

DORCHESTER TURNERS LIMITED

26 August 2014

The Directors
Turners Group NZ Limited
1st Floor, Turners Auctions Building
Cnr Penrose & Leonard Roads
Penrose
Auckland

TAKEOVER NOTICE

Dorchester Turners Limited (the *Offeror*) hereby gives notice pursuant to Rule 41 of the Takeovers Code of its intention to make a full takeover offer under the Takeovers Code to acquire all of the ordinary shares of Turners Group NZ Limited not already held by the Offeror.

Attached to this notice are the terms of the proposed offer, including:

- the information specified in Schedule 1 to the Takeovers Code which is required to be contained in, or accompany, this notice (stated as at the date of this notice); and
- the signed certificate required under clause 19 of Schedule 1 to the Takeovers Code.

The Offeror's current intention is to make the offer on 18 September 2014, with the offer to close on 17 October 2014.

We look forward to receipt of the class notice in accordance with Rule 42A of the Takeovers Code.

For and on behalf of
Dorchester Turners Limited



Paul Byrnes
Chief Executive Officer

cc: The Takeovers Panel
Level 3, Solnet House
70 The Terrace
Wellington 6011
By email: takeovers.panel@takeovers.govt.nz

cc: NZX Limited
Level 1, NZX Centre
11 Cable Street
Wellington 6011
By email: announce@nzx.com

FULL TAKEOVER OFFER

BY

DORCHESTER TURNERS LIMITED

(a wholly-owned subsidiary of DORCHESTER PACIFIC LIMITED)

TO PURCHASE ALL THE ORDINARY SHARES IN

TURNERS GROUP NZ LIMITED

AT THREE DOLLARS (\$3.00) PER SHARE

MADE PURSUANT TO THE TAKEOVERS CODE

In addition, Turners shareholders will be entitled to receive:

- an **interim dividend of 7.5 cents per share** fully imputed payable 24 September 2014
- a **special dividend of 15 cents per share** with imputation credits attached (to the extent available), before the offer becomes unconditional.

Offer opens: [] 2014

Offer closes: [] 2014

IMPORTANT

If you are in any doubt as to any aspect of this offer, you should consult your financial or legal adviser.

If you have sold all your shares in Turners Group NZ Limited to which this offer applies, you should immediately hand this offer document and the accompanying acceptance form to the purchaser or to the agent (e.g. the broker) through whom the sale was made, to be passed to the purchaser.

Turners Group NZ Limited's target company statement, together with an independent adviser's report on the merits of this offer, either accompanies this offer or will be sent to you within 14 days and should be read in conjunction with this offer.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

Dated [] 2014

SUMMARY OF THE OFFER

Dorchester Turners Limited (the *Offeror*) is offering to acquire all the ordinary shares (the *Shares*) in Turners Group NZ Limited (*Turners*) that it does not already own.

The key terms of this Offer are:

Offer Price for Shares

The consideration offered for each Share is NZ\$3.00. At the option of each Turners' shareholder they may elect to receive:

- (a) cash consideration of \$3.00 per Turners share;
- or**
- (b) 2 year convertible bonds (*Bonds*) issued by Dorchester Pacific Limited (*Dorchester*), on the terms set out in the accompanying registered Simplified Disclosure Prospectus in relation to the Bonds (the *Prospectus*);
- or**
- (c) Dorchester ordinary shares (*Dorchester Shares*). The issue price of the Dorchester Shares will be \$0.25 per Dorchester Share. Turners shareholders are guaranteed an allocation of Dorchester Shares of 60% of the consideration due to accepting shareholders, and pro rata thereafter subject to a cap on the maximum number of Dorchester Shares available to be issued to Turners Shareholders. If the cap is exceeded, the excess will be paid in cash;
- or**
- (d) any combination of cash and/or Dorchester Shares and/or Bonds, subject to the limitations described above. The default consideration is cash.

Interim Dividend of 7.5 cents per share remains with Turners shareholders

The Shares will be acquired excluding all rights to the interim dividend of 7.5 cents per Share declared by Turners on 15 August 2014 and payable on 24 September 2014 (the *Interim Dividend*).

Special Dividend of 15 cents per share

This Offer is subject to a condition that Turners declares and pays to all shareholders, prior to the Offer closing, a special dividend of 15 cents per Share with imputation credits attached (to the extent imputation credits are available) (the *Special Dividend*). Turners shareholders may direct that the Special Dividend paid to them be applied to subscribing for Dorchester Shares subject to an aggregate cap on the Dorchester Shares issued of \$30 million.

Full Offer

The Offer is for 100% of the Shares that the Offeror does not already own, being [21,942,183] Shares as at the date of this Offer.

Offer Period

The Offer is dated [] 2014 (the *Offer Date*) and closes at 11:59pm on [date that is 30 days after Offer Date] 2014, or such later date to which the Offer may be extended by the Offeror or the Takeovers Panel in accordance with the Takeovers Code (the *Closing Date*).

