



Radius
PROPERTIES

TARGET COMPANY STATEMENT

18 January 2013

Radius Properties Limited
PO Box 691, Shortland Street, Auckland 1140

TARGET COMPANY STATEMENT
BY RADIUS PROPERTIES LIMITED

This target company statement by Radius Properties Limited ("**RPL**") is made pursuant to Rule 46 and Schedule 2 of the Takeovers Code in response to a partial takeover offer made by Montagu Investment Holdings Limited ("**Montagu**").

In this statement:

"**ACML**" means Ascot Capital Management Limited.

"**ACML Management Agreement**" means the management agreement dated 6 August 2010 between RPL and ACML.

"**ASB Facility**" means the Property Finance Extendible Term Committed Cash Advances Facility Agreement (Variable TFP) dated 9 December 2011 between ASB Bank Limited and RPL.

"**Companies Act**" means the Companies Act 1993.

"**Confidentiality Deed**" means the confidentiality deed dated 9 August 2012 between Montagu, RPL, ACML and Craig Priscott.

"**Hosel**" means Hosel Holdings Limited.

"**Hosel Shareholders' Deed**" means the shareholders' deed dated 12 July 2012 between David Glenn, Samford Maier, Sherry Maier, Maier Family Trustees Limited, Craig Priscott and Hosel.

"**Hosel Indemnity Deed**" means the deed relating to indemnity, access and insurance dated 11 October 2012 between Hosel and Craig Priscott.

"**Independent Adviser's Report**" means the report prepared by Grant Samuel & Associates Limited on the merits of the Offer for the purposes of Rule 21 of the Takeovers Code.

"**Montagu**" means Montagu Investment Holdings Limited.

"**Montagu Funding Documents**" has the meaning given to that term in paragraph 13.2(d).

"**Montagu Shareholders' Agreement**" means the shareholders' agreement dated 11 October 2012 between Hosel, Harald McPike and Montagu.

"**Montagu Indemnity Deed**" means the deed relating to indemnity, access and insurance dated 11 October 2012 between Montagu and Craig Priscott.

"**November Offer**" means the offer by Montagu to purchase shares in RPL set out in Montagu's letter to RPL shareholders dated 9 November 2012.

"**Offer**" means the takeover offer referred to in paragraph 2.1.

"**Offer Document**" means the offer document dated 5 January 2013 detailing the terms of the Offer sent by Montagu to RPL shareholders.

"**Radius Care Offer**" has the meaning given to that term in paragraph 16.2(g).

"**RPL**" means Radius Properties Limited.

"**Radius Care**" means Radius Residential Care Limited.

"**RPL Officer**" means a director or senior officer¹ of RPL, or an associate² of a director or senior officer of RPL.

1. DATE

1.1 This statement is dated 18 January 2013.

2. OFFER

2.1 This statement is given in response to the notice of a partial takeover offer ("**Offer**") for 37.508% of the fully paid ordinary shares of RPL not currently held or controlled by Montagu given on 24 December 2012 by Montagu. The terms of the Offer are set out in the offer document dated 5 January 2013 which has been sent to RPL shareholders by Montagu ("**Offer Document**").

3. TARGET COMPANY

3.1 The name of the target company is Radius Properties Limited.

4. DIRECTORS OF TARGET COMPANY

4.1 The directors of RPL are:

- (a) Samford Lee Maier Jr;
- (b) Sherry Maier; and
- (c) David Leonard Glenn.

5. OWNERSHIP OF EQUITY SECURITIES OF TARGET COMPANY

5.1 The only class of equity securities of RPL on issue is ordinary shares. The number and percentage of ordinary shares of RPL held or controlled by:

- (a) each RPL Officer; and
- (b) any other person holding or controlling 5% or more of the class, to the knowledge of RPL,

are set out in the table below.

¹ RPL has no employees and is managed by Ascot Capital Management Limited ("**ACML**"). David Glenn and Craig Priscott, employees of ACML, are treated as senior officers of RPL for the purposes of this target company statement.

² In light of the shareholding and funding arrangements concerning Montagu and Hosel Holdings Limited, each of the following entities are treated as associates of a director or senior officer of RPL for the purposes of this target company statement: ACML, Harbottle Holdings Limited, Hosel Holdings Limited, Maier Family Trustees Limited, Montagu, Harald McPike and QuantRes Finance Limited.

Name	Description	Number of securities	Percentage of class
Montagu Investment Holdings Limited	Associate of senior officers and directors of RPL, and person holding or controlling 5% or more of the class	4,716,000	19.99%
GT Nominees Limited	Person holding or controlling 5% or more of the class	4,618,439	19.58%
Investment Custodial Services Limited	Person holding or controlling 5% or more of the class	2,453,846	10.40%
Custodial Services Limited	Person holding or controlling 5% or more of the class	1,586,660	6.73%
Forsyth Barr Custodians Limited	Person holding or controlling 5% or more of the class	1,180,152	5.00%

- 5.2 Except as set out in the table above, no other person referred to in paragraphs 5.1(a) or (b) holds or controls ordinary shares of RPL.
- 5.3 No ordinary shares of RPL have been issued to RPL Officers during the two year period ending on the date of this statement.
- 5.4 No RPL Officers have, during the two year period ending on the date of this statement, obtained a beneficial interest in equity securities of RPL under any employee share scheme or other remuneration arrangement.

