transferor will indemnify the Company and the Transferee against any costs, loss or damages arising out of the failure to produce the FIN number or through or in consequence of the transfer of the shares being registered by the Company without production or use of the FIN number.

AND

2. Hereby enters into a Power of Attorney in favour of the Transferee as follows:

As from the time of the Offer being declared unconditional, I/we hereby irrevocably authorise and appoint the Transferee (with power of substitution by the Transferee in favour of such person(s) as the Transferee may appoint to act on its behalf) as my/our attorney and agent to act for me/us and do all matters of any kind or nature whatsoever in respect of or pertaining to the shares referred to on the face of this form in the Company and all rights and benefits attaching to them as the Transferee may think proper and expedient and which I/we could lawfully do or cause to be done if personally acting, including the transfer of shares to any person or persons whatsoever, the appointment of a proxy or proxies for any meeting of the shareholders of the Company, attendance in person at, and voting at, such meeting, application to any court whatsoever and execution of all documents in my/our name(s) which the Transferee may consider necessary for all or any of the foregoing purposes. This includes without limitation, authorising the Transferee to take any action as may be necessary to enable the registration of the transfer of the shares to the Transferee.

IF SIGNING UNDER POWER OF ATTORNEY

IF THIS FORM IS SIGNED UNDER POWER OF ATTORNEY, THE ATTORNEY(S) SIGNING MUST SIGN THE FOLLOWING CERTIFICATE:

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I/WE _____

(Insert name of Attorney(s) signing)

of _____

(Address and Occupation)

HEREBY CERTIFY:

1. THAT by a Power of Attorney dated the _____ day of _____ the Transferor named and described on the face of this form (the *Donor*) appointed me his/hers/its/their attorney on the terms and conditions set out in that Power of Attorney.
2. THAT I/we have executed the form printed on the face of this document as attorney under that Power of Attorney and pursuant to the powers thereby conferred upon me/us.
3. THAT at the date hereof I/we have not received any notice or information of the revocation of that Power of Attorney by the death (or winding up) of the Donor or otherwise.

Signed at _____ this _____ day of _____ 2002

Signature of Attorney(s)

NOTE: Your signature does not require witnessing.

Appendix Two

2 September 2002

NZ\$1.40 CASH OFFER FOR ALL ARTHUR BARNETT LIMITED SHARES

Dear Shareholder,

On behalf of the Board of Directors of Belwalsh Holdings Limited (*Belwalsh*), I have pleasure in enclosing the offer to acquire all of your shares in Arthur Barnett Limited (*Arthur Barnett*).

Belwalsh's intention is to ensure that Arthur Barnett continues as a retailer and property company. For a long time Arthur Barnett has been undercapitalised which has been reflected in a continuing low share price. The investing public have been confused as to whether Arthur Barnett is a retailer or a property company and the share price has been penalised accordingly. Without an injection of additional capital it is unlikely the business will grow and this will have a significant impact on the future share price. It is the intention of Belwalsh to introduce additional capital and to build and expand the business.

Our offer is NZ\$1.40 cash for each ordinary share. Amongst other things, the offer is conditional upon Belwalsh receiving acceptances for at least 90% of the shares in Arthur Barnett. Other conditions of the offer are detailed in the Takeover Offer attached to this letter (*the Offer*). The Offer closes on 1 December 2002.

WHY SHOULD YOU ACCEPT THIS OFFER

Belwalsh's Offer price of NZ\$1.40 per ordinary share represents:

- (i) a significant premium over the price at which Arthur Barnett has traded during 2002.
- (ii) a more than 60% premium over the average price at which Arthur Barnett traded in the six months prior to the announcement of this Offer.

By accepting Belwalsh's Offer for your Arthur Barnett shares:

- ♦ You will be sent payment by regular post of NZ\$1.40 per ordinary share not later than the later of the Closing Date of the Offer (currently 1 December 2002) and the date which the Offer becomes unconditional subject to any extension of the time within which the Offer may be accepted; and
- ♦ You will not incur any brokerage or stamp duty charges.