Conditions

This Offer is conditional on the conditions set out in paragraphs 5 and 6.1 of the terms and conditions of the Offer. The key conditions are that:

- (a) Turners declares and pays the Special Dividend of 15 cents per Share to all shareholders prior to the Offer closing as set out above; and
- (b) the Offeror receives irrevocable acceptances in respect of the Shares which, on registration of the transfer of those Shares (when taken together with any other Shares already held or controlled by the Offeror) will result in the Offeror holding or controlling more than 50% of the voting rights in Turners.

Lock-up Agreement

Dorchester Pacific Limited has entered into a lock-up agreement with Bartel Holdings Limited (*Bartel*), whereby Bartel has agreed to accept the Offer with respect to the Shares held by it, which constitute 20.82% of the total number of Shares on issue. Details of the lock-up agreement are set out in paragraph 6 of Schedule A. As part of the lock-up agreement, Bartel has agreed to accept as payment for its shares in Turners a mix of 60% in Dorchester Shares and 40% in Bonds.

Payment Date

If you accept the Offer you will be paid the consideration for your Shares no later than seven (7) calendar days after the later of:

- the date on which your acceptance form is received by the Offeror;
- the date on which this Offer becomes unconditional; and
- the initial Closing Date.

Brokerage Costs

You will not pay any brokerage costs if you accept the Offer.

THE ABOVE IS A SUMMARY OF THE OFFER ONLY.

THE DETAILED TERMS AND CONDITIONS OF THE OFFER ARE SET OUT ON PAGES 5 TO 14. YOU SHOULD READ THOSE TERMS AND CONDITIONS CAREFULLY.

HOW TO ACCEPT THE OFFER

Closing Date

This Offer closes at 11:59pm on [***date that is 30 days after Offer Date***] 2014, or such later date to which the Offer may be extended by the Offeror or the Takeovers Panel in accordance with the Takeovers Code.

If you wish to **ACCEPT** the Offer, you must ensure that your acceptance is sent **AS SOON AS POSSIBLE**, but in any event so that it is received by the Offeror on or before 11:59pm on the Closing Date.

How to Accept

Complete the enclosed Acceptance and Transfer form (*Acceptance Form*) in accordance with the instructions set out on that form.

Deliver, mail, fax or email the form to:

Delivery:

Dorchester Turners Limited
C/- Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Auckland
New Zealand

Mail:

Dorchester Turners Limited
C/- Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand

Facsimile: +64 9 488 8787

Email: corporationactions@computershare.co.nz (Please put "Turners takeover acceptance" in the subject line for easy reference)

A reply-paid envelope is enclosed.

If you have sold all your Shares

Please hand this Offer document and the accompanying Acceptance Form to:

- the purchaser(s) of your Shares; or
- to the agent (e.g., the broker) through whom the sale was made requesting that this Offer document and the accompanying Acceptance Form be passed to the purchaser(s).

If you have sold some of your Shares

Please alter the total holding on the Acceptance Form to the number of Shares which you have retained, initial the change and deliver, mail, fax or email the amended Acceptance Form to the Offeror as per the instructions above.

On receipt of the amended Acceptance Form, the Offeror will recalculate the consideration to which you are entitled to reflect the number of Shares sold by you.

Please also advise the purchaser(s) of your Shares, or request the agent (e.g., the broker) through whom you made the sale to advise the purchaser(s) of your Shares, of this Offer. Please also advise them that a copy of this Offer is available from Computershare Investor Services Limited. You should also advise Computershare Investor Services Limited of the number of Shares sold and the agent (e.g., the broker) involved.

If you have lost your Acceptance Form

Please contact Computershare Investor Services Limited on +64 9 488 8700 or email corporateactions@computershare.co.nz (and they will provide you with a new form).

TERMS AND CONDITIONS OF THE OFFER

The Offeror offers to purchase all of Turners's ordinary shares (the *Shares*) that it does not already own for NZ\$3.00 per Share, on the terms and conditions contained in this offer document (the *Offer*).

1 THIS OFFER

- 1.1 The Offeror offers to acquire the Shares, including all rights, benefits, and entitlements attached thereto on, after, or by reference to, the date on which the Offeror gave Turners notice of its intention to make this Offer being [] 2014 (the *Notice Date*), but excluding all rights to the Interim Dividend and the Special Dividend.
- 1.2 This Offer will remain open for acceptance until 11:59pm on [***date that is 30 days after the Offer Date***] 2014, or such later date to which the Offer may be extended by the Offeror or the Takeovers Panel in accordance with the Takeovers Code (the *Closing Date*).
- 1.3 This Offer is dated [] 2014.

