

Redcape Property Fund

SCHEME BOOKLET

Redcape Property Fund Limited ABN 44 124 753 733

The Trust Company (RE Services) Limited ABN 45 003 278
831 as responsible entity for Redcape Property Trust ARSN
125 526 016.

For a recommended proposal from the Consortium to
acquire, via a Share Scheme and a Trust Scheme, all of
your Securities in Redcape Property Fund, being stapled
securities in:

- Redcape Property Fund Limited ABN 44 124 753 733
- Redcape Property Trust ARSN 125 526 016.

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding whether or not to vote in favour of the Share Scheme and the Trust Scheme and, if necessary, consult your legal, investment or other professional adviser.

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE RESOLUTIONS TO APPROVE THE SHARE SCHEME AND TRUST SCHEME, IN THE ABSENCE OF A SUPERIOR PROPOSAL.

If, after reading this Scheme Booklet, you have any questions about the Share Scheme or the Trust Scheme, please call the Securityholder information line on 1300 553 874 (within Australia) or + 61 3 9415 4318 (outside Australia) Monday to Friday between 9am and 7pm (Sydney time).

If you have recently sold all of your stapled securities in Redcape Property Fund, please disregard this document.

Corporate Directory

Redcape Property Fund Limited ABN 44 124 753 733

Ground Floor, 312 St Kilda Road, Melbourne, Vic 3004

The Trust Company (RE Services) Limited ABN 45 003 278 831

as responsible entity for the Redcape Property Trust

Level 15, 20 Bond Street, Sydney NSW 2000

Legal Adviser

Minter Ellison

88 Phillip Street, Sydney NSW 2000

Independent Expert

PricewaterhouseCoopers Securities Ltd

201 Sussex Street, Sydney NSW 2000

Financial Advisor

ANZ Corporate Advisory,

(the corporate advisory division of Australia and New Zealand Banking Group Limited)

Level 17, 20 Martin Place, Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited

117 Victoria Street, West End QLD 4101

Summary

Overview of this Scheme Booklet

- This Scheme Booklet has been sent to you to help you understand the terms of the proposal from Consortium to acquire all the Securities in Redcape via Schemes of arrangement and to recapitalise Redcape (the **Proposal**).
- Since the Proposal is subject to Securityholder approval, this Scheme Booklet includes information relevant to Securityholders' decision whether to vote in favour of the Resolutions required to approve the Proposal, as well as other information that by law, Redcape must give Securityholders concerning the Proposal.
- Securityholders on the Register at 1pm (Sydney time) on 28 March 2012 are entitled to vote on whether Consortium will acquire all of the Securities.

Background - why should you vote in favour of the Proposal ?

- to avoid enforcement action by Secured Lenders

- On 11 October 2011, Redcape advised Securityholders that an event of default under the Redcape Finance Documents had occurred as a result of the appointment of receivers and administrators to National Leisure & Gaming Limited (a major tenant of Redcape). This event of default, together with other Events of Default, are subsisting and cannot be remedied and, subject to the terms of the Redcape Finance Documents, entitle the Secured Lenders to accelerate the repayment of all outstanding loan monies, enforce repayment of the same and also charge penalty interest on the outstanding monies.
- Should the Securityholders vote in favour of the Proposal, the Consortium's recapitalisation of Redcape will avoid enforcement action by the Secured Lenders as they will be paid a sum in full and final satisfaction of monies owed to them.

What happens if the Schemes do not proceed?

- If the Proposal is not implemented, the Secured Lenders will likely accelerate the repayment of their debt and take enforcement action, such as appointment of receivers to the assets and undertaking of Redcape to conduct a sale of Redcape's assets in order to recover all monies owed to the Secured Lenders, being approximately \$745million (as at 31 December 2011). In relation to the Security value under this scenario, we refer you to page 6 of the Independent Expert's Report in Schedule 1.

Limited Waivers for the Schemes

- In order to facilitate implementation of the Proposal, the Secured Lenders have agreed to forebear from taking any action against Redcape in relation to the Events of Default for a period in order to implement the Proposal.

What is the Proposal for Redcape Securityholders?

- The Proposal involves the payment of \$4.2 million in total to Redcape's Securityholders for the transfer to Consortium of all of their Security holdings (being 2.59 cents per Security) via a Share Scheme and Trust Scheme. In respect of each Security held by a Scheme Participant on the Record Date, \$0.0259 cash will be allocated as follows:
 - (a) \$0.0001 for one Share; and
 - (b) \$0.0258 for one Unit.
- Details on the Scheme Consideration are outlined in section 3.2 of this Scheme Booklet.

Ancillary transactions	<ul style="list-style-type: none"> • Separately, upon implementation of the Schemes, the Consortium has agreed to recapitalise Redcape. Specifically, on Implementation Date, Consortium BidTrust will: <ul style="list-style-type: none"> (a) purchase all of the Senior Debt and Junior Debt that it does not hold (Debt Purchase Transactions) and then forgive and compromise a portion of the: <ul style="list-style-type: none"> (i) Junior Debt and convert the residual Junior Debt into Units in the Trust; and (ii) Senior Debt and then convert a portion of the Senior Debt into Units in the Trust and cause the remaining Senior Debt to be refinanced with the Refinancing Facility; and (b) subscribe for additional Units in the Trust for cash contributions, <p style="margin-left: 40px;">which will result in a total subscription for units in the Trust at a price of \$0.0259 per Unit for a total amount of \$234,767,930 (Recapitalisation Consideration).</p> <p>After the Implementation Date (and after the Securities have been de-stapled), Redcape will be de-listed from the ASX.</p> <p>It should be noted that the Debt Purchase Transactions are conditional agreements reached between the Secured Lenders and Consortium BidTrust which are conditional on, among other things, the Schemes being implemented.</p> <p>In these circumstances, the relevant Secured Lenders have agreed to sell to the Consortium BidTrust all Senior or Junior Debt they hold for an amount which is less than the full face value of the Senior Debt or Junior Debt being transferred.</p>
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What do the Directors and Independent Expert recommend?	<ul style="list-style-type: none"> • Your Directors unanimously recommend that you vote in favour of the Resolutions to approve the Proposal, in the absence of a superior proposal. • Since the announcement of the Proposal, Redcape has not received and does not currently expect to receive a superior proposal from any other party. • Your Directors intend to vote in favour of the Resolutions to approve the Schemes in respect of the Securities they own or control, in the absence of a superior proposal
\$NIL per Security for: going concern, orderly sale, receivership	<ul style="list-style-type: none"> • The Independent Expert's Report is included at Schedule 1 of this Scheme Booklet for your consideration. The Independent Expert has concluded that: <ul style="list-style-type: none"> ○ <i>'the acquisition of Securities by Consortium under the Schemes is fair and reasonable and in the best interests of Securityholders'</i>. • In relation to the Security value of Redcape as a going concern or Redcape conducting an orderly realisation of assets or a capital raising (which is unlikely given the Events of Default) or in receivership, we refer you to the summary on pages 4 to 7 and section 6 of the Independent Expert's Report in Schedule 1.

Table of contents

Chairman's letter	6
Important notices	11
1. Important dates and times	13
2. Overview of the Schemes	14
3. Key features of the Schemes	30
4. Profile of Redcape	38
5. Risk Factors	48
6. Information from Consortium	51
7. Taxation Implications for Securityholders	58
8. Implementation procedure	60
9. Additional Information regarding Redcape	65
10. Glossary of defined terms	70
Schedule 1 – Independent Expert's Report	80
Schedule 2 – Summary of Implementation Agreement for Schemes and Recapitalisation	81
Schedule 3 – Deed Poll	87
Schedule 4 – Share Scheme of Arrangement	88
Schedule 5 – Supplemental Deed (Unit Scheme of Arrangement)	89
Schedule 6 – Subscription Agreement	90
Schedule 7 - Deed of Accession	91
Schedule 8 - Notice of Share Scheme Meeting	92
Schedule 9 – Notice of Trust Scheme Meeting	95

Chairman's letter

24 February 2012

Dear Securityholder

On 23 December 2011, Redcape Property Fund (**Redcape**) announced that it had signed an Implementation Agreement for Schemes and Recapitalisation with the Consortium in relation to an offer by the Consortium to acquire all of the stapled securities in Redcape and subscribe for equity in order to recapitalise Redcape, the details of which are highlighted below and set out in this Scheme Booklet.

The Scheme Consideration and recapitalisation

Scheme Consideration payable to Securityholders:

Under the Implementation Agreement for Schemes and Recapitalisation and as part of the implementation of the Proposal, the Consortium will acquire all of the existing issued Redcape Securities at a price of \$0.0259 per stapled Security.

If the Schemes become effective, Securityholders on the Register as at 7pm on 13 April 2012 (**Scheme Record Date**) will be paid the Scheme Consideration by Consortium of \$0.0259 cash per stapled Security.