6. TRADING IN TARGET COMPANY EQUITY SECURITIES

- 6.1 As noted in paragraph 5.1 above, the only class of equity securities of RPL on issue is ordinary shares. Details of the acquisition or disposition of ordinary shares of RPL by RPL Officers, and any person (to the knowledge of RPL) holding or controlling 5% or more of the ordinary shares of RPL, during the six month period ending on 17 January 2013 (being the latest practicable date before the date of this statement) are set out in the tables below:

RECORD OF TRANSACTIONS BY RPL OFFICERS				
Name	Date of transaction	Number of equity securities	Acquisition or disposal	Consideration per security
Ascot Capital Management Limited (associate of senior officers and directors of RPL)	3 December 2012	2,000	Disposal	\$0.42

Montagu Investment Holdings Limited (associate of senior officers and directors of RPL)	30 November 2012	3,988,000	Acquisition	\$0.42
Montagu Investment Holdings Limited (associate of senior officers and directors of RPL)	3 December 2012	700,000	Acquisition	\$0.42
Montagu Investment Holdings Limited (associate of senior officers and directors of RPL)	13 December 2012	28,000	Acquisition	\$0.42

**RECORD OF TRANSACTIONS BY PERSONS (TO THE KNOWLEDGE OF RPL)
HOLDING OR CONTROLLING >5%**

Name	Date of transaction	Number of equity securities	Acquisition or disposal	Consideration per security
Forsyth Barr Custodians Limited	30 November 2012	2,656,000	Disposal	\$0.42
Investment Custodial Services Limited	30 November 2012	1,332,000	Disposal	\$0.42
Investment Custodial Services Limited	3 December 2012	14,000	Disposal	\$0.42

Montagu Investment Holdings Limited	30 November 2012	3,988,000	Acquisition	\$0.42
Montagu Investment Holdings Limited	3 December 2012	700,000	Acquisition	\$0.42
Montagu Investment Holdings Limited	13 December 2012	28,000	Acquisition	\$0.42

TOTAL EQUITY SECURITIES ACQUIRED OR DISPOSED OF		
Name	Acquisition or disposal	Total number of equity securities
Ascot Capital Management Limited	Disposal	2,000
Forsyth Barr Custodians Limited	Disposal	2,656,000
Investment Custodial Services Limited	Disposal	1,346,000
Montagu Investment Holdings Limited	Acquisition	4,716,000

6.2 Except as set out above, no RPL Officer, or person (to the knowledge of RPL) holding or controlling 5% or more of the ordinary shares of RPL, acquired or disposed of any ordinary shares in RPL in the period referred to in paragraph 6.1.

7. ACCEPTANCE OF OFFER

7.1 No RPL Officer holds or controls any ordinary shares in RPL which may be acquired pursuant to the Offer. Accordingly, the Offer will not result in acceptances from any RPL Officer.

8. OWNERSHIP OF EQUITY SECURITIES OF OFFEROR

8.1 Details of equity securities of Montagu held or controlled by RPL, its associates, and RPL Officers are set out in the table below:

Name	Description	Class of equity security	Number	Percentage of class
Hosel Holdings Limited	Associate of senior officers and directors of RPL	A-Class	5	100%
Harald McPike	Associate of senior officers and directors of RPL	B-Class	65	100%
Hosel Holdings Limited	Associate of senior officers and directors of RPL	C-Class	32	100%

8.2 The constitution of Montagu provides for several classes of shares to which varying rights attach. In particular, Montagu's constitution provides for A-Class, B-Class and C-Class shares. Each of these three classes of shares confer on holders the right to:

- (a) an equal share in dividends authorised by the board of Montagu;
- (b) an equal share in the distribution of the surplus assets of Montagu on liquidation; and
- (c) certain options (in the case of A-Class and C-Class shares), or an option (in the case of B-Class shares), specified in the shareholders' agreement referred to in Montagu's constitution.

8.3 However, the voting entitlements attached to the three classes of shares differ. Whereas A-Class and B-Class shares permit holders to one vote on a poll at a meeting of Montagu shareholders on any resolution, C-Class shares only permit holders to one vote on a poll at a meeting of Montagu shareholders on any resolution that affects the rights attaching to the C-Class shares.

8.4 Except as set out above, none of RPL, its associates, or any RPL Officer, hold or control any class of equity securities of Montagu.

9. TRADING IN EQUITY SECURITIES OF OFFEROR

9.1 Details of the acquisition and disposition of equity securities of Montagu by RPL, its associates, and RPL Officers during the six month period ending on 17 January 2013 (being the latest practicable date before the date of this statement) are set out in the table below.

Name	Description	Class of equity security	Number	Date of transaction	Disposal or acquisition	Consideration per equity security
Hosel Holdings Limited	Associate of senior officers and directors of RPL	A-Class	5	11 October 2012	Acquisition on incorporation	\$1.00
Harald McPike	Associate of senior officers and directors of RPL	B-Class	65	11 October 2012	Acquisition on incorporation	\$1.00
Hosel Holdings Limited	Associate of senior officers and directors of RPL	C-Class	32	11 October 2012	Acquisition on incorporation	\$1.00

9.2 Except as set out above, none of RPL, its associates, or any RPL Officer, have acquired or disposed of equity securities of Montagu during the six month period ending on 17 January 2013 (being the latest practicable date before the date of this statement).