2 CONSIDERATION

- 2.1 The consideration offered by the Offeror for each Share is NZ\$3.00 (subject to any further adjustment in accordance with paragraph 7). Each holder of Shares who accepts this Offer (each an *Acceptor*) may elect to receive:
- (a) cash consideration of \$3.00 per Turners share;
- or**
- (b) 2 year convertible bonds (*Bonds*) issued by Dorchester Pacific Limited (*Dorchester*), on the terms set out in the accompanying registered Simplified Disclosure Prospectus in relation to the Bonds (the *Prospectus*);
- or**
- (c) Dorchester ordinary shares (*Dorchester Shares*). The issue price of the Dorchester Shares will be \$0.25 per Dorchester Share. Turners shareholders are guaranteed an allocation of Dorchester Shares of 60% of the consideration due to accepting shareholders, and pro rata thereafter subject to a cap on the maximum number of Dorchester Shares available to be issued to Turners Shareholders. If the cap is exceeded the excess will be paid in cash;
- or**
- (d) any combination of cash and/or Dorchester Shares and/or Bonds, subject to the limitations described above. The default consideration is cash.
- 2.2 [Pursuant to the Takeovers Code (Dorchester Turners Limited) Exemption Notice 2014, the Turners shareholders with an address outside New Zealand may not be offered all of the consideration options set out in paragraph 2.1 above.]
- 2.3 If the consideration accepted or deemed to be accepted for the Offer:

- (a) is cash, it will be paid by cheque sent by ordinary mail or paid by electronic transfer at the election of the Acceptor;
- (b) is Bonds, the Bonds will be allotted and advice of the allotment will be sent by ordinary mail to the Acceptor; and
- (c) is Dorchester Shares, the Dorchester Shares will be allotted and advice of the allotment will be sent by ordinary mail to the Acceptor,

no later than seven (7) calendar days after the later of:

- (d) the date on which that Acceptor's acceptance is received by the Offeror; and
- (e) the date on which this Offer becomes unconditional; and
- (f) 11:59pm on [***the date that is 30 days after the Offer Date***] 2014.

2.4 Without prejudice to any other rights that an Acceptor may have, if the consideration payable to an Acceptor is not sent to that Acceptor within the period specified in paragraph 2.3, that Acceptor may withdraw their acceptance of this Offer by notice in writing to the Offeror, but only:

- (a) after the expiration of seven (7) calendar days' written notice to the Offeror of that Acceptor's intention to do so; and
- (b) if that Acceptor does not receive the consideration to which they are entitled during the seven (7) calendar day period referred to in paragraph 2.4(a).

3 **TERMS OF THE OFFER**

- 3.1 Unless the Offer is withdrawn in its entirety with the consent of the Takeovers Panel in accordance with the Takeovers Code or unless this Offer lapses in accordance with its terms, this Offer remains open for acceptance until and including the Closing Date.
- 3.2 The latest date on which the Offeror can declare this Offer unconditional (*Condition Date*) is not later than 14 days after the Closing Date. As at the date of this Offer, the date by which the Offer is to become unconditional is the [] day of [] but this date may change if the Closing Date specified in paragraph 1.2 is extended as permitted by the Takeovers Code
- 3.3 If this Offer is not declared unconditional, or the outstanding conditions to it are not waived by the Offeror (to the extent waivable), by the Condition Date, then this Offer will lapse and the Offeror and every Acceptor will be released from their obligations under this Offer (and any contract arising from their acceptance of it).
- 3.4 This Offer is open for acceptance by any person who holds Shares, whether acquired before, on or after the date of this Offer, upon production of satisfactory evidence of such person's entitlement to those Shares. A holder of Shares may accept this Offer in respect of all or any of their Shares. Each acceptance must be free of all conditions of acceptance of any nature whatsoever.

3.5 Each Acceptor represents and warrants that:

- (a) it is the sole legal and beneficial owner of the Shares in respect of which it accepts this Offer, or it is the legal owner and has the necessary capacity and authority to accept the offer in respect of those Shares; and
- (b) legal and beneficial title to all those Shares in respect of which it accepts this Offer will pass to the Offeror free of all liens, charges, mortgages, encumbrances and other adverse interests or claims of any nature whatsoever, but together with all rights, benefits and entitlements attaching to them, including the right to all dividends (other than the Interim Dividend and the Special Dividend), bonuses and other payments and distributions of any nature attaching to such Shares arising on, after, or by reference to, the Notice Date, on payment of the purchase price pursuant to paragraph 2.

4 **BROKER HANDLING FEE**

4.1 During the Offer Period, the Offeror may choose to engage the services of one or more Primary Market Participants (in terms of the NZX Participant Rules) or other financial advisory firms (together, *Brokers*) to contact Turners' shareholders and receive Acceptance Forms. If the Offeror chooses to do this, the key terms of the engagement will be as follows:

- (a) For each completed and valid Acceptance Form procured by a Broker, the Offeror will, subject to the terms set out in this section 4, pay that Broker a handling or procurement fee in respect of the Shares the subject of that Acceptance Form (*Handling Fee*). The amount of the Handling Fee will be 1.00% of the consideration payment by the Offeror under the Offer to the relevant Acceptor in respect of the Acceptance Form received.
- (b) The Broker will be paid, and receive, the Handling Fee solely in connection with its services to the Offeror and must not, directly or indirectly, pass any or all of the Handling Fee on to any Acceptor, or share the Handling Fee with any Acceptor.
- (c) The payment of a Handling Fee to a Broker in respect of an Acceptance Form procured by that Broker is in all respects conditional on:
 - (i) the Offer being declared unconditional by the Offeror;
 - (ii) the Shares which are the subject of that Acceptance Form being validly transferred to the Offeror; and
 - (iii) the Acceptance Form being delivered in accordance with paragraph 8.1 and being stamped by the Broker (and only that Broker).
- (d) The conditions referred to in paragraph 4.1(c) are for the sole benefit of the Offeror and, accordingly, each such condition may be waived, in whole or part and in respect of all Acceptance Forms procured by Brokers or in respect of any one or more particular Acceptance Form(s) only, by the Offeror, on such terms as it decides, in its sole discretion.
- (e) The Offeror may, in determining the Handling Fee payable to a Broker, aggregate and/or disregard any acceptance of the Offer procured by that Broker if the Offeror believes that a party has structured holdings of Shares

for the purpose or with the effect of enabling parties to take advantage of the arrangements described in this paragraph 4.1.

- (f) The Offeror will determine, in its sole discretion, any disputes relating to the payment of a Handling Fee. The determination of the Offeror will be final and binding on all parties.
- (g) No Handling Fees are payable in respect of any Shares that are held or controlled by a party or parties to, or are otherwise subject to, the lock-up agreements referred to in paragraph 6 of Schedule A.

5 KEY CONDITIONS

- 5.1 This Offer is conditional on the conditions set out in this paragraph 5 and in paragraph 6.1 of the terms and conditions of the Offer.
- 5.2 This Offer and any contract arising from acceptance of it is subject to the condition that the Offeror receives irrevocable acceptances in respect of the Shares which, on registration of the transfer of those Shares (when taken together with any other Shares already held or controlled by the Offeror) will result in the Offeror holding or controlling more than 50% of the voting rights in Turners. This condition cannot be waived by the Offeror.
- 5.3 This Offer and any contract arising from acceptance of it is subject to the condition that Turners declares and pays a Special Dividend of 15 cents per Share prior to the Closing Date which to the extent available has full imputation credits attached to it. Turners shareholders may direct that the Special Dividend paid to them be applied to subscribing for Dorchester Shares subject to an aggregate cap on the Dorchester Shares issued of \$30 million. To the extent that the cap is exceeded, such applications will be scaled on a consistent basis and the balance paid in cash.
- 5.4 If for any reason the Offeror receives all or any part of the dividend contemplated by paragraph 5.3 in respect of Shares held (or which were held prior to transfer of those Shares to the Offeror in accordance with this Offer) by a shareholder or shareholders who accept the Offer, the Offeror must hold that amount on trust for the relevant shareholder(s) and promptly pay that amount and pass on any attached imputation credits to the relevant shareholder(s) without deduction, set-off or withholding.

6 FURTHER CONDITIONS OF THIS OFFER

- 6.1 This Offer, and any contract arising from acceptance of it, are subject to the conditions that, during the period from the Notice Date until the Condition Date:
 - (a) no dividends, bonuses or other payments or distributions (within the meaning of the Companies Act 1993) of any nature whatsoever (including, for the avoidance of doubt, by way of share buyback, redemption or cancellation or any other form of capital reduction) are authorised, declared, paid or made upon or in respect of any of the Shares, other than the Interim Dividend or the Special Dividend;
 - (b) no shares, convertible securities or other equity securities of any nature (including options, rights or interests in any ordinary shares) of Turners or any of its subsidiaries or joint venture entities (together the *Turners Group*), are issued, agreed to be issued or made the subject of any option or right to subscribe except pursuant to a transaction between Turners and wholly

owned subsidiaries of Turners, or between wholly owned subsidiaries of Turners (an *Intra-Group Transaction*);

- (c) the businesses of each member of the Turners Group are carried on, in all material respects, in the normal and ordinary course;
- (d) no liquidator, receiver, receiver and manager, statutory manager or similar official is appointed in respect of any member of the Turners Group or any of their respective assets;
- (e) no board resolution or shareholders' resolution of any member of the Turners Group is passed to do or authorise the doing of any act or matter referred to in any of subparagraphs (a) to (d) (inclusive);
- (f) no other event occurs that has, or could reasonably be expected to have, a material adverse effect on the financial position, trading operations or assets or liabilities of the Turners Group as a whole; and
- (g) nothing occurring or failing to occur that would entitle the Offeror's bankers, under certain facilities entered into with the Offeror for the purposes of providing funding to the Offeror in respect of this Offer, not to make any or all of that funding available to the Offeror (other than where the occurrence or failure is a result of an act or omission in the power, or under the control, of the Offeror or an associate of the Offeror).