Ancillary Transactions:

Separately, upon implementation of the Schemes, the Consortium has agreed to recapitalise Redcape. Specifically:

- the Consortium will purchase all of the Senior Debt and Junior Debt that it does not hold (at a discount to the face value of such debt) and, following this purchase, will convert a portion of this newly acquired debt to Units in the Trust and refinance the remaining portion with the Refinancing Facility; and
- the Consortium will contribute additional cash consideration to the Trust in return for a further subscription of Units in Redcape Trust (which will, together with the conversion the debt referred to above, result in a subscription for Units in the Trust at a price of \$0.0259 per Unit for a maximum amount of \$234,767,930 in order to recapitalise Redcape).

Your Directors' recommendation

Your Directors unanimously recommend that Securityholders vote in favour of the Resolutions to approve the Schemes in the absence of a superior proposal because they consider that the Proposal represents the only available opportunity for Securityholders to realise some value for their investments in Redcape.

Since the announcement of the Proposal on 31 October 2011, Redcape has not received and does not currently expect to receive a superior proposal from any other party.

Also, as previously announced to the ASX, Redcape's Secured Lenders have notified Redcape of certain events of default under Redcape's Finance Documents. These events of default are subsisting and cannot be remedied and, subject to the terms of the Redcape Finance Documents, entitle the Secured Lenders to accelerate the repayment of all outstanding loan monies, enforce repayment of the same and charge interest at penalty rates. The Secured Lenders have agreed to forebear from taking any action against Redcape in relation to the Events of Default for the period required to implement the Schemes

Independent Expert

An Independent Expert, PricewaterhouseCoopers Securities Ltd, was appointed by Redcape to assess the merits of the Schemes on behalf of Securityholders.

The Independent Expert has concluded that:

'the acquisition of Securities by Consortium under the Schemes is fair and reasonable and in the best interests of Securityholders'.

The Independent Expert's Report has been included in full in Schedule 1 of this Scheme Booklet. Securityholders are encouraged to read the entire Independent Expert's Report.

Events of Default

On 11 October 2011, Redcape advised Securityholders that an event of default under the Redcape Finance Documents had occurred as a result of the appointment of receivers and administrators to National Leisure & Gaming Limited (a major tenant of Redcape). This event of default is subsisting, not able to be remedied and subject to the terms of the Redcape Finance Documents, entitles the Secured Lenders to accelerate the repayment of all outstanding loan monies, take recovery action and charge interest at penalty rates.

Should the Securityholders vote in favour of the Schemes, the Consortium's recapitalisation of Redcape will relieve Redcape from any enforcement action by the Secured Lenders to recover monies owed to them.

However, if the Schemes are not implemented, the Secured Lenders will likely accelerate the repayment of their debt and take enforcement action, such as appointment of a receiver to the assets and undertaking of Redcape. The purpose of this action will be to conduct a sale of Redcape's assets to recover all monies owed to the Secured Lenders, being approximately \$745million (as at 31 December 2011).

In view of the uncertainties associated with realisable values from the sale of pub assets under a receivership, the time it will take to realise the assets together with the requirement for all Secured Lenders to be repaid in full and thereafter unsecured creditors, and the costs associated with realising the assets, there is significant doubt whether following this course will generate any return for Securityholders.

Scheme Meetings and payment date

The Proposal is to be implemented by way of inter-conditional schemes of arrangement (a share scheme and a trust scheme), which must be approved by the Court and by the requisite majorities of Securityholders at the Scheme Meetings which will be held on 30 March 2012 commencing at 12 noon. The Schemes are also subject to FIRB approval and no objection from ASIC.

If the Schemes are approved, the Scheme Consideration will be sent to you on or about 20 April 2012 and Consortium will acquire all of the Securities.

Your vote is important

In order for the Schemes to proceed, the requisite majority of Securityholders must vote in favour of all the resolutions to approve the Schemes.

I encourage you to consider the information in this Scheme Booklet carefully and, if required, to seek your own legal, investment, taxation or other professional advice before making a decision. Full details of the advantages and disadvantages of the Proposal are detailed in sections 2.2, 3.5 and 3.6 of the Scheme Booklet.

If you have any questions regarding the Scheme Booklet, please call the Securityholder information line on 1300 553 874 (within Australia) or + 61 3 9415 4318 (outside Australia) Monday to Friday between 9am and 7pm (Sydney time).

Your Directors intend to vote their Securities in favour of the Schemes, which is in accordance with their unanimous recommendation to Securityholders.

If you are unable to attend the Scheme Meetings, you can vote by completing and returning the attached Proxy Form in accordance with the instructions set out in the Proxy Form.

Yours faithfully



Colin Henson
Executive Chairman
Redcape Property Fund

LETTER FROM THE RESPONSIBLE ENTITY

24 February 2012

Dear Unitholder,

On behalf of the Director's of The Trust Company (RE Services) Limited, the responsible entity of the Redcape Property Trust (**Company**), I am pleased to present the Proposal in this Scheme Booklet for your consideration as a Unitholder of the Trust in relation to the Trust Scheme.

The Proposal will result in the Consortium acquiring all of the existing stapled Securities of Redcape in return for Securityholders receiving Scheme Consideration of \$0.0259 cash per stapled Security from the Consortium. This Proposal has presented Redcape with an opportunity for its Securityholders to receive a payment of \$4.2 million from the Consortium for the transfer to the Consortium of all of their Securityholdings (being 2.59 cents per stapled Security) and to avoid enforcement action by the Secured Lenders.

In addition, as an ancillary transaction, upon completion the Consortium will subscribe for additional Units in the Trust for the purpose of recapitalising Redcape and refinancing Redcape's total debt.

The Company considers that the Proposal is in the best interests of Unitholders and recommends that Unitholders vote in favour of the Resolutions to be considered at the Trust Scheme Meeting in the absence of a superior proposal because the Proposal represents the only available opportunity for Securityholders to realise some value for their investments in Redcape given the subsisting Events of Default.

If the Schemes are not implemented, the Secured Lenders will likely accelerate the repayment of their debt and take enforcement action, such as appointment of a receiver to the assets and undertaking of Redcape. In view of the uncertainties associated with realisable values from the sale of pub assets under a receivership together with the requirement for all Secured Lenders to be repaid in full prior to unsecured creditors and the costs associated with realising the assets, there is significant doubt whether following this course will generate any return for Securityholders.

An Independent Expert, PricewaterhouseCoopers Securities Ltd, was engaged to consider whether the Proposal is fair and reasonable and in the best interest of Securityholders. The Independent Expert has concluded that the acquisition of the Securities by the Consortium is fair and reasonable and in the best interests of Securityholders.

The Independent Expert's Report is set out in Schedule 1 to this Scheme Booklet. You should read this entire report before making a decision on how to vote on the Resolutions.

Full details of the advantages and disadvantages of the Proposal are detailed in sections 2.2, 3.5 and 3.6 of the Scheme Booklet. I encourage you to consider this Scheme Booklet carefully before making a decision.

Yours sincerely,

John Atkin
Director
The Trust Company (RE Services) Limited
as Responsible Entity for Redcape Property Trust

Important notices

Defined Terms

Capitalised terms used in this Scheme Booklet are defined in the Glossary in section 10. All references to time are Sydney time.

Currency

Unless otherwise specified, a reference to 'A\$', '\$' or 'dollar' is to Australian currency.

This Scheme Booklet

This Scheme Booklet, including its schedules, is the explanatory statement required to be sent to Securityholders, in relation to the Schemes under Part 5.1 and Part 6.2 of the Corporations Act.

The purpose of the Scheme Booklet is to:

- (a) explain the terms of the Schemes to Securityholders;
- (b) explain the process by which the Schemes will be considered and, if approved, implemented;
- (c) state any material interests of the Redcape Directors, whether as directors, members or creditors of Redcape or otherwise, and the effect on those interests of the Schemes as far as that effect is different from the effect on similar interests of other persons; and
- (d) provide such other information known to the Redcape Directors as is prescribed by law or is otherwise material to the making of a decision by Securityholders whether to vote in favour of the Resolutions to approve the Schemes.

You should read this Scheme Booklet in its entirety before making a decision as to how to vote on the Resolutions to be considered at the Scheme Meetings and, if necessary, consult your legal, investment or other professional adviser.

Responsibility for information

Except as outlined below, the information contained in this Scheme Booklet has been provided by Redcape. For the avoidance of doubt, the term '**Redcape**' refers to The Trust Company (RE Services) Limited ABN 45 003 278 831 as responsible entity for the Redcape Property Trust (**Company**) and Redcape Property Fund Limited ABN 44 124 753 733 (**RPF**) and its subsidiaries.

Furthermore, any references to '**Redcape Board**' or '**Redcape Directors**' means the board of directors of the Company and RPF, as constituted from time to time.

The glossary of defined terms is set out in section 10 of this Scheme Booklet. Except as outlined below, none of Consortium, nor any of their respective directors, employees, officers or advisers assume any responsibility for the accuracy or completeness of any such information.

Consortium has provided and is responsible for information contained in section 6 of this Scheme Booklet (collectively the **Consortium Information**). Neither Redcape nor any of its directors, officers or advisers assume any responsibility for the accuracy or completeness of the Consortium Information.