10. ARRANGEMENTS BETWEEN OFFEROR AND TARGET COMPANY

Confidentiality Deed

10.1 As set out at paragraph 14 of the Offer Document, Montagu, RPL, ACML and Craig Priscott are parties to a Confidentiality Deed dated 9 August 2012 ("**Confidentiality Deed**"). ACML is the manager of RPL pursuant to a management agreement entered into between RPL and ACML dated 6 August 2010 ("**ACML Management Agreement**"). ACML is beneficially owned by interests associated with Craig Priscott and David Glenn. The sole director of ACML is David Glenn. Under the Confidentiality Deed each party agreed to keep information provided to each other in discussions concerning the possible acquisition by Montagu of shares in RPL from time to time confidential, subject to certain customary exceptions. Those discussions ultimately led to Montagu making the offer to purchase shares in RPL set out in Montagu's letter to RPL shareholders dated 9 November 2012 ("**November Offer**").

10.2 On 21 December 2012, the parties to the Confidentiality Deed agreed to amend the terms of the Confidentiality Deed to permit the disclosure of confidential information in making disclosures required for an offer under the Takeovers Code, subject to obtaining the prior written consent of the provider of the relevant information (which consent may not be unreasonably withheld). On the same day RPL consented to the disclosure of certain information in the Offer Document for the purpose of the Confidentiality Deed.

Waiver of right of termination under ACML Management Agreement

10.3 Under the ACML Management Agreement, ACML has the right to terminate the ACML Management Agreement by notice to RPL if a person which controlled RPL at the date

of the agreement (6 August 2010) ceases to control RPL, or a person which did not control RPL at that date comes to control RPL. If the Offer is successful, ACML would have been entitled to exercise its right to terminate the ACML Management Agreement under the provision described in this paragraph. On 21 December 2012, ACML waived its right to terminate arising as a result of a change of control of RPL under the Offer.

Registration of transfers even if not in multiples of 2,000 shares

- 10.4 As discussed in paragraph 11.1, the RPL board intends to permit the registration of transfers pursuant to the Offer that are not in multiples of 2,000 shares, notwithstanding that it is entitled to refuse such registration under RPL's constitution.
- 10.5 Except as set out in paragraphs 10.1 to 10.4, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Montagu or any associates of Montagu, and RPL or any related company of RPL, in connection with, in anticipation of, or in response to, the Offer.

11. RELATIONSHIP BETWEEN OFFEROR, AND DIRECTORS AND OFFICERS OF TARGET COMPANY

Registration of transfers even if not in multiples of 2,000 shares

- 11.1 RPL's constitution provides that shares can only be transferred in parcels of 2,000 shares and that the board of RPL is entitled to refuse to register a transfer if the transfer does not comply with that restriction. The offer process described in the Offer Document may result in those wishing to accept the Offer needing to transfer, and Montagu needing to take up, shares other than in multiples of 2,000 shares. The RPL board has advised Montagu that it considers that not applying the restriction in the context of a partial takeover would be in the best interests of RPL on the basis that it enables compliance with the Takeovers Code and supports shareholder participation in the offer. Accordingly, the board of RPL intends to permit the registration of transfers pursuant to the Offer that are not in multiples of 2,000 shares.

Disclosure of information under Confidentiality Deed

- 11.2 As set out in paragraphs 10.1 and 10.2, Montagu, RPL, ACML and Craig Priscott are parties to the Confidentiality Deed, in relation to which they have agreed to the disclosure of information the subject of the Confidentiality Deed in the documents required to be prepared under the Takeovers Code in respect of the Offer.

Waiver of right of termination under ACML Management Agreement

- 11.3 As set out in paragraph 10.3, on 21 December 2012 ACML waived the right it would have been entitled to exercise under the ACML Management Agreement to terminate that agreement if the Offer is successful.

Hosel Shareholders' Deed and Hosel Indemnity Deed

- 11.4 Craig Priscott formed a company called Hosel Holdings Limited ("**Hosel**") as the vehicle through which he, David Glenn and Maier Family Trustees Limited would hold their respective interests in the company that was formed to make the November Offer, i.e. Montagu. On 12 July 2012, David Glenn, Samford Maier, Sherry Maier, Maier Family Trustees Limited, Craig Priscott and Hosel entered into a shareholders' deed in relation to Hosel ("**Hosel Shareholders' Deed**"). Particulars of the Hosel Shareholders' Deed and an indemnity deed that was also entered into ("**Hosel Indemnity Deed**") are set out in the schedule to this target company statement.

- 11.5 The voting rights in Hosel are held 100% by Craig Priscott. The economic rights in Hosel (i.e. the rights to dividends and other distributions paid by Hosel) are held as to 47.3% by Craig Priscott, 47.3% by David Glenn, and 5.4% by Maier Family Trustees Limited (a related entity of Samford Maier and Sherry Maier). Craig Priscott is currently the sole director of Hosel. All of the shareholdings in Hosel were acquired on incorporation of Hosel, and the capital contributed by each shareholder is as follows:
- (a) Craig Priscott: \$35;
 - (b) David Glenn: \$35; and
 - (c) Maier Family Trustees Limited: \$4.