6.2 The following actions by any member of the Turners Group shall be deemed to be material and not to be normal or in the ordinary course for the purposes of paragraph 6.1:

- (a) the making of (or agreeing to make) unusual or abnormal payments, or the incurring of (or agreeing to incur) unusual or abnormal commitments or liabilities (including contingent liabilities), in each case with a value exceeding \$1,000,000 and except pursuant to an Intra-Group Transaction;
- (b) the making of any unusual payment of income tax, including taxation in advance, of an amount exceeding \$1,000,000;
- (c) the committing to any capital expenditure or divestment (other than in the ordinary course of business (and other than pursuant to an Intra-Group Transaction)) of an amount exceeding \$1,000,000 (in aggregate);
- (d) the entry into, or material variation of, onerous, long-term or material contracts, commitments or arrangements (except in the normal and ordinary course of business); or
- (e) the making of an announcement by any member of the Turners Group that it is legally bound to do any of the actions set out in paragraphs 6.2(a) to 6.2(d) above.

6.3 To the extent required by the Takeovers Code, where any condition requires a determination as to whether a matter is or could reasonably be expected to be material or not, is adverse or not, is normal or not, is onerous or not, is in the ordinary course of business or not, or is of a formal or technical (and not substantive) nature or not, before the condition may be invoked, such determination must be made by a suitably qualified expert nominated by the Offeror who is independent of, and not an associate of, the Offeror.

- 6.4 The conditions in paragraphs 5 and 6.1 are for the sole benefit of the Offeror and, accordingly, each such condition may be waived, in whole or in part, by the Offeror, and on such terms as it decides, in its sole discretion, other than the condition in paragraph 5.2 which cannot be waived (in whole or in part). Any waiver or consent given by the Offeror in respect of any matter or thing shall apply only in accordance with its terms and shall not constitute a consent or waiver in respect of any similar matter or thing.
- 6.5 Each condition set out in paragraphs 5 and 6.1 is a separate condition subsequent, and acceptance of the Offer by each Acceptor shall constitute a contract between that Acceptor and the Offeror subject to those conditions. The Offer will only proceed if all conditions in paragraphs 5 and 6.1 are satisfied or, to the extent permissible, waived.
- 6.6 The Offeror may not invoke a condition in paragraph 6.1 or otherwise cancel or withdraw this Offer to the extent that any event, matter, circumstance, condition or information was publicly announced by Turners, or otherwise was generally in the public arena, including being available on public register held by the following: New Zealand Companies Office, New Zealand Personal Property Register, Land Information New Zealand and the New Zealand High Court, prior to the Notice Date.
- 6.7 Immediately following all the conditions in paragraph 5 being satisfied in accordance with the terms of this Offer, then the Offeror will, subject to the conditions in paragraph 6.1 not having been invoked by the Offeror by that time:
- (a) declare the Offer unconditional in all respects; and
 - (b) provide written notice that the Offer is unconditional to Turners and the Takeovers Panel,

such declaration to be made, and notice given, no later than 10:00am on the day following the day on which all the conditions in paragraph 5 are satisfied in accordance with the terms of this Offer.

- 6.8 The Offeror may not allow the Offer to lapse:
- (a) in unreasonable reliance on a condition of the Offer; or
 - (b) in reliance on a condition of the Offer that restricts Turners' activities in the ordinary course of Turners' business during the period beginning on the Notice Date and ending on the Condition Date.

7 CHANGE IN CIRCUMSTANCES

- 7.1 If, on or after the Notice Date, Turners authorises, declares, makes, or pays any dividend or any distribution (within the meaning of the Companies Act 1993) of any nature whatsoever (including, for the avoidance of doubt, by way of share buyback, redemption or cancellation or any other form of capital reduction), other than the Interim Dividend or the Special Dividend, and:
- (a) the condition in paragraph 6.1(a) is waived by the Offeror;
 - (b) this Offer is unconditional; or
 - (c) this Offer becomes unconditional,

then, at the election of the Offeror (and subject to the terms of any waiver referred to in paragraph (a) above), each Acceptor will be bound to pay to the Offeror on demand the Distribution Amount, or the consideration which would otherwise have been paid to each Acceptor for their Shares shall be reduced by the Distribution Amount. For the purposes of this paragraph 7.1, *Distribution Amount* means the amount of any dividend or the value of any other distribution on shares transferred to the Offeror pursuant to this Offer (for the avoidance of doubt grossed up to include the amount of any withholding taxes deducted, if applicable) that is received by, or properly payable to, the Acceptor.

7.2 If, on or after the Notice Date, Turners authorises, declares, or makes any issue of shares, convertible securities or other securities of any nature (including options, rights or interests in its ordinary shares), by way of bonus issue and:

- (a) the condition in paragraph 6.1(b) is waived by the Offeror;
- (b) this Offer is unconditional; or
- (c) this Offer becomes unconditional,

then each Acceptor will, subject to the terms of any waiver referred to in paragraph (a) above, be bound to transfer any such shares, convertible securities, other securities or options, rights and interests issued in respect of those Shares for which they have accepted this Offer to the Offeror, without any additional consideration.

7.3 If, on or after the Notice Date, Turners makes any issue of ordinary shares to any person other than by way of bonus issue and:

- (a) the condition in paragraph 6.1(b) is waived by the Offeror;
- (b) this Offer is unconditional; or
- (c) this Offer becomes unconditional,

then this Offer will be deemed to be extended to and include such ordinary shares and the consideration payable for them will be as provided in paragraph 2.1.