The Independent Expert, PricewaterhouseCoopers Securities Ltd, has provided and is responsible for the information contained in Schedule 1 of this Scheme Booklet. None of Redcape, Consortium, nor any of their respective directors, officers or advisers assume any responsibility for the accuracy or completeness of the information contained in Schedule 1. The Independent Expert does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in Schedule 1.

Investment Decisions

This Scheme Booklet does not constitute financial product advice and has been prepared without reference to the investment objectives, financial situation or particular needs of any Securityholder or any other person. This Scheme Booklet should not be relied on as the sole basis for any investment decision in relation to Securities. Independent financial and taxation advice should be sought before making any investment decision in relation to your Securities and how to vote at the Scheme Meetings.

ASIC and ASX involvement

A copy of this Scheme Booklet (including the Independent Expert's Report) has been provided to ASIC for the purpose of section 411(2) of the Corporations Act and lodged with, and registered for the purposes of section 412(6) of the Corporations Act by, ASIC. ASIC has been requested to provide a statement in accordance with section 411(17)(b) of the Corporations Act that ASIC has no objection to the Share Scheme. If ASIC provides that statement, then it will be produced to the Court on the Second Court Date. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet will be lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

Court involvement

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SUBSECTION 411(1) OF CORPORATIONS ACT 2001 (Cth)

The fact that under subsection 411(1) of the *Corporations Act 2001* (Cth) the Court has ordered that a meeting be convened and has approved this Scheme

Booklet required to accompany the Notices of Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Schemes or as to how Securityholders should vote (on this matter Securityholders must reach their own decision); or
- has prepared, or is responsible for the content of, this Scheme Booklet.

Disclosure regarding forward looking statements

This Scheme Booklet contains both historical and forward-looking statements in connection with Redcape and Consortium.

The forward-looking statements in this Scheme Booklet are not based on historical facts, but rather reflect the current expectations of Redcape or, in relation to the Consortium Information, Consortium, concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as 'believe', 'aim', 'expect', 'anticipated', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimated', 'potential', or other similar words and phrases. Similarly, statements that describe Redcape's and Consortium's objectives, plans, goals or expectations are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause Redcape's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. Deviations as to future results, performance and achievements are both normal and to be expected. Securityholders should review carefully all of the information, including the financial information, included in this Scheme Booklet. The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet. Neither Redcape nor Consortium or any of the directors of these entities makes or gives any representation, assurance or guarantee to Securityholders that any forward-looking statements will actually occur or be achieved and Securityholders are cautioned not to place undue reliance on such forward-looking statements.

Subject to any continuing obligations under law or the ASX Listing Rules, Redcape and Consortium disclaim any obligation or undertaking to disseminate, after the date of this Scheme Booklet, any updates or revisions to

any forward-looking statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based other than to comply with legal obligations or the ASX Listing Rules.

Privacy and personal information

Redcape will need to collect personal information to implement the Schemes. The personal information may include the names, contact details and details of holdings of Securityholders, plus contact details of individuals appointed by Securityholders as proxies, corporate representatives or attorneys at the Scheme Meetings. The collection of some of this information is required or authorised by the Corporations Act. Securityholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and can contact Redcape's Registry if they wish to access their personal information.

The information may be disclosed to print and mail service providers, and to Redcape and Consortium and their respective advisers to the extent necessary to effect the Schemes. If the information outlined above is not collected, Redcape may be hindered in, or prevented from, conducting the Scheme Meetings or implementing the Schemes effectively or at all. Securityholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meetings should inform that individual of the matters outlined above.

It is noted that all persons are entitled, under section 173 of the Corporations Act, to inspect and copy the Register. The Register contains personal information about Securityholders.

Notice to persons outside Australia

This Scheme Booklet and the Schemes are subject to Australian disclosure requirements, which may be different from the requirements applicable in other jurisdictions. The financial information included in this document is based on financial statements that have been prepared in accordance with Australian equivalents to International Financial Reporting Standards, which may differ from generally accepted accounting principles in other jurisdictions.

1. Important dates and times

Date	Event
24 February 2012	Date of this Scheme Booklet.
28 March 2012 at 1pm (Sydney time)	Latest date and time for lodgement of proxies for Scheme Meetings: Please read the instructions in relation to the completion of proxies set out in this Scheme Booklet and on the proxy form. If you do not lodge a proxy by this date and wish to vote on the Resolutions, you will need to attend the Scheme Meetings and vote in person.
28 March 2012 at 1pm (Sydney time)	Date and time for determining eligibility to vote at the Scheme Meetings: If you are registered as a Securityholder at 1pm (Sydney time) on 28 March 2012, you will be entitled to attend the Scheme Meetings and vote on the Resolutions that must be passed in order to allow the Schemes to be implemented.
30 March 2012 at 12 noon	Scheme Meetings: The Scheme Meetings will be held at Gateway Theatre, Ground Floor, 312 St Kilda Road, Melbourne, Victoria, 3004. The Share Scheme Meeting commences at 12 noon on 30 March 2012 and the Trust Scheme Meeting will be held immediately thereafter. Suspension of trading: Redcape will apply for suspension of trading in Securities on the ASX at the close of trading on 30 March 2012 if the Schemes are approved by Securityholders at the Scheme Meetings.
3 April 2012	Court hearing for approval of Share Scheme and Second Judicial Advice: Provided that all the Resolutions have been approved by the requisite majorities of Securityholders, the Second Court Hearing is expected to take place on 3 April 2012 at which the Court will consider whether to approve the Share Scheme and give the Second Judicial Advice.
4 April 2012	Effective Date: This is the date of lodgement with ASIC of the Court orders approving the Share Scheme and the modified constitution of the Trust. On this date the Schemes will come into effect and be binding on those Securityholders registered in the Register on the Scheme Record Date.
13 April 2012 at 7pm	Scheme Record Date: All Securityholders who hold Securities at this time (Scheme Participants) will be entitled to be paid the Scheme Consideration of \$0.0259 per Security.
20 April 2012	Implementation Date: All Scheme Participants will be sent the Scheme Consideration to which they are entitled on, or shortly after, this date.

Unless otherwise stated, all times referred to in this Scheme Booklet are Sydney time. All dates following the date of the Scheme Meetings are indicative only and are subject to the Court approval process, FIRB approval, no objection from ASIC and the satisfaction or, where applicable, waiver of the conditions precedent to the implementation of the Schemes (see section 3.7). The orders of the Court are proposed to be lodged with ASIC and ASX on the next Business Day after the approval of the Schemes by the Court. It is currently anticipated that this will occur on 4 April 2012. However, if the court orders are lodged with ASIC and ASX after 4 April 2012 then the dates of subsequent events in the indicative timetable above will also change. Any changes to the above timetable will be announced to ASX and notified on Redcape's website at www.redcape.com.au

2. Overview of the Schemes

2.1 Scheme Highlights

Your Directors' recommendation	<p>Your Directors unanimously recommend that Securityholders vote in favour of all the Resolutions to approve the Schemes, in the absence of a superior proposal.</p> <p>The Directors intend to vote in favour of the Resolutions to approve the Schemes in respect of the Securities they own or control, in the absence of a superior proposal</p> <p>Since announcement of the Proposal on 31 October 2011, no superior proposal with the support of Redcape's Secured Lenders has emerged or is likely.</p> <p>See section 3.3(a) of this Scheme Booklet for more information.</p>
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Total cash Scheme Consideration	<ul style="list-style-type: none"> • If the Schemes become Effective, Securityholders registered on the Register as at 7pm on 13 April 2012 (Scheme Record Date) will be paid the Scheme Consideration under the Schemes of \$0.0259 cash per stapled Security from the Consortium which will be allocated as follows: <ul style="list-style-type: none"> \$0.0001 for one Share; and \$0.0258 for one Unit. • The Proposal values 100% of the issued Securities at approximately \$4.2 million.
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Ancillary obligations:	<p>In addition, on implementation of the Schemes, the Consortium has an obligation to recapitalise Redcape. Specifically:</p> <ul style="list-style-type: none"> • the Consortium BidTrust will purchase all of the Senior Debt and Junior Debt that it does not hold (Debt Purchase Transactions) and following the purchase will forgive and compromise a portion of the: <ul style="list-style-type: none"> ○ Junior Debt and convert the residual Junior Debt to Units in the Redcape Trust; and ○ Senior Debt and then convert a portion of the Senior Debt to Units in the Redcape Trust and refinance the remaining Senior Debt with the Refinancing Facility; and • the Consortium will subscribe for additional Units in the Trust for cash contributions. <p>Both of these will result in the Consortium subscribing for Units in the Trust at a price of \$0.0259 per Unit for a total amount of \$234,767,930.</p> <p>The Debt Purchase Transactions are conditional agreements reached between the Secured Lenders and Consortium BidTrust which are conditional on, among other things, the Schemes being approved by Securityholders.</p> <p>In these circumstances, the relevant Secured Lenders have agreed to sell to the Consortium BidTrust all Senior or Junior Debt they hold for an amount which is less than the full face value of the Senior Debt or Junior Debt being transferred.</p>
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Independent Expert's conclusion	<p>The Independent Expert has concluded that <i>'the acquisition of Securities by Consortium under the Schemes is fair and reasonable and in the best interests of Securityholders'</i>.</p> <p>The complete Independent Expert's Report on the Schemes is set out at Schedule 1 of this Scheme Booklet. Securityholders are encouraged to read the entire Independent Expert's Report.</p>
No transfer costs	<p>No brokerage or stamp duty will be payable on the sale of your Securities pursuant to the Schemes.</p>
Subsisting Events of Default	<p>Events of Default under the Facility Agreements are subsisting and not able to be remedied and, subject to the terms of the Redcape Finance Documents, entitle the Secured Lenders to accelerate the repayment of all outstanding loan monies, enforce repayment of the same and charge interest at penalty rates. The Secured lenders have provided a waiver against enforcement action for the duration of the Schemes.</p>
Consequences if the Schemes do not proceed	<p>If the Schemes are not implemented, the Secured Lenders will likely accelerate the repayment of their debt and take enforcement action, such as appointment of a receiver to the assets and undertaking of Redcape and conduct a sale of Redcape's assets to recover all monies owed to the Secured Lenders, being approximately \$745million (as at 31 December 2011). In this situation, there are significant doubts as to whether any return will be available to Securityholders. The Independent Expert has attributed a \$nil value per Security in such scenario.</p> <p>In relation to the Security value under this scenario, we refer you to pages 4- 6 of the Independent Expert's Report in Schedule 1. Securityholders are encouraged to read the entire Independent Expert's Report.</p>