Montagu Shareholders' Agreement and Montagu Indemnity Deed

- 11.6 A shareholders' agreement in relation to Montagu was entered into on 11 October 2012 by Hosel, Harald McPike and Montagu ("**Montagu Shareholders' Agreement**"). In addition, an indemnity deed was entered into at the same time as those shareholding arrangements ("**Montagu Indemnity Deed**"). Particulars of the Montagu Shareholders' Agreement and the Montagu Indemnity Deed are also set out in the schedule to this target company statement.
- 11.7 In particular, pursuant to the Montagu Shareholders Agreement, during the initial term of the ACML Management Agreement (which expires in August 2017), Harald McPike must not (and must procure that certain associated persons do not) take any action which has the purpose, or has or is likely to have the effect, of terminating any management agreement which an entity which Craig Priscott and/or David Glenn has an interest in with RPL or a proportionate ownership scheme which RPL has an interest in, or reducing the benefit of any such agreement to the relevant Priscott/Glenn entity below the level of benefit then enjoyed by the Priscott/Glenn entity under the agreement. However, nothing in the provision described in this paragraph prevents any of those management agreements being terminated for material breach or insolvency on the part of the relevant Priscott/Glenn entity.
- 11.8 Except as set out in paragraphs 11.1 to 11.7, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Montagu or any associates of Montagu, and any of the directors or senior officers of RPL or any related company of RPL in connection with, in anticipation of, or in response to, the Offer.
- 11.9 Craig Priscott is both a senior officer of RPL and director of Montagu. No other directors or senior officers of RPL are also directors or senior officers of Montagu, or any related company of Montagu.

12. AGREEMENT BETWEEN TARGET COMPANY, AND DIRECTORS AND OFFICERS

- 12.1 Except as described in paragraph 10.3 (in relation to the waiver of the right of termination under the ACML Management Agreement), no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between RPL or any related company of RPL, and any of the RPL Officers or directors or senior officers (or their associates) of RPL's related companies, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Offer.

13. INTERESTS OF DIRECTORS AND OFFICERS OF TARGET COMPANY IN CONTRACTS OF OFFEROR OR RELATED COMPANY

13.1 Other than as set out in this paragraph 13, no RPL Officer has any interest in any contract to which Montagu, or any related company of Montagu, is a party.

13.2 Montagu is a party to the following contracts:

- (a) Confidentiality Deed;
- (b) Montagu Indemnity Deed;
- (c) Montagu Shareholders' Agreement; and
- (d) the following funding-related contracts ("**Montagu Funding Documents**"):
 - (i) a cash advance facility agreement with QuantRes Finance Limited and Harald McPike, under which Montagu can obtain funding for the acquisition of shares in RPL and undertaking certain incidental matters (which can be prepaid by Montagu at any time on 10 business days' notice), and interest is payable by Montagu to QuantRes Finance Limited on drawings at a specified interest rate;
 - (ii) a general security agreement with QuantRes Finance Limited, under which Montagu provides security for the payment by Montagu of moneys owing under the cash advance facility agreement; and
 - (iii) an escrow agreement with QuantRes Finance Limited and a New Zealand law firm, under which, for reasons of administrative convenience, funds drawn down under the cash advance facility agreement can be held in New Zealand by the law firm on trust prior to being needed by Montagu.

13.3 In respect of the contracts described at paragraph 13.2 above, details of interests in those contracts held by RPL Officers are as follows:

- (a) Craig Priscott and ACML are interested in the Confidentiality Deed as parties to that Deed. Maier Family Trustees Limited, David Glenn, Craig Priscott, Samford Lee Maier Jr, Sherry Maier, Hosel and Harald McPike are indirectly interested in the Confidentiality Deed through their direct and indirect shareholdings in Montagu. Further details of the Hosel and Montagu shareholders' direct and indirect interests in Montagu are set out in the summaries of the Hosel Shareholders' Deed and the Montagu Shareholders' Agreement included in the schedule to this target company statement.
- (b) Craig Priscott is interested in the Montagu Indemnity Deed as a party to that deed. Further details of Craig Priscott's interest in the Montagu Indemnity Deed are set out in the summary of that deed included in the schedule to this target company statement.
- (c) Harald McPike and Hosel are interested in the Montagu Shareholders' Agreement as parties to that agreement. Further details of Harald McPike and Hosel's interests in the Montagu Shareholders' Agreement are set out in the summary of that agreement included in the schedule to this target company statement. Maier Family Trustees Limited, David Glenn, Craig Priscott, Samford Lee Maier Jr and Sherry Maier are indirectly interested in the Montagu Shareholders' Agreement through their direct and indirect shareholdings in Hosel and as parties to the Hosel Shareholders' Deed. Further details of the

Hosel shareholders' interests in Hosel are set out in the summary of the Hosel Shareholders' Deed included in the schedule to this target company statement.

- (d) Maier Family Trustees Limited, David Glenn, Craig Priscott, Samford Lee Maier Jr, Sherry Maier, Hosel and Harald McPike are indirectly interested in the Montagu Funding Documents through their direct and indirect shareholdings in Montagu. Further details of those interests are set out in the summaries of the Hosel Shareholders' Deed and the Montagu Shareholders' Agreement included in the schedule to this target company statement. RPL is advised that Harald McPike is also interested in the Montagu Funding Documents through being a party to the cash advance facility agreement and having a financial interest in the cash advance facility agreement (the extent of which, RPL is advised, is unable to be determined due to various contingencies that it depends upon). RPL has been advised that the cash advance facility is sufficient to fund the aggregate purchase price of the shares in RPL the subject of the Offer and certain incidental matters (such as transaction costs). At the offer price of \$0.42 per share, and based on an offer for 7,079,162 shares, the cash advance facility is sufficient to provide Montagu with a minimum of \$2,973,248.