7.4 If, on or after the Notice Date, all or any of the Shares are subdivided or consolidated by Turners, or the number of Shares is reduced other than by way of subdivision or consolidation by Turners, then:

- (a) this Offer will be interpreted to take into account that subdivision, consolidation or reduction and will be deemed to be for the Shares resulting from that subdivision, consolidation or reduction;
- (b) to the extent it has not already been adjusted under paragraph 7.1, the consideration per Share offered under this Offer will be increased or reduced, as the case may require, in proportion to that subdivision, consolidation or reduction; and
- (c) each Acceptor will be bound to transfer those Shares, as subdivided, consolidated or reduced, to the Offeror on the basis of the consideration so increased or reduced.

8 HOW TO ACCEPT THIS OFFER

8.1 To accept this Offer, you need only:

- (a) complete the relevant Acceptance Form in respect of Shares enclosed with this Offer in accordance with the instructions on the Acceptance Form; and
- (b) return the completed Acceptance Form by hand delivery, mail (in the reply-paid envelope provided), fax or email **AS SOON AS POSSIBLE** after receipt of this Offer, but in any event so that it is received by the Offeror no later than 11:59pm on the Closing Date, to:

Delivery:

Dorchester Turners Limited
C/- Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Auckland
New Zealand

Mail:

Dorchester Turners Limited
C/- Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand

Facsimile: +64 9 488 8787

Email: corporateactions@computershare.co.nz (Please put "Turners takeover acceptance" in the subject line for easy reference)

- (c) No acknowledgement of receipt of acceptances of this Offer will be issued. Any acceptance received by New Zealand Post, correctly stamped and addressed shall be deemed to be received by the Offeror.

8.2 The Offeror may, in its discretion, treat any Acceptance Form as valid notwithstanding that it is not accompanied by any relevant CSN/Holder Number, or that it does not otherwise comply with paragraph 8.1, or any instructions on the Acceptance Form, and may, in its discretion, rectify any errors in, or omissions from, any Acceptance Form to enable that form to constitute a valid acceptance of the Offer and to facilitate registration of the transfer of the relevant Shares. The Offeror may, in its discretion, allow for acceptance in any other manner it wishes.

8.3 Acceptance of this Offer by each Acceptor constitutes a contract between that Acceptor and the Offeror on the terms and subject to the conditions of this Offer and the Takeovers Code. Other than in the circumstances set out in paragraph 2.4, an Acceptor may not withdraw their acceptance, whether or not there has been any variation of this Offer. The Offeror and every Acceptor shall be released from their obligations under this Offer, and arising from acceptance of this Offer, if this Offer:

- (a) is withdrawn with the consent of the Takeovers Panel; or
- (b) lapses as a result of any condition in paragraph 5 or 6.1 not being satisfied or waived by the Condition Date, or if the Closing Date has been extended then the Condition Date in respect of the extended Closing Date.

9 **METHOD OF SETTLEMENT**

If:

- (a) this Offer is declared unconditional; and
- (b) an Acceptor's Acceptance Form is in order and is accompanied by the relevant CSN (or any error or omission from the Acceptance Form is rectified by the Offeror or the Offer is otherwise accepted by the Offeror under paragraph 8.2),

then either a cheque will be sent (by ordinary mail) or an electronic transfer will be made (at the election of the Acceptor) by the Offeror for the aggregate amount payable (calculated based on the consideration offered per Share as set out in paragraph 2.1) to the Acceptor, by the date specified in paragraph 2.4. If an Acceptor does not select a method of payment, or the details that it provides are not sufficient to effect an electronic transfer, then that Acceptor will be paid by cheque or by direct credit to the Acceptor's existing nominated account already held with Computershare Investor Services Limited.

10 **NOTICES**

10.1 Notices given to Turners and the Takeovers Panel:

- (a) declaring this Offer unconditional; or
- (b) advising that this Offer is withdrawn in accordance with the Takeovers Code; or
- (c) advising that a term or condition of this offer has been waived; or
- (d) advising that this Offer has lapsed in accordance with its terms or the Takeovers Code,

will, in each case, be deemed to be notice to all Turners' shareholders when so given.

10.2 Notice of any variation of this Offer will be sent to Turners and the Takeovers Panel and except where not required in accordance with the Takeovers Code, to each Turners shareholder under this Offer.

11 **FURTHER INFORMATION AND MISCELLANEOUS**

11.1 Further information relating to this Offer, as required by Schedule 1 to the Takeovers Code, is set out in Schedule A to this Offer and forms part of this Offer document.