2.2 ADVANTAGES AND DISADVANTAGES of proceeding with these Schemes including reasons to vote in favour of or against the Resolutions to approve the Schemes

YOU SHOULD READ THIS SCHEME BOOKLET IN FULL BEFORE DECIDING HOW TO VOTE. IN PARTICULAR, YOU SHOULD REFER TO SECTIONS 3.5 AND 3.6 FOR GUIDANCE ON SOME OF THE KEY CONSIDERATIONS RELEVANT TO YOUR DECISION.

This Scheme Booklet does not take into account the financial situation, investment objectives or particular needs of any Securityholder. You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

ADVANTAGES OF PROCEEDING WITH THE SCHEMES including reasons you may choose to vote IN FAVOUR of the Resolutions to approve the Schemes

✓ Directors unanimously recommend the proposal

Your Directors believe the Proposal is an opportunity for you to realise some value from your Redcape Securities and unanimously recommend that you vote in favour of the Resolutions to approve the Schemes, in the absence of a superior proposal. Since the announcement of the Proposal on 31 October 2011, no alternative proposal or superior proposal has emerged nor is any expected

✓ Independent Expert views the proposal as fair and reasonable and in the best interests of Securityholders

The Independent Expert has concluded that *'the acquisition of Securities by Consortium under the Schemes is fair and reasonable and in the best interests of Securityholder's.*

The complete Independent Expert's Report on the Schemes is set out at Schedule 1 of this Scheme Booklet. Securityholders are encouraged to read the entire Independent Expert's Report.

✓ A cash return to Securityholders

The Schemes provide a certain cash return to Securityholders which will be superior to any alternative scenario (see paragraph below).

✓ Redcape as a going concern is not a viable option

Maintaining the status quo of Redcape is not considered a viable option for the business given the Events of Default.

In this regard we note that the existing levels of interest charges are not sustainable as interest expense will further increase due to the additional 2% penalty interest payable as a result of the Events of Default and with penalty interest, and other charges it is likely that Redcape's Net Asset position will show a deficit by 31 March 2012.

In relation to the Security value of Redcape as a going concern or Redcape conducting an orderly realisation of assets or a capital raising (which is unlikely given the Events of Default) or in receivership, we refer you to the summary on pages 4 to 7 and section 6 of the Independent Expert's Report in Schedule 1. Securityholders are encouraged to read the entire Independent Expert's Report.

✓ **Events of Default are subsisting - Avoid Receivership**

Should the Securityholders vote in favour of the Schemes, the Consortium's recapitalisation of Redcape will result in the debt owed to Secured Lenders being discharged, which in turn will avoid enforcement action being taken by the Secured Lenders.

As there are subsisting Events of Default, if the Schemes are NOT implemented, the Secured Lenders will likely accelerate the repayment of their debt, take enforcement action (eg appoint receivers to Redcape) to recover the repayment of all monies owed to Secured Lenders, which totals approximately \$745million (as at 31 December 2011) and charge interest at penalty rates. Whilst demand for payment of the penalty interest has not as yet been made by the Secured Lenders, the Secured Lenders have reserved their rights. If the SIA is terminated or the Schemes do not proceed, the Secured Lenders are entitled to charge penalty interest from the date of any breach of the Facility Agreements and are expected to do so. In relation to the Security value under this scenario, we refer you to page 6 of the Independent Expert's Report in Schedule 1. Securityholders are encouraged to read the entire Independent Expert's Report.

✓ **No brokerage or stamp duty**

No brokerage or stamp duty will be payable by you on the transfer of your Securities pursuant to the Schemes.

DISADVANTAGES OF PROCEEDING WITH THE SCHEMES including reasons why you may choose NOT TO VOTE in favour of the Resolutions to approve the Schemes

✗ **You may disagree with the Independent Expert**

You may disagree with the opinion of the Independent Expert and the unanimous recommendation of the Directors and believe that the Schemes are not in the best interests of Securityholders.

✗ **You may wish to maintain your interest in Redcape**

You may wish to maintain your interest in Redcape and see what action the Secured Lenders take in relation to the subsisting Events of Default under the Redcape Finance Documents.

✗ **You may consider that you will receive a superior return in receivership**

You may consider that you will receive a superior return in a receivership involving a sale of all the assets and undertaking of Redcape if enforcement action is taken by the Secured Lenders to recover their outstanding debt of approximately \$745million (as at 31 December 2011) and thereafter, the payment of unsecured creditors and the costs associated with realising the assets. In relation to the Security value under this scenario, we refer you to page 6 of the Independent Expert's Report in Schedule 1. Securityholders are encouraged to read the entire Independent Expert's Report.

✗ **Superior proposal**

You may consider that there is still potential for a superior proposal to be made to Redcape notwithstanding the subsisting the Events of Default. In this regard, the refer you to section 2.3 below.

✗ **Taxation**

The tax consequences or implications of transferring your Securities may not be suitable for your financial position.

Please note that even if you abstain or vote against the Schemes, your Securities will be transferred pursuant to the Schemes if the Schemes are approved by the requisite majorities of Securityholders and by the Court.

2.3 Background of Prior Proposals

You should be aware that Redcape has explored various options to deliver a superior proposal to Securityholders but has not, for various reasons, secured a superior transaction from a third party, nor is one likely to be proposed to Redcape in the current circumstances given the prevailing Events of Default.

In order to refinance Redcape's bank loan facilities in June 2010, Redcape was required to accept highly restrictive terms from the Secured Lenders, including high interest rate margins which made it very difficult for Redcape to attract new equity capital investors.

Notwithstanding this, Redcape engaged in a lengthy strategic review of various options and proposed transactions during the course of 2010 and 2011 for the purpose of recapitalising Redcape as its debt facilities are due for repayment on 31 October 2012.

In order to reduce the level of its debt, Redcape continued to sell pubs throughout 2010 and 2011. However, in February 2011 Redcape held discussions with the Laundry Hotel Group in regard to a possible sale of 20 pubs which are leased to its major tenant, National Leisure & Gaming Limited (NLG). Ultimately this proposed sale did not proceed given the emergence of an alternative proposal to recapitalise Redcape.

The Senior Lenders advised Redcape that were not able to properly consider whether to provide consent for the Laundry Hotel Group transaction until further information was provided regarding the Laundry transaction including the details of any alternative proposals presented to Redcape and the view of the Redcape Board on those matters.

At that time, the exclusivity period for the Laundry transaction had expired and as Redcape had become aware of an alternative proposal from the Consortium to recapitalise Redcape, it was incumbent on Redcape to also investigate the terms of that proposal in order to act in the best interests of all Securityholders. During this period in May 2011, the Consortium Lenders had acquired 38.7% of Redcape's Senior Debt.

The transaction proposed by the Laundry Hotel Group involved the acquisition of 20 freehold properties owned by Redcape and leased to NLG for a consideration of \$249 million. In contrast, the book value of those 20 NLG properties was collectively \$262 million. Importantly, the Laundry transaction was conditional upon Laundry Hotel Group successfully executing a separate transaction to acquire the corresponding businesses from NLG which were conducted on those 20 properties. The terms of the transaction had not been finalised.