14. INTERESTS OF TARGET COMPANY'S SUBSTANTIAL SECURITY HOLDERS IN MATERIAL CONTRACTS OF OFFEROR OR RELATED COMPANY

- 14.1 Other than Montagu, there is no person who, to the knowledge of the directors or senior officers of RPL, holds or controls 5% or more of the ordinary shares of RPL and has an interest in any material contract to which Montagu, or any related company of Montagu, is a party.

15. ADDITIONAL INFORMATION

- 15.1 In the opinion of the directors of RPL, no additional information within the knowledge of RPL is required to make the information in Montagu's takeover offer document correct or not misleading.

16. RECOMMENDATION

- 16.1 Due to the fact that the directors of RPL have a minority, non-voting, interest in Montagu, and are therefore interested in the Offer, the directors of RPL do not believe it would be appropriate to make a recommendation as to whether shareholders should accept the Offer.

- 16.2 Despite not making a recommendation, the board of RPL would like to draw shareholders' attention to a number of matters that may be relevant to a decision as to whether the Offer is accepted:

- (a) The \$0.42 price per RPL share is 28% to 32% below the valuation range of \$0.58 – \$0.62 provided by Grant Samuel in the Independent Adviser's Report.
- (b) Montagu has signalled that if the Offer is successful it will review RPL's dividend policy, and may cease regular dividend payments. This may be a relevant factor for yield investors who rely on such payments. Additionally, Montagu has indicated that if the Offer is successful it may wish to have RPL undertake a significant equity raising. This may be of relevance to shareholders who are either unwilling or unable to commit further capital to RPL in the future. If this capital raising was to occur at a discount, then shareholders not participating would see their stake diluted and the value of their shareholding fall.

- (c) As at 18 January 2013, Montagu has received acceptances for 15.84% of the shares in RPL. This suggests that there may be strong interest from certain RPL shareholders to exit their shareholdings and that the Offer may be successful.
- (d) As discussed in the Independent Adviser's Report, RPL faces a number of organic challenges. Besides a lack of liquidity, RPL has a single tenant at all its properties. This tenant has threatened legal action against the company. All RPL's properties are highly specialised rest home and hospital facilities.
- (e) Despite these challenges, the aged care sector enjoys positive demographic and growth trends, recent industry consolidation has helped rationalise and improve prospects for the entire industry, and new aged care construction is very expensive relative to existing, well-run facilities.
- (f) As stated during the November Offer, the RPL board has no current intention of seeking further liquidity events, given that by the time this Offer closes shareholders will have had two recent opportunities to sell shares. Consequently, the board is uncertain when RPL shareholders may next have an opportunity to exit their investment.
- (g) RPL has very recently received an offer ("**Radius Care Offer**") for its investment assets. This is described in paragraphs 17.4 to 17.7. RPL will provide an update to RPL shareholders as concerns the Radius Care Offer, before the Offer closes. RPL shareholders may choose to not respond to the Offer until after the receipt of that update. However, at the present time, it is the view of the board of RPL that the Radius Care Offer is unlikely to be successful.

16.3 In summary, RPL is a small, unlisted company that lacks liquidity and access to capital for growth. While the RPL board makes no recommendation as a result of the interests of the directors in the Offer, it notes on the one hand, that the Offer price falls below the valuation range calculated by Grant Samuel as independent adviser. On the other hand, the Offer represents the sort of liquidity opportunity and potential for capital raising and growth that the RPL directors think should be considered carefully by each shareholder as a possible way forward for the company. As noted above, the board of RPL will update shareholders in relation to the Radius Care Offer.

16.4 It is for individual shareholders to form their own conclusions from reading the target company statement and the Independent Adviser's Report before acting upon the Offer. Shareholders should consult their financial adviser about the merits of the Offer.

17. ACTIONS OF TARGET COMPANY

17.1 RPL is party to the Property Finance Extendible Term Committed Cash Advances Facility Agreement (Variable TFP) with ASB Bank Limited dated 9 December 2011 ("**ASB Facility**"). It is an event of default under the ASB Facility if a change of control of RPL occurs without the prior written consent of ASB. Consequently, RPL has sought, and received, the written consent of ASB to the change of control contemplated by the Offer.

17.2 Except for the agreements or arrangements summarised in paragraphs 10, 11, 17.1 and the schedule to this target company statement, there are no material agreements or arrangements (whether legally enforceable or not) of RPL and its related companies entered into as a consequence of, in response to, or in connection with, the Offer.