11.2 In this Offer document:

- (a) any reference to the Takeovers Code means the New Zealand Takeovers Code in force at the relevant time;
- (b) except if expressly defined in this Offer document, or where the context requires otherwise, terms defined in the Takeovers Code have the same meaning in this Offer document;

- (c) references to dollars and \$ are references to New Zealand dollars and all amounts payable under this agreement are payable in New Zealand dollars;
 - (d) headings are for ease of reference only and will not affect the interpretation of this Offer document or any Acceptance Form;
 - (e) references to any statutory provision are to statutory provisions in force in New Zealand and include any statutory provision which amends or replaces it, and any by-law, regulation, order, statutory instrument, determination or subordinate legislation made under it;
 - (f) the singular includes the plural and vice versa; and
 - (g) unless otherwise specified, material and materiality will have their respective ordinary and customary meanings.
- 11.3 This Offer may be varied by the Offeror in accordance with Rule 27 of the Takeovers Code.
- 11.4 This Offer and any contract arising from it shall be governed by and construed in accordance with the laws of New Zealand, and the parties to any such contract submit to the non-exclusive jurisdiction of the Courts of New Zealand.
- 11.5 The provisions set out in the Acceptance Form are part of the terms of this Offer.
- 11.6 If there is an inconsistency between the terms and conditions of this Offer and the provisions of the Takeovers Act 1993 or the Takeovers Code, the provisions of the Takeovers Act 1993 or the Takeovers Code (as the case may be) will prevail.

SCHEDULE A: TAKEOVERS CODE INFORMATION

The information required by Schedule 1 to the Takeovers Code, and not stated elsewhere in this Offer document, is set out below. Where any information required by Schedule 1 is not applicable, no statement is made regarding that information. All of the following matters are stated as at the Notice Date.

1 DATE

This Offer is dated [] 2014.

2 THE OFFEROR AND ITS DIRECTORS

2.1 The name and address of the Offeror is:

Dorchester Turners Limited
Level 8
34 Shortland Street
Auckland, 1010
New Zealand

2.2 The directors of the Offeror are:

- (a) Paul Anthony Byrnes; and
- (b) John James Gosney.

3 TARGET COMPANY

The target company is Turners Group NZ Limited, company number 73426.

4 OWNERSHIP OF EQUITY SECURITIES OF TURNERS

4.1 The table below sets out the number, designation and percentage of shares held or controlled by:

- (a) the Offeror; and
- (b) any related company 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 the class, if within the knowledge of the Offeror.

Name	Description	Number of Shares held or controlled	Percentage of Shares
The Offeror	Legal holder and beneficial owner	5,433,088	19.847%
Dorchester Pacific Limited	As a person acting jointly or in concert with the Offeror, and as controller of the Offeror	11,133,759	40.671%
Bartel Holdings Limited	As a person acting jointly or in concert with the Offeror	5,700,671	20.824%
Michael Robert Dossor	Michael Robert Dossor is a director of Turners and has filed a substantial security holder notice stating that he has a relevant interest in 5% or more of the shares in Turners in his capacity as director of Bartel Holdings Limited	5,700,671	20.824%

Notes:

- (i) Dorchester Pacific Limited and Bartel Holdings Limited are parties to the lock-up agreement referred to in paragraph 6.1.
- (ii) Apart from the persons named in the table above, none of the other persons referred to in paragraph 4.1(a) to (d) hold or control equity securities in Turners.

5 TRADING IN TURNERS' EQUITY SECURITIES

During the 6 month period before the Notice Date the Offeror acquired 5,433,088 ordinary shares in Turners, by way of agreement with Dorchester Pacific Limited on 20 August 2014 for consideration of NZ\$3.00 per ordinary share.

6 AGREEMENTS TO ACCEPT OFFER

6.1 The following shareholder has entered into an agreement under which the shareholder has agreed to accept the Offer in respect of its holding of Shares.

Name	Number of Shares, as of the date of the Agreement	Date of Agreement
Bartel Holdings Limited	5,700,671 (representing 20.824% of the Shares on issue)	28 July 2014

6.2 The material terms of the agreements referred to above are:

- (a) the Offeror has agreed, subject to the satisfaction of certain conditions, to make the Offer;
- (b) Bartel Holdings Limited (the *Lock-up Party*) has agreed to accept the Offer in respect of its entire holding of Shares on or before the later of the date that is two business days after the date of despatch of the Offer;
- (c) the Lock-up Party may not sell or otherwise dispose of their shares, except so as to accept the Offer, unless the Offer terminates or lapses;
- (d) the Lock-up Party retains the right to exercise and/or control the exercise of all voting rights attached to their Shares until payment for the Shares has been recovered; and
- (e) Bartel has agreed to accept as payment for its shares in Turners a mix of 60% in Dorchester Shares and 40% in Bonds.

6.3 Except as set out above, there are no persons who have agreed conditionally or unconditionally to accept the Offer.

7 ARRANGEMENTS TO PAY CONSIDERATION

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

7.2 A statement setting out the rights of each Offeree under Rule 34 of the Takeovers Code, to withdraw acceptance for non-payment by the Offeror of the consideration, is set out in paragraph 2.4 of the terms and conditions of the Offer.

8 ARRANGEMENTS BETWEEN THE OFFEROR AND TURNERS

There is no agreement or arrangement (whether legally enforceable or not) made, or proposed to be made, between the Offeror or any associates of the Offeror, and Turners or any related company of Turners, in connection with, in anticipation of, or in response to, this Offer.