During the negotiations with the Laundry Hotel Group, the Redcape Directors had not as yet decided whether this transaction would improve Redcape's financial position. In particular, the Redcape Directors were aware that the Laundry transaction would have a severe negative impact on Redcape's cash flow as the 20 NLG pubs are Redcape's highest yielding pubs. The rent foregone in the transaction, by virtue of the sale of those pubs to Laundry would have been in excess of the interest saved on the debt reduction (ie the consideration received would have been applied to reduce debt). In order for the Laundry transaction to improve Redcape's financial position, Redcape requested the Secured Lenders to amend the terms of the Facility Agreements to avoid breaches of financial covenants which would have arisen as a result of the Laundry transaction and to provide a mechanism to enable Redcape to continue its operations with sufficient cash.

As Redcape was unable to conclude the transaction with the Laundry Hotel Group and was presented with an alternative transaction from the Consortium, Redcape held discussions with the Consortium with regard to a recapitalisation of Redcape which culminated with the parties entering into an implementation agreement for schemes and recapitalisation on 18 August 2011.

However this agreement was terminated on 29 August 2011 by Redcape because a condition precedent was not satisfied (namely, the junior lenders had not agreed by 24 August 2011 to accept a specific sum in full satisfaction of their Junior Debt on completion).

During September 2011, Redcape negotiated the terms of an implementation agreement for schemes of arrangement and recapitalisation with a consortium led by BW + Partners Pty Ltd. This agreement was not concluded as this consortium could not reach agreed terms with its lending syndicate and subsequently withdrew from negotiations with Redcape.

Thereafter, the Consortium expressed interest in resuming negotiations with Redcape, the result of which was the execution of the Implementation Agreement for Schemes and Recapitalisation on 23 December 2011, the broad terms of which were previously announced to ASX by Redcape on 31 October 2011.

Given the prevailing Events of Default, the Redcape Directors do not consider that any superior proposal is likely to arise. Furthermore, the Redcape Directors have not been presented with any alternative proposal since the termination of negotiations with the consortium led by BW Partners Pty Ltd, other than the Proposal from the Consortium to implement the Schemes as set out in this Scheme Booklet.

Maintaining the status quo of Redcape is not considered a viable option for the business given the Events of Default. In this regard we note that the existing levels of interest charges are not sustainable as interest expense will further increase due to the additional 2% penalty interest payable as a result of the Events of Default and with penalty interest, and other charges it is likely that Redcape's Net Asset position will show a deficit by 31 March 2012.

If the Schemes are not implemented, the Secured Lenders will likely accelerate the repayment of their debt and take enforcement action, such as appointment of a receiver to the assets and undertaking of Redcape in order to conduct a sale of Redcape's assets to recover all monies owed to the Secured Lenders, being approximately \$745million (as at 31 December 2011).

In view of the uncertainties associated with realisable values from the sale of pub assets under a receivership, the time it will take to realise the assets together with the requirement for all Secured Lenders to be repaid in full and thereafter unsecured creditors, and the costs associated with realising the assets, there is significant doubt whether following this course will generate any return for Securityholders.

In relation to the Security value of Redcape as a going concern or Redcape conducting an orderly realisation of assets or a capital raising (which is unlikely given the Events of Default) or in receivership, we refer you to the summary on pages 4 to 7 and section 6 of the Independent Expert's Report in Schedule 1. Securityholders are encouraged to read the entire Independent Expert's Report.

2.4 How to vote

(a) Your vote is important

All Securityholders on the Register at 1pm on 28 March 2012 are entitled to vote at the Scheme Meetings to be held to approve the Schemes.

In order for the Schemes to proceed, all Resolutions must be approved by the requisite majorities of Securityholders. If any of the Resolutions are not passed by the requisite majorities, the Schemes will not proceed.

For this reason, your Directors unanimously recommend that you vote in favour of all Resolutions to approve the Schemes, in the absence of a superior proposal. If you are unable to attend the Scheme Meetings, your Directors urge you to complete and return, in the enclosed reply-paid envelope, the proxy form that accompanies this Scheme Booklet.

(b) Location of Scheme Meetings

The Scheme Meetings are to be held at:

Location: Gateway Theatre, Ground Floor, 312 St Kilda Road, Melbourne, Victoria, 3004

Date: 30 March 2012

Time: 12 noon. The Share Scheme Meeting will begin at this time, followed by the Trust Scheme Meeting immediately afterwards.

The Notices of Meetings for the Schemes are set out in Schedule 8 and Schedule 9 of this Scheme Booklet. There are personalised proxy forms enclosed with this Scheme Booklet for each of the Scheme Meetings.

(c) The Resolutions

Section 3.7 provides details of the Resolutions and the requisite voting majorities that are required for the Schemes to be approved.

(d) Voting in person, by attorney or corporate representative

If you wish to vote in person, you must attend the Scheme Meetings.

If you cannot attend the Scheme Meetings, you may vote by proxy, attorney or if you are a body corporate, by appointing a corporate representative.

Attorneys who plan to attend the Scheme Meetings should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the Scheme Meetings.

A body corporate which is a Securityholder may appoint an individual to act as its corporate representative. The appointment must comply with the requirements of sections 250D and 253B of the Corporations Act. The representative should bring to the Scheme Meetings evidence of his or her appointment, including any authority under which it is signed.

(e) Voting by proxy

If you wish to appoint a proxy to attend and vote at the Scheme Meetings on your behalf, please complete and sign the personalised proxy form accompanying this Scheme Booklet in accordance with the instructions set out on the proxy form.

You may complete the proxy form in favour of the Chairman of the Scheme Meetings or appoint up to two proxies to attend and vote on your behalf at the Scheme Meetings. If two proxies are appointed, and the appointment does not specify the proportion or number of the Securityholder's vote, each proxy may exercise half of the votes. If a

proxy appointment is signed by or validly authenticated by the Securityholder but does not name the proxy or proxies in whose favour it is given, the Chairman of the meetings will act as proxy.

THE PROXY FORM SHOULD BE COMPLETED AND RETURNED IN ACCORDANCE WITH THE INSTRUCTIONS ON THE PROXY FORM AND SET OUT BELOW.

TO BE VALID, PROXY FORMS MUST BE RECEIVED BY THE REGISTRY (COMPUTERSHARE INVESTOR SERVICES PTY LIMITED) BY NO LATER THAN 1PM ON 28 MARCH 2012.

Proxy forms, duly completed in accordance with the instructions set out on the proxy form, may be returned to the Registry by:

- (i) posting them in the reply paid envelope provided, or to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001;
- (ii) faxing them to 1800 783 447 (within Australia); or +61 3 9473 2555 (outside Australia).

2.5 Frequently asked questions

Why have I received this Scheme Booklet?

This Scheme Booklet has been sent to you because you are a Securityholder in Redcape Property Fund (Redcape).

Securityholders on the Register at 1pm (Sydney time) on 28 March 2012 are asked to vote on all Resolutions which, if approved by the requisite majorities of Securityholders and by the Court and with no objection from ASIC, will result in Consortium acquiring all the Securities in Redcape and Redcape being recapitalised.

This Scheme Booklet is intended to help you to decide how to vote on those Resolutions.

Your Directors recommend that you read the Scheme Booklet and, if necessary, consult your legal, investment or other professional adviser before voting on the Resolutions.

Who is Consortium?

Consortium comprises Consortium BidTrust and Consortium BidCo. Consortium BidTrust was established for the sole purpose of acquiring the Units in the Trust under the Unit Scheme. Consortium BidCo was established for the sole purpose of acquiring the Shares in RPF under the Share Scheme.

The Consortium Investors (being the investors in the Consortium) comprise affiliates of York Capital Management, Värde Partners, Inc. and Goldman Sachs Group, Inc.

York Capital Management was founded in September 1991 by James G. Dinan as a multi-strategy fund platform, with the goal of generating superior, consistent, risk-adjusted returns across business and market cycles.

Värde Partners is a privately held, registered investment advisor specialising in alternative investment globally with offices in Minneapolis, London and Singapore.

The Goldman Sachs Group, Inc. is a leading global financial services firm providing investment banking, securities and investment management services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

The Consortium Investors are affiliated to the Consortium Lenders which currently hold approximately 39% of Redcape's Senior Debt.

Refer to section 6 for further information on the Consortium.

What is the Proposal?

The Consortium has offered to acquire all of the Securities by way of inter-conditional schemes of arrangement for the cash consideration described in section 8.2.