- 17.3 Except as described in paragraphs 17.4 to 17.7, there are no negotiations underway as a consequence of, in response to, or in connection with, the Offer that relate to or could result in:
- (a) an extraordinary transaction, such as a merger, amalgamation or reorganisation, involving RPL or any of its related companies; or
 - (b) the acquisition or disposition of material assets by RPL or any of its related companies; or
 - (c) an acquisition of equity securities by, or of, RPL or any related company of RPL; or
 - (d) any material change in the equity securities on issue, or policy relating to distributions, of RPL.
- 17.4 On 16 January 2013, RPL received the Radius Care Offer from Radius Residential Care Limited ("**Radius Care**"). The key terms of the Radius Care Offer are:
- (a) It is not an offer to buy shares in RPL. It is an offer to acquire five properties of RPL, and to acquire the interests held by RPL in two proportionate ownership schemes.
 - (b) The purchase price is \$23,759,398 (plus any GST).
 - (c) The offer is conditional on full legal documentation being agreed for the acquisitions, on the board of directors of Radius Care approving the terms and conditions of funding for the acquisitions, and on necessary RPL shareholder consents.
- 17.5 Although the Radius Care Offer was only received a few days prior to the finalisation of this statement, RPL has completed a preliminary analysis of the issues involved. This process has included an initial meeting with Radius Care and RPL received further correspondence from Radius Care addressing certain questions raised by RPL.
- 17.6 The RPL board's key initial comments on the Radius Care Offer are as follows:
- (a) The purchase price is approximately 16% less than the aggregate of the 31 March 2012 valuations by CBRE of the relevant RPL assets.
 - (b) If such a sale were undertaken, RPL would receive the purchase price. The purchase price would not be paid directly to RPL shareholders. RPL may need to liquidate in order to release these funds to shareholders (although this process, and the implications of it, would require detailed assessment). This would take some time, and there would be professional adviser and other costs required to be met.
 - (c) However, if RPL were liquidated following the completion of such a sale, Grant Samuel has calculated that proceeds of approximately \$0.59 would be distributed per RPL share, less any tax payable by RPL during the liquidation process (if any). This can be compared to the \$0.42 price per RPL share offered by Montagu, and to the valuation range of \$0.58 to \$0.62 provided in the Independent Adviser's Report.
 - (d) For RPL to complete the sale, it would require approval of a special resolution of RPL shareholders (being 75% of the votes cast at a meeting of shareholders). Currently, Montagu holds 19.99% of RPL shares. If Montagu voted against a special resolution to sell the assets (if one were put to

shareholders), then assuming that no other shareholder other than Montagu voted against the sale to Radius Care, at least 14,148,001 shares out of the 18,873,741 shares remaining would be required to vote in favour of the resolution (with no other votes being cast against) for it to succeed. Montagu has advised RPL that, at this juncture, it will not support a sale of RPL's assets to Radius Care on the terms proposed. This will make it difficult (although not impossible) to pass a special resolution to approve the Radius Care Offer. If the Offer is successful, Montagu will hold approximately 50% of RPL shares, meaning that a special resolution will not pass without Montagu support. However, shareholders should note that even if they have accepted the Offer, until the Offer becomes unconditional, they would be entitled to vote their shares at a meeting considering the Radius Care Offer.

- (e) Montagu has also advised RPL that, at this juncture, it will not accept any share offer for its current 19.99% stake from Radius Care. In any event, Radius Care has advised that a share transaction has no attraction to it.
- (f) The board of RPL has previously considered whether a complete sale of its assets and the winding up of RPL is in the best interests of its shareholders. It did not consider so, and remains of that view. In respect of the Radius Care Offer, this is particularly the case, as it considers the purchase price to be inadequate.

17.7 RPL will continue to engage with Radius Care on the Radius Care Offer. However, at the present time, it is the view of the board of RPL that the Radius Care Offer is unlikely to be successful.

18. EQUITY SECURITIES OF TARGET COMPANY

18.1 RPL has 23,589,740 ordinary shares, which are the only class of equity securities of RPL. Unless otherwise provided by the terms of issue or by the constitution of RPL, each ordinary share confers upon the holder the right to:

- (a) cast one vote by voice or on a show of hands, or to cast one vote per share on a poll, at a meeting of shareholders on any resolution;
- (b) an equal share in dividends authorised by the board of RPL; and
- (c) an equal share in the distribution of the surplus assets of RPL on liquidation.

18.2 The constitution of RPL also permits the board of RPL to authorise other distributions in a manner which is consistent with the Companies Act 1993 ("**Companies Act**").

18.3 The above is a general summary of the rights conferred on holders of RPL's ordinary shares in relation to capital, distributions and voting. The full terms and conditions in respect of such rights are contained in RPL's constitution which can be accessed on the Companies Office website at <http://www.business.govt.nz/companies/>.

19. FINANCIAL INFORMATION

19.1 Each person to whom the Offer is made is entitled to obtain from RPL a copy of the most recent annual report of RPL (being the annual report for the year ended 31 March 2012) from RPL's website at <http://www.radiusprop.co.nz>, or by making a request to:

David Glenn
Radius Properties Limited
PO Box 691
Shortland Street
Auckland 1140
New Zealand

OR

david@ascotcapital.co.nz.

19.2 Except as recorded in paragraphs 19.3 and 19.4:

- (a) there have been no known material changes to the financial or trading position, or prospects, of RPL since the annual report for the year ended 31 March 2012; and
- (b) there is no other information, other than as set out elsewhere in this statement, or in the annual report referred to in paragraph 19.1, or in the Independent Adviser's Report, about the assets, liabilities, profitability, and financial affairs of RPL that could reasonably be expected to be material to the making of a decision by shareholders to accept or reject the Offer.

19.3 Pursuant to a sale and purchase agreement dated 13 July 2012, RPL sold Seaview Retirement Home for a sale price of \$1.3 million.

19.4 RPL repaid \$2.601 million of borrowings to ASB Bank Limited in the period to the end of 30 November 2012 (which amount included the proceeds of the settlement of the sale of Seaview Retirement Home).

20. INDEPENDENT ADVICE ON MERITS OF THE OFFER

20.1 Grant Samuel & Associates Limited is the independent adviser which has provided the independent adviser's report ("**Independent Adviser's Report**"). A copy of the full report accompanies this target company statement.

20.2 The Independent Adviser's Report includes:

- (a) a statement of the qualifications and expertise of Grant Samuel & Associates Limited; and
- (b) a statement that Grant Samuel & Associates Limited has no conflict of interest that could affect its ability to provide an unbiased report.