9 **ARRANGEMENTS BETWEEN THE OFFEROR AND DIRECTORS AND OFFICERS OF TURNERS**

There is no agreement or arrangement (whether legally enforceable or not) made, or proposed to be made, between the Offeror or any associates of the Offeror, and any of the directors or senior officers of Turners or of any related company of Turners in connection with, in anticipation of, or in response to, this Offer.

If the offer becomes unconditional, Dorchester intends to invite the current chairman of Turners to become a director of Dorchester.

10 **FINANCIAL ASSISTANCE**

No agreement or arrangement has been made, or proposed to be made, under which Turners or any related company of Turners will give (directly or indirectly) financial assistance for the purpose of, or in connection with, this Offer. It is, however, a condition of the Offer that Turners declares and pays the Special Dividend.

11 **LIKELIHOOD OF CHANGES IN TURNERS**

Strategic rationale

Dorchester's strategic rationale for the takeover of Turners is underpinned by:

- Confidence of continued growth of Turners' profit from current operations going forward; and
- Expected synergies arising to both its finance and insurance activities (as listed below).

Finance activities

Turners' current financier provides vehicle finance to Turners' customers that meet its specified loan acceptance criteria. There are opportunities for Dorchester's business to:

- Attach finance on non-standard and commercial vehicles (i.e. both currently not able to be financed under the criteria offered to Turners' customers by the current financier);
- Attach finance on plant and equipment and other general goods sold by Turners, for which Turners presently has no finance offering; and
- Offer finance facilities to Turners' dealer clients for vehicles sold outside Turners' auction or sale processes.

Further, Dorchester expects the demand for vehicles and general goods sold by Turners to increase as a result of greater breadth in its financing options to Turners' customers.

Insurance activities

Turners currently distributes mechanical breakdown insurance policies, payment waiver insurance policies and private motor vehicle insurance policies, with a distributor commission paid to Turners. The opportunities for Dorchester therefore include:

- Replacing Turners' current underwriter with Dorchester Insurance Group (which provide similar products) and offer more tailored insurance products;

- Leveraging Turners' database to distribute other Dorchester Insurance Group products and motor vehicle related insurance policies to past clients of Turners; and
- Increasing the penetration rate of motor vehicles sold with an insurance package attached (leveraging Dorchester Insurance Group expertise).

The Offer is conditional only on the Offeror obtaining majority control. In the event that the Offeror achieves majority control, but holds or controls less than 90% of Turners Shares, then it has no present intention to make any major change to the business activities, material assets or capital structure of the Turners group.

If the offer becomes unconditional, Dorchester intends to invite the current chairman of Turners to become a director of Dorchester.

If the Offeror holds or controls 90% or more of Turners shares, and becomes entitled to invoke the compulsory acquisition provisions of the Takeovers Code, it intends to compulsorily acquire any outstanding shares. Dorchester would also look to change the company name of Dorchester to reflect the expanded group.

The statements made under this clause are consistent with any information that has been given by the Offeror to any regulatory body (in New Zealand or in an overseas jurisdiction) in relation to the Offer.

12 **PRE-EMPTION CLAUSES IN TURNERS' CONSTITUTION**

As at the Notice Date, there are no restrictions on the right to transfer equity securities to which the Offer relates that:

- are contained in the constitution of Turners; and
- have the effect of requiring any shareholder to offer the securities for purchase to other Turners shareholders or to any other person before transferring the securities.

13 **ESCALATION CLAUSES**

As at the Notice Date, there are no agreements or arrangements (whether legally enforceable or not) under which:

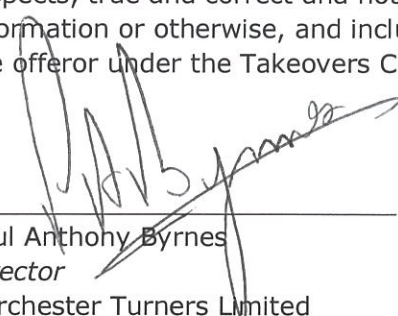
- any existing holder of equity securities in Turners will or may receive in relation to, or as a consequence of, this Offer any additional consideration or other benefit over and above the consideration set out in this Offer; or
- any prior holder of equity securities in Turners will or may receive any consideration or other benefit as a consequence of this Offer.

14 **CLASSES OF SECURITIES**

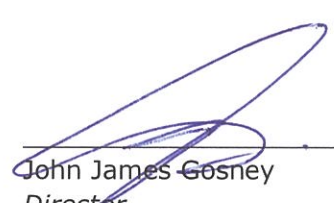
No report is required under Rule 22 of the Takeovers Code (which, if the offer is for more than 1 class of securities, requires a report by an independent adviser on the fairness and reasonableness of the consideration and terms of the offer as between different classes of securities).

15 **CERTIFICATE**

To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying the takeover notice 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.



Paul Anthony Byrnes
Director
Dorchester Turners Limited
and person fulfilling role of Chief Executive
Officer and Chief Financial Officer of Offeror



John James Gosney
Director
Dorchester Turners Limited