- The Proposal involves the payment of \$4.2 million in total to Redcape's Securityholders in extinguishment of the issued Securities of Redcape (being 2.59 cents per stapled Security) allocated as follows:
 - \$0.0001 for one Share; and
 - \$0.0258 for one Unit.
-

Ancillary obligations:	<ul style="list-style-type: none"> • In addition, on implementation of the Schemes, the Consortium has an obligation to recapitalise Redcape. Specifically, Consortium BidTrust: <ul style="list-style-type: none"> (a) will purchase all of the Senior Debt and Junior Debt that it does not hold (Debt Purchase Transactions) and forgive and compromise a portion of the: <ul style="list-style-type: none"> (i) Junior Debt and convert the residual Junior Debt to Units in the Trust; and (ii) Senior Debt and convert a portion of the Senior Debt to Units in the Trust and refinance the remaining Senior Debt with the Refinancing Facility; and (b) subscribe for additional Units in the Trust for cash contributions, <p style="margin-left: 40px;">which will result in a total subscription for Units in the Trust at a price of \$0.0259 per Unit for a total amount of \$234,767,930; and</p> <p>After Implementation Date (and after the Securities have been de-stapled), Redcape will be de-listed from the ASX.</p> <p>The Debt Purchase Transactions are conditional agreements reached between the Secured Lenders and Consortium BidTrust which are conditional on, among other things, the Schemes being implemented.</p> <p>In these circumstances, the relevant Secured Lenders have agreed to sell to the Consortium BidTrust all Senior or Junior Debt they hold for an amount which is less than the full face value of the Senior Debt or Junior Debt being transferred.</p>
Do the Directors recommend the Schemes?	<p>Your Directors unanimously recommend that Securityholders vote in favour of the Resolutions to approve the Schemes, in the absence of a superior proposal.</p> <p>Their reasons are set out in sections 2.2, 3.3(a) and 3.5.</p>
What will I receive if the Schemes are implemented?	<p>If the Schemes become Effective, Securityholders on the Register as at 7pm on the Scheme Record Date (ie 13 April 2012) will receive the Scheme Consideration from Consortium of \$0.0259 cash per Security.</p>
What premium, if any, on the price of Securities does the Scheme Consideration represent?	<p>The Scheme Consideration represents:</p> <ul style="list-style-type: none"> ▪ a 12.6% premium to the last closing price for Securities of \$0.023 prior to the announcement of the Proposal (that is, the close of trade on 31 October 2011); ▪ a 51.7% discount to the volume weighted average price for Securities for the 3 months ending 31 October 2011 of \$0.054; ▪ a 73.7% discount to the volume weighted average price for Securities for the 6 months ending 31 October 2011 of \$0.098; ▪ a 28.8% premium to Redcape's net tangible asset value of \$0.02 per Security as at 31 December 2011; ▪ a 80.5% discount to Redcape's net tangible asset value of \$0.13 per Security as at 31 October 2011; and ▪ a 90.6% discount to Redcape's net tangible asset value of \$0.27 per Security as at 30 June 2011.

What is the change in Redcape's Investment Property values at 31 December 2011?

Redcape's investment property valuations have declined by approximately \$12million from their value as at 30 June 2011, following updated valuations from Redcape's external valuers, thereby reducing Redcape's net assets by approximately \$0.074 per Security.

By how much will deferred interest and penalty interest erode net assets?

Penalty interest payable under the Facility Agreements resulting from the Events of Default will contribute to eroding Redcape's net assets to \$nil by 31 March 2012. Each month, Redcape is accruing approximately \$2.2 million of deferred interest expense, which is added to its total outstanding debt. As a result, Redcape's net assets decline by approximately \$2.2 million each month.

Also, penalty interest is 2% pa (in addition to the existing deferred interest accruing) calculated on the outstanding debt from the date of the appointment of receivers to National Leisure & Gaming Limited (which occurred on 6 October 2011). Penalty interest accrues at approximately \$1.2 million per month.

As a result, total accrued interest is approximately \$3.4 million each month.

Whilst demand for payment of the penalty interest has not as yet been made by the Secured Lenders, the Secured Lenders have reserved their rights. If the SIA is terminated or the Schemes do not proceed, the Secured Lenders are entitled to charge penalty interest from the date of any breach of the Facility Agreements and are expected to do so.

The following is more detailed commentary on why Redcape's net asset position will show a deficit by 31 March 2012:

1. as previously stated, each month, Redcape is accruing or deferring approximately \$2.2million of interest expense, which is added to its outstanding loans. As a result, the figure for 'Net Assets' declines by approximately \$2.2million per month;
2. from the date of appointment of receivers to NLG on 6 October 2011, penalty interest is payable at 2% in addition to interest otherwise payable. This increases the deferred interest accruing each month by approximately \$1.2m per month and net assets consequently decline by \$1.2m per month;
3. in addition there has been a write-down in Asset Values as at 31 December 2011, in the order of \$12 million (arising from revised property valuations);
4. the following calculation reconciles how the estimated negative net asset position as at 31 March 2012 is determined:
 - a. + December 2011 Net Asset Values are approximately \$7million;
 - b. - Deferred "Normal" monthly interest from January 2012 to March 2012 (-\$6.6m);
 - c. - penalty Interest chargeable by Secured Lenders from January 2012 to March 2012 (-\$3.6m);
 - d. - Intangible Asset Amortisation from January 2012 to March 2012 (-\$3.7m)
 - e. Normal Operations contribution + \$4.3Million;

Yielding a Total of Net Assets equalling - \$2.7 million as at 31 Mar 2012.

These numbers are all a product of a detailed financial model prepared and maintained by Redcape on a monthly basis. Key assumptions of the financial model include those relating to:

1. Rental Income - which are in accordance with Leases with tenants,

	<p>2. Interest Payable and Interest Deferred - which are in accordance with Facility Agreements,</p> <p>3. penalty interest chargeable by the Secured Lenders - which are in accordance with Facility Agreements,</p> <p>4. Normal Operating Expense assumptions, and</p> <p>5. Normal Working Capital assumptions.</p>
When will I receive the Scheme Consideration ?	Provided that the Schemes become Effective, Scheme Participants will be paid the consideration under the Schemes on or about 20 April 2012.
How will Consortium acquire all the Securities?	<p>Each Security comprises one ordinary Share in RPF and one ordinary Unit in the Trust, stapled together in accordance with the RPF Constitution and Trust Constitution.</p> <p>In order to give effect to the Proposal, two separate schemes of arrangement are required, namely, a Share Scheme in accordance with the Corporations Act in relation to the Shares (under which Consortium BidCo will acquire the Shares) in RPF and a separate Trust Scheme in relation to the Units in the Trust (under which Consortium BidTrust will acquire the Units).</p>
How will Consortium fund the Scheme Consideration and Recapitalisation Consideration?	<p>In section 6.3 of this Scheme Booklet, the Consortium has stated that it intends to fund the Scheme Consideration from the Consortium Investors pursuant to cash commitments which have been given to the Consortium by the Consortium Investors.</p> <p>In relation to the Recapitalisation Consideration, Consortium and its affiliates have, and if the Schemes are implemented, will have on the Implementation Date, sufficient cash funds and other consideration acceptable to Redcape and Consortium BidTrust in order to subscribe for the Recapitalisation Units at a price of \$0.0259 per Unit for the total Recapitalisation Consideration, in order to recapitalise Redcape.</p> <p>The Recapitalisation Consideration will be funded:</p> <ul style="list-style-type: none"> • in part by the Consortium Investors providing cash commitments to the Consortium ; and • in part by providing other consideration acceptable to Redcape and Consortium BidTrust, including, without limitation, by Consortium converting a portion of the Senior Debt and the Junior Debt into Units of the Trust.
Is the Proposal a takeover offer?	The Proposal comprises an inter-conditional statutory scheme of arrangement between Redcape and the Shareholders and a trust scheme between the Trust and the Unitholders. However, subject to the approval of the requisite majorities of Securityholders, the approval of the Court and the satisfaction or (where applicable) waiver of certain other conditions, the outcome will be similar in effect to a successful takeover bid of 100% of the Securities, in that all the Securities will be transferred to Consortium.
Are there any conditions that must be satisfied in order for the Schemes to be implemented?	<p>Yes there are. In particular, the following Conditions Precedent must be satisfied before the Second Court Date:</p> <ul style="list-style-type: none"> • Securityholder approval of the Resolutions at the Scheme Meetings; • FIRB approval of the acquisition of the Securities by Consortium; • Court approval of the Schemes and no objection from ASIC; and • all conditions precedent under the Refinancing Facility are either satisfied or waived and an amount of no less than \$412.5 million will be available for drawdown by Redcape under the Refinancing Facility on the Implementation Date. <p>A full list of the conditions to be either satisfied or (where applicable)</p>

waived before the Second Court Date is set out in section 3.8.

What happens if these conditions are not satisfied?

If the conditions are not satisfied or (where applicable) waived:

- the Schemes will not proceed;
- Consortium will not acquire any Securities under the Schemes;
- Securityholders will not be paid any Scheme Consideration;
- Consortium will not provide the Recapitalisation Consideration and will not purchase the Senior Debt or Junior Debt pursuant to the Debt Purchase Transactions with the Secured Lenders;
- the new financiers will not provide the Refinancing Facility to Redcape;
- there is no guarantee that the Securities will continue to trade on the ASX given the subsisting Events of Default under Redcape Finance Documents which entitle the Secured Lenders to accelerate repayment of outstanding debt and will likely result in enforcement action against Redcape to recover those monies (which may include the appointment of a receiver). The Secured Lenders have granted a waiver for the duration of the Schemes;
- in relation to the Security value of Redcape as a going concern or Redcape conducting an orderly realisation of assets or a capital raising (which is unlikely given the Events of Default) or in receivership, we refer you to the summary on pages 4 to 7 and section 6 of the Independent Expert's Report in Schedule 1;
- the existing levels of interest charges are not sustainable as interest expense will further increase due to the additional 2% penalty interest payable as a result of the Events of Default and with penalty interest, it is likely that Redcape's Net Asset position will show a deficit by 31 March 2012.