21. ASSET VALUATION

21.1 The Independent Adviser's Report includes Grant Samuel & Associates Limited's valuation of RPL, and discloses the basis of computation and the key assumptions on which the valuation is based.

21.2 The Independent Adviser's Report records that Grant Samuel & Associates Limited relied upon 31 March 2012 valuations undertaken by CBRE. The Independent Adviser's

Report includes a summary of the basis of computation and key assumptions of those valuations. Copies of the CBRE valuations are available for inspection by RPL shareholders at the following address:

David Glenn
Ascot Capital Management Limited
c/o Bio-Strategy Limited
22 William Pickering Drive
Albany
Auckland

- 21.3 Copies of the CBRE valuations may also be obtained by RPL shareholders by making a request to David Glenn at the address set out in paragraph 19.1 above.

22. PROSPECTIVE FINANCIAL INFORMATION

- 22.1 None of the information provided in this statement refers to prospective financial information. The Independent Adviser's Report refers to RPL's forecast for its financial year ending 31 March 2013. The principal assumptions on which that forecast is based are set out in that report.

23. SALES OF UNQUOTED EQUITY SECURITIES UNDER OFFER

- 23.1 To RPL's knowledge, in the 12 month period ending on 17 January 2013 (being the latest practicable date before the date on which this statement is sent by RPL) 4,716,000 ordinary shares of RPL were disposed of, in all cases under the November Offer, for consideration of \$0.42 per share.

24. OTHER INFORMATION

- 24.1 The directors of RPL consider, except as set out in the annual report referred to in paragraph 19.1 or in the Independent Adviser's Report, that there is no other information not required to be disclosed elsewhere in this statement that could reasonably be expected to be material to the making of a decision by RPL shareholders to accept or reject the Offer.

25. APPROVAL OF TARGET COMPANY STATEMENT

- 25.1 The contents of this statement have been approved by the board of directors of RPL.

26. CERTIFICATE

- 26.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement 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 RPL under the Takeovers Code.

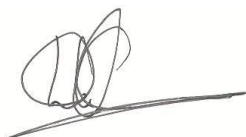
SIGNATURES



Samford Lee Maier Jr.
Chairman



Sherry Maier
Director



David Glenn
Director (Person with Craig Priscott fulfilling roles of Chief Executive Officer and Chief Financial Officer)



Craig Priscott
(Person with David Glenn fulfilling roles of Chief Executive Officer and Chief Financial Officer)

SCHEDULE

AGREEMENTS REFERRED TO IN PARAGRAPHS 11.4 AND 11.6

Hosel Shareholders' Deed

On 12 July 2012, David Glenn, Samford Maier, Sherry Maier, Maier Family Trustees Limited, Craig Priscott and Hosel entered into a shareholders' deed in relation to Hosel ("**Hosel Shareholders' Deed**"). The voting rights in Hosel are held 100% by Craig Priscott. The economic rights in Hosel (i.e. the rights to dividends and other distributions paid by Hosel) are held as to 47.3% by Craig Priscott, 47.3% by David Glenn, and 5.4% by Maier Family Trustees Limited (a related entity of Samford Maier and Sherry Maier). Craig Priscott is currently the sole director of Hosel.

Set out below is a summary of the key terms of the Hosel Shareholders' Deed (as supplemented by certain provisions of Hosel's constitution).

- Hosel is not permitted to engage in any activities other than acquiring or subscribing for shares in Montagu and certain incidental activities.
- The minimum number of directors is one. There is no maximum number of directors. Directors can only be appointed and removed by the holder of the shares currently held by Craig Priscott.
- Subject to any restrictions set out in the Hosel Shareholders' Deed, Hosel's constitution and applicable law, the board will have complete discretion as to the operation of the company including in determining the terms on which the company subscribes for shares in Montagu and the way in which any voting rights conferred by the shares in Montagu are exercised.
- Hosel's distribution policy will be determined by the board, giving due regard to the shareholders' expectation that any surplus funds after the retention of such amounts as in the board's opinion may be prudent to retain to fund Hosel's ongoing requirements will be distributed to the shareholders.
- No shareholder will be required to provide any funding to Hosel, or to give any guarantee or security in relation to any funding that may be required by Hosel.
- The shareholders have pre-emptive rights over further issues of shares by the board and over transfers of shares. The effect of these rights is that new shares proposed to be issued by the board must first be offered to the existing shareholders, and any shareholder wishing to transfer their shares must first offer them to the other shareholders. The shareholders also have tag along rights and drag along rights which, in certain circumstances, enable a shareholder to participate in a sale by the other shareholders of their shares, and enable shareholders to force the other shareholder to also sell their shares where those shareholders wish to sell their shares.
- The board can exercise the power conferred by the Companies Act to authorise certain payments and other benefits in favour of directors. Hosel can indemnify its directors and arrange insurance for its directors in accordance with the Companies Act.