You are encouraged to accept this Offer soon, as it closes on 1 December 2002.

ABOUT BELWALSH

Belwalsh is a private South Island company controlled by the T D Scott No 2 Trust and Fraser Smith Holdings Limited, a company associated with Julian Smith.

HOW TO ACCEPT THIS OFFER

To accept the Offer, please complete the enclosed personalised Form of Acceptance and Transfer (*Acceptance Form*) in accordance with the instructions set out in the Takeover Offer and on the back of the Acceptance Form. Return the Acceptance Form as soon as possible using the reply paid envelope supplied. The Offer is planned to close at 5 pm (New Zealand time) on 1 December 2002.

If you have lost your personalised Acceptance Form, or if you have any other questions on how to accept, please contact T D Scott & Co in Dunedin on 64 3 479 0190 (Trevor Scott).

I believe that this Offer represents a full and fair price for your Arthur Barnett shares and will be good for the long-term success of this New Zealand company. I recommend it for your careful consideration.

Yours sincerely

Trevor D Scott
Director

Appendix Three

SUMMARY OF OFFER

On 6 August 2002, Belwalsh announced that it would make a full offer under the Takeovers Code for all of the shares in Arthur Barnett. The key terms of the Offer are:

- Consideration: \$1.40 per share in Arthur Barnett.
- The Offer is conditional on receipt of acceptances which take Belwalsh's voting rights to more than 90% of the voting rights in Arthur Barnett.
- The Offer closes at 5 pm on a date 90 days after the date of the Offer (unless extended in accordance with clause 3.1 of the Offer).

The detailed terms of the Offer are set out at pages 4 to 7 of this document.

HOW TO ACCEPT THIS OFFER

If you have sold all or some of your shares, please refer to the instructions on the front page of this document.

If you are a shareholder

To accept the offer by Belwalsh, you should complete the personalised shareholders' Acceptance Form enclosed with this document, in accordance with the instructions set out on that Acceptance Form. Then deliver or mail the Acceptance Form in the enclosed reply paid envelope to:

Belwalsh Holdings Limited
C/- T D Scott & Co
PO Box 5344
Moray Place
Dunedin
New Zealand

If you cannot readily locate your Faster Identification Number (*FIN number*) or you do not have one please complete the indemnity on the reverse of the Acceptance Form.

IMPORTANT

ACCEPTANCES MUST BE RECEIVED BY 5 PM ON 1 DECEMBER 2002 (SUBJECT TO PARAGRAPH 3.1 OF THIS OFFER)

IF YOU HAVE LOST YOUR PERSONALISED ACCEPTANCE FORM, OR IF YOU HAVE ANY OTHER QUESTIONS ON HOW TO ACCEPT, PLEASE CONTACT T D SCOTT & CO IN DUNEDIN ON 64 3 479 0140

Appendix Four

PLEASE NOTE

IF YOU HAVE SOLD ALL OF YOUR ARTHUR BARNETT SHARES

Please send this Offer and all enclosures (including the Acceptance Form) at once to the new Arthur Barnett shareholder or the broker through whom you made the sale requesting that they be forwarded to the new Arthur Barnett shareholder.

IF YOU HAVE SOLD SOME OF YOUR ARTHUR BARNETT SHARES

Please alter the total holding on the Acceptance Form, to the number of the Shares which you have retained and forward the amended Acceptance Form in the reply paid envelope supplied to the Offeror.

Upon receipt of the amended Acceptance Form, the Offeror will recalculate the amount of cash comprising your consideration to reflect the number of shares sold by you.

Please also request the broker through whom you made the sale to advise the purchaser or purchasers of your Shares of this Offer and that copies of it are available from the Share Registrar, BK Registries Limited, PO Box 384, Ashburton and advise the Share Registrar of the number of Shares sold and the broker concerned.