What voting majorities are required to approve the Schemes?

At the Scheme Meetings, the majority required to approve each Resolution will depend on the particular Resolution being considered. For further information, see section 3.7.

Briefly, the resolution to approve the Share Scheme must be approved by a majority in number of the holders of the Shares present and voting (either in person or by proxy) at the Scheme Meeting and at least 75% of the votes cast on the Share Scheme Resolution.

The resolution to approve the amendment to the Trust Constitution (by adopting the Supplemental Deed) must be approved by special resolution passed by at least 75% of the total number of votes cast (either in person or by proxy) on that resolution at the Trust Scheme Meeting by Unitholders.

All the resolutions proposed at the Share Scheme Meeting and the Trust Scheme Meeting are inter-conditional, which means that all resolutions will need to be passed in order to be effectively passed. Once all resolutions have been passed with the required majorities, the resolutions to approve the Schemes will bind all Securityholders including those who voted against any of the resolutions.

Am I entitled to vote?

If you are registered as a Securityholder on the Register as at 1pm (Sydney time) on 28 March 2012, you will be entitled to vote at the Scheme Meetings unless otherwise noted in the Notices of Scheme Meetings. For information on how to vote, see section 2.4.

Is voting compulsory?	No, voting is not compulsory. However your vote is important. Your Directors unanimously recommend that Securityholders vote in favour of all the Resolutions, to approve the Schemes in the absence of a superior proposal.
If I do not vote or vote against the Resolutions and the Schemes still become Effective, will I receive the Scheme Consideration?	Yes, if you are a Securityholder on the Scheme Record Date.
Can I sell my Securities on the ASX prior to the implementation of the Schemes?	<p>The closing price at which the Securities traded on ASX at the close of trade on the date of this Booklet was \$0.025 per Security.</p> <p>Yes, you can, but:</p> <ul style="list-style-type: none"> • you will not be entitled to vote at the Scheme Meetings if you are not registered as a Securityholder on the Register as at 1pm (Sydney time) on 28 March 2012; • you will not be entitled to be paid the Scheme Consideration if you are not registered as a Securityholder on the Register at 7pm (Sydney time) 13 April 2012; • you will not be able to sell your Securities on ASX after close of trading on the date of the Scheme Meetings (if the Schemes are approved by Securityholders) as market trading in the Securities will be suspended at that time. However, you will still be able to make off-market, paper transfers of Securities up to the Scheme Record Date; and • you may be required to pay brokerage on the transfer of your Securities.
Do I have to sign anything to transfer my securities?	No. If the Schemes become Effective, Redcape will be authorised to sign a transfer of your Securities on your behalf and the Scheme Consideration will be paid to you.
Will I be taxed on the proceeds?	<p>The taxation consequences of the Schemes for Securityholders will depend on the personal taxation and financial circumstances of each Securityholder.</p> <p>However, general information about the likely Australian capital gains tax consequences of the Schemes is set out in section 7 of this Scheme Booklet.</p> <p>Securityholders should consult their own taxation advisers about the taxation consequences for them if the Schemes are implemented.</p>

<p>What happens if a superior proposal emerges?</p>	<p>If Redcape receives written notice of a bona fide superior competing transaction, that proposal and Redcape's obligations under the Implementation Agreement for Schemes and Recapitalisation will be carefully considered. Securityholders will be notified promptly if the matter is one that would be material to their decision as to whether or not to vote in favour of the Resolutions to approve the Schemes. However, any such proposal would need the support of the Secured Lenders and until the precise terms of any superior proposal are known, the Directors cannot speculate as to whether the Secured Lenders will support it as there are currently no reasonable grounds on which to do so. The Directors are not aware of any alternative proposal and do not believe that one is likely to emerge.</p>
<p>What if I want further information?</p>	<p>If you have any questions about the Schemes, or you would like additional copies of this Scheme Booklet or relevant proxy forms, please call 1300 553 874 (within Australia) or + 61 3 9415 4318 (outside Australia) Monday to Friday between 9am and 7pm (Sydney time). For information about your individual financial or taxation circumstances, please consult your investment, legal, taxation or other professional adviser.</p>
<p>What is the status of any events of default under finance documents ?</p>	<p>On 11 October 2011, Redcape advised Securityholders that an event of default under the Redcape Finance Documents had occurred as a result of the appointment of receivers and administrators to National Leisure & Gaming Limited (NLG), a major tenant of Redcape.</p> <p>This event of default, together with other Events of Default are subsisting and, subject to the terms of the Redcape Finance Documents, entitle the Secured Lenders to accelerate the repayment of all outstanding loan monies, enforce repayment of the same and charge interest at penalty rates on the outstanding loan monies.</p> <p>The Event of Default involving NLG is indisputable and cannot be cured by Redcape. The Secured Lenders has given no indication that they will provide a waiver of this breach other than for the specific purpose of implementing the Schemes and then only until 1 May 2012. As a result, any other events of default, at a practical level, are largely academic. However, they are set out below:</p> <ol style="list-style-type: none"> 1. As previously disclosed by Redcape in its ASX announcements (dated 31 August 2011 and 3 October 2011), there is a breach of clause 16.9 (a) of the Senior Syndicated Facility Agreement as Redcape has not achieved cumulative asset sales of \$275 million by 30 September 2011. Redcape achieved cumulative asset sales of \$183 million as at March 2011, prior to the suspension of its asset sale program. This particular event of default was disputed by Redcape, as indicated in its ASX announcements. However, technically, it is still an Event of Default. 2. In addition, there will be a breach of clause 16.9 (a) of the Senior Syndicated Facility Agreement on 31 March 2012 as Redcape will not have achieved cumulative asset sales of \$350 million by 31 March 2012. 3. Pursuant to Clause 18.1 (f) of the Junior and Senior Syndicated Facility Agreements, a Review Event occurs if at any time the ratio of Total Liabilities to Total Assets is more than 95%. The Secured Lenders were notified that a Review Event of this nature had occurred at as at 31 August 2011. A Review Event provides the Secured Lenders with a right to request information from Redcape and implement a plan to resolve the effects of the Review Event. A Review Event only becomes an event of default if Redcape has not complied or remedied the Review Event within 60 days in compliance with a request from the Secured Lenders. To date, the Secured Lenders have not specifically addressed this issue other than to agree to a Waiver for various Events

of Default until 1 May 2012 for the purpose of implementing the Schemes.

4. After the event of default involving NLG occurred, the Secured Lenders requested Redcape to provide it with a plan to address the repayment of the outstanding loan monies. This plan is implementing the proposed Schemes, which have the support of the Secured Lenders.

Should the Securityholders vote in favour of the Schemes, the Consortium's recapitalisation of Redcape will avoid enforcement action being taken by the Secured Lenders as they will be paid a sum and discharged.

If the Schemes are not implemented, the Secured Lenders will likely accelerate the repayment of their debt and take enforcement action, such as appointment of receivers to the assets and undertaking of Redcape and conduct a sale of Redcape's assets and undertaking to recover all monies owed to the Secured Lenders, being approximately \$745million (as at 31 December 2011).

Redcape has attended numerous meetings and conference calls with members of the Secured Lenders at which members made it very clear that Redcape was required to disclose what action it was taking in addressing the repayment of the total monies owed to the Secured Lenders (which facilities expire on 31 October 2012). Redcape has also received correspondence to this effect from the Senior Lenders in which Redcape is required to provide reasons why enforcement action should not be taken.

Recently, the Senior Lenders appointed McGrath Nicol as an investigating accountant to review, among other things, the value of Redcape's assets in a winding up. Following the results of this analysis, the Secured Lenders agreed to provide a waiver for the purpose of implementing the Schemes.

The Secured Lenders have provided a Waiver to Redcape for the purpose of implementing the Schemes which will result in the Secured Lenders being paid a sum certain by the Consortium. The Waiver expires on the earlier of 1 May 2012 or the termination of the Scheme Implementation Agreement.

Given the uncertainties associated with asset values under a receivership, the requirement to repay Secured Lenders in full and thereafter unsecured creditors, and the costs associated with realising the assets, there is significant doubt whether this course will provide any return for Securityholders.

In relation to the Security value under this scenario, we refer you to page 6 of the Independent Expert's Report in Schedule 1.

Will the Secured Lenders take enforcement action during the Schemes ?

In order to facilitate implementation of the Schemes, the Secured Lenders have agreed to forebear from taking any action to accelerate the repayment of monies owed to them or take enforcement action against Redcape in relation to various Events of Default which either exist at present or arising during the course of implementation of the Schemes unless the Implementation Agreement for Schemes and Recapitalisation is terminated or until 1 May 2012, whichever occurs first.