- The shareholders may not, and must procure that their associated persons do not, acquire any shares in RPL without first obtaining Hosel's approval. If Montagu offers to purchase shares in RPL held by a shareholder or any of its associated persons, the shareholder must accept, and must procure that its associated persons accept, the offer.
- The parties acknowledge that the terms on which Hosel will hold shares in Montagu will include provisions requiring that where a shareholder in Montagu is to sell its shares in Montagu to the other shareholder, the seller will be required to confirm to the buyer whether the seller is aware of any material matter relating to Montagu and/or RPL that has been withheld from the buyer or which the seller is aware the buyer is not aware of (with any liability under the provision being capped at an amount equal to the consideration received by the seller from the buyer). Where Hosel is the seller, the parties (other than Hosel) severally guarantee the due and punctual payment of any amount found by a Court of competent jurisdiction to be payable by Hosel to the other shareholder in Montagu in connection with the confirmation referred to in this paragraph.

Hosel Deed Relating to Indemnity, Access and Insurance

On 11 October 2012, Hosel and Craig Priscott entered into a deed relating to indemnity, access and insurance, under which Hosel agrees to indemnify, and arrange insurance for, Craig Priscott in accordance with the Companies Act, and provide Craig Priscott with certain access rights in respect of board documents.

Montagu Shareholders' Agreement

On 11 October 2012, Hosel, Harald McPike and Montagu entered into a shareholders' agreement in relation to Montagu ("**Montagu Shareholders' Agreement**"). The voting rights in Montagu are held as to 7.1% by Hosel and 92.9% by Harald McPike. The economic rights in Montagu (i.e. the rights to dividends and other distributions paid by Montagu) are held as to 36.3% by Hosel and as to 63.7% by Harald McPike. Craig Priscott is currently the sole director of Montagu (having been appointed by Harald McPike).

Set out below is a summary of the key terms of the Montagu Shareholders' Agreement (as supplemented by certain provisions of Montagu's constitution).

- Montagu is not permitted to engage in any activities other than acquiring or subscribing for shares in RPL and certain incidental activities.
- The minimum number of directors is one. There is no maximum number of directors. Hosel is entitled to appoint and remove one director. Harald McPike is entitled to appoint and remove up to two directors.
- Subject to any restrictions set out in the Montagu Shareholders' Agreement, Montagu's constitution and applicable law, the board will have complete discretion as to the operation of the company including in determining the terms on which the company subscribes for shares in RPL and the way in which any voting rights conferred by the shares in RPL are exercised. Certain important matters require the approval of both shareholders (such as the sale of any shares in RPL held by Montagu).
- Montagu's distribution policy will be determined by the board, giving due regard to the shareholders' expectation that any surplus funds after the retention of such amounts as in the board's opinion may be prudent to retain to fund Montagu's ongoing requirements will be distributed to the shareholders.
- Except as provided for in a loan facility which Montagu has, no shareholder will be required to provide any funding to Montagu, or to give any guarantee or security in

relation to any funding that may be required by Montagu (The loan facility requires the shareholders to provide their shares in Montagu as security for the repayment by Montagu of any moneys owing under the loan facility).

- The shareholders have pre-emptive rights over further issues of shares by the board and over transfers of shares. The effect of these rights is that new shares proposed to be issued by the board must first be offered to the existing shareholders, and a shareholder wishing to transfer their shares must first offer them to the other shareholder. Neither shareholder can dispose of any share in Montagu prior to the date 30 months after the date on which Montagu acquires its first share in RPL (which occurred on 30 November 2012).
- On any sale of shares from one shareholder to another, the seller must confirm to the buyer whether it is aware of any material matter relating to Montagu and/or RPL that has been withheld from the buyer or which the seller is aware the buyer is not aware of (with any liability under the provision being capped at an amount equal to the consideration received by the seller from the buyer). Where Hosel is the seller, the guarantee described above under “Hosel Shareholders’ Deed” is to be provided.
- Hosel has a call option over the shares in Montagu held by Harald McPike under which it may require Harald McPike to sell those shares to Hosel. Hosel also has a put option under which it may require Harald McPike to purchase Hosel’s shares in Montagu. Harald McPike has a call option over the shares in Montagu held by Hosel under which he may require Hosel to sell those shares to him. These options can be exercised at any time after the date which is 30 months after the date on which Montagu purchases its first share in RPL (which occurred on 30 November 2012). The price at which the shares in Montagu are sold and purchased on the exercise of an option is calculated in accordance with a methodology prescribed by the Montagu Shareholders’ Agreement.
- The board can exercise the power conferred by the Companies Act to authorise certain payments and other benefits in favour of directors. Montagu can indemnify its directors and arrange insurance for its directors in accordance with the Companies Act.
- The Montagu Shareholders’ Agreement contains provisions dealing with shares in RPL equivalent to the provisions in the Hosel Shareholders’ Deed described above under “Hosel Shareholders’ Deed”.
- During the initial term of the ACML Management Agreement (which expires in August 2017), Harald McPike must not (and must procure that certain associated persons do not) take any action which has the purpose, or has or is likely to have the effect, of terminating any management agreement which an entity which Craig Priscott and/or David Glenn has an interest in has with RPL or a proportionate ownership scheme which RPL has an interest in, or reducing the benefit of any such agreement to the relevant Priscott/Glenn entity below the level of benefit then enjoyed by the Priscott/Glenn entity under the agreement. However, nothing in the provision described in this paragraph prevents any of those management agreements being terminated for material breach or insolvency on the part of the relevant Priscott/Glenn entity.

Montagu Deed Relating to Indemnity, Access and Insurance

On 11 October 2012, Montagu and Craig Priscott entered into a deed relating to indemnity, access and insurance, under which Montagu agrees to indemnify, and arrange insurance for, Craig Priscott in accordance with the Companies Act, and provide Craig Priscott with certain access rights in respect of board documents.