3. Key features of the Schemes

3.1 Background

Redcape has engaged in a lengthy strategic review of various options and proposed transactions during the course of years 2010 and 2011 for the purpose of recapitalising Redcape as its facilities are due for repayment on 31 October 2012. However:

- (a) given the occurrence of the Events of Default; and
- (b) as Redcape had received only the Proposal, which is capable of being implemented and has the support of the Secured Lenders,

Redcape announced on 23 December 2011 that it had entered into an Implementation Agreement for Schemes and Recapitalisation with the Consortium under which the Consortium will acquire all the Securities in Redcape by way of an inter-conditional Share Scheme and Trust Scheme and recapitalise Redcape. We refer you to section 2.2 for a summary of the alternative transactions which were not capable of being implemented for various reasons.

3.2 Summary of the proposed acquisition

This means that if the Schemes become Effective Securityholders who are registered on the Register as at 7pm (Sydney time) on 13 April 2012 (ie Scheme Record Date) will be paid the Scheme Consideration from the Consortium of \$0.0259 cash per Security in aggregate (being a total of \$4.2 million in total to Securityholders for the purchase of all the issued Securities) allocated as follows:

\$0.0001 for one Share; and
\$0.0258 for one Unit.

3.3 Summary of further obligations of Consortium

In addition, on implementation of the Schemes, the Consortium has an obligation to recapitalise Redcape. Specifically,

- (a) Consortium BidTrust will:
 - (i) purchase all of the Senior Debt and Junior Debt that it does not hold and forgive and compromise a portion of the:
 - (A) Junior Debt and convert the residual Junior Debt to Units in the Trust; and
 - (B) Senior Debt and then convert a portion of the Senior Debt to Units in the Trust and refinance the remaining Senior Debt with the Refinancing Facility; and
 - (ii) subscribe for additional Units in the Trust for cash contributions, which will result in a total subscription for Units in the Trust at a price of \$0.0259 per Unit for a total amount of \$234,767,930; and
- (b) and after the Implementation Date (and after the Securities have been de-stapled), Redcape will be de-listed from the ASX.

If, after reading this Scheme Booklet, you have any questions about the Schemes, please call 1300 553 874 (within Australia) or + 61 3 9415 4318 (outside Australia) Monday to Friday between 9am and 7pm (Sydney time).

3.4 Directors' Unanimous Recommendation

The Directors unanimously recommend that Securityholders vote in favour of the Schemes, in the absence of a superior proposal.

In light of the matters noted in section 3.5 and elsewhere in this Scheme Booklet, the Directors consider that the Schemes provide an opportunity for Securityholders to realise some value for their investment in Redcape.

The Directors intend to vote in favour of the Resolutions to approve the Schemes in respect of the Securities they own or control, in the absence of a superior proposal. Section 9.2 contains details of the Directors' interests in Securities.

Andrew Cannane is a director of the Company and has absented himself from consideration of, and voting in respect of, all matters in relation to the Proposal and also Redcape for the reasons set out in section 9.8 of this Booklet.

3.5 Other matters relevant to your vote on the Schemes

(a) Conclusion of the Independent Expert

The Independent Expert has concluded that:

'the acquisition of Securities by Consortium under the Schemes is fair and reasonable and in the best interests of Securityholders.'

For further information, see Independent Expert's Report in Schedule 1. Securityholders are encouraged to read the entire Independent Expert's Report.

(b) Comparison with historical trading prices

The total cash consideration of \$0.0259 per Security under the Proposal represents:

- (i) a 12.6% premium to the last closing price for the Securities of \$0.023 prior to the announcement of the Proposal (that is, the close of trade on 31 October 2011);
- (ii) a 51.2% discount to the volume weighted average price for the Securities for the 3 months ending 31 October 2011 of \$0.054; and
- (iii) a 73.7% discount to the volume weighted average price for the Securities for the 6 months ending 31 October 2011 of \$0.098.

The Securities highest closing price in the 6 month period prior to the date of the announcement of the Implementation Agreement for Schemes and Recapitalisation (on 31 October 2011) was \$0.265 on 19 May 2011.

(c) Price of Securities will likely fall if the Schemes are not implemented

If the Schemes are not approved there is no guarantee that the Securities will continue to trade on the ASX given the subsisting Events of Default under the Redcape Finance Documents which entitle the Secured Lenders to accelerate repayment of outstanding debt, take enforcement action against Redcape to recover those monies (which may include the appointment of a receiver) and charge interest at penalty rates.

(d) No brokerage or stamp duty

You will not incur any brokerage or stamp duty on the transfer of your Securities to Consortium pursuant to the Schemes.

(e) No superior proposal has emerged from a third party

Since the announcement of the Schemes on 31 October 2011, no superior proposal has emerged and, at the date of this Scheme Booklet, the Directors do not have any reason to expect that a superior proposal is likely to emerge given the subsisting Events of Default.

Even though Redcape has given a 'no-shop' and 'no-talk' undertaking in the Implementation Agreement for Schemes and Recapitalisation, these undertakings do not preclude Redcape from responding to an unsolicited superior proposal. Further details of the 'no-shop' and 'no-talk' undertakings can be found in section 9 of the summary of the

Implementation Agreement for Schemes and Recapitalisation at Schedule 2 of this Scheme Booklet.

(f) Proposal is an all cash offer

The consideration to be provided under the Schemes is all cash and represents an opportunity for Securityholders to realise some value for their Securities in the current circumstances.

(g) Greater certainty at a time of future uncertainty

The Proposal provides an opportunity for Securityholders to realise a certain price for their Securities, against a backdrop of uncertainty given the subsisting Events of Default.

(h) Offer better reflects value of underlying assets

Whilst the consideration to be provided under the Schemes represents an 80% discount to the net asset value of each Security (ie \$0.13 per Security as at 31 October 2011), the price at which the Securities have recently been trading does more closely reflect the value of Redcape's underlying assets given the subsisting Events of Default and rights of the Secured Lenders under the Redcape Finance Documents, including taking enforcement action against Redcape to recover the outstanding secured debt of approximately \$745million (as at 31 December 2011).

(i) Taxation implications

The taxation consequences of the Schemes for Securityholders will depend on the personal taxation and financial circumstances of each Securityholder.

General tax implications of the Schemes are discussed in section 7 of this Scheme Booklet.

Securityholders should consult their own taxation advisers about the taxation consequences for them if the Schemes are implemented.

3.6 Disadvantages of the Schemes and reasons why you may consider voting against the Schemes

Even though:

- the Redcape Directors unanimously recommend that you vote in favour of the Schemes in the absence of a superior proposal; and
- the Independent Expert has concluded that *'the acquisition of Securities by Consortium under the Schemes is fair and reasonable and in the best interests of Securityholders'*,

factors which may lead you to vote against the Schemes include those set out below:

(a) Disagreement with the conclusions of the Directors and the Independent Expert

You may believe that the Schemes are not in the best interests of Securityholders. For instance, you may believe that consideration payable under the Schemes should be at least equal to the net asset value of the Securities, being \$0.13 per Security as at 31 October 2011, notwithstanding the subsisting Events of Default under Redcape Finance Documents which cannot be remedied and entitle the Secured Lenders to accelerate repayment of outstanding debt and take enforcement action against Redcape to recover those monies (which may include the appointment of receivers to Redcape). We also refer you to the statements made in the latter part of section 2.2 of this Scheme Booklet.

(b) Expectation of a superior proposal

You may consider that there is the potential for a superior proposal to be made. However, since the Proposal was announced on 31 October 2011, no superior proposal

has emerged and the Directors do not have any reason to expect that a superior proposal is likely to emerge given the subsisting Events of Default. In this regard we refer you to section 2.3 of this Scheme Booklet

(c) No tax consequences

If the Schemes do not proceed, there should be are no direct tax consequences for Securityholders unless they otherwise dispose of their Securities. General tax implications of the Schemes are discussed in section 7 of this Scheme Booklet.

3.7 Explanation of the Schemes

Each Security comprises:

- one share in RPF; and
- one unit in the Trust,

stapled together. Therefore, in order to effect the Proposal, the following is required:

- a Share Scheme in relation to the transfer of the Shares to the Consortium BidCo; and
- a Trust Scheme in relation to the transfer of the Units to Consortium BidTrust.

All the Share Scheme Resolutions and Trust Scheme Resolutions are inter-conditional, such that if one resolution proposed at either the Share Scheme Meeting or Trust Scheme Meeting is not passed, then none of the resolutions will be passed.

(a) Share Scheme of Arrangement

The Share Scheme is a court supervised arrangement between RPF and the Shareholders, pursuant to which, if approved, all of the Shares will be transferred to Consortium BidCo.

In order to be effective, the Share Scheme must be approved by the Shareholders at the Share Scheme Meeting, as well as by the Court.

The Court has ordered that the Share Scheme Meetings be held at 12 noon on 30 March 2012 at Gateway Theatre, Ground Floor, 312 St Kilda Road, Melbourne, Victoria, 3004.

A copy of the Share Scheme is set out at Schedule 4 of this Scheme Booklet.

Consortium and its associates are excluded from voting on any of the Share Scheme Resolutions.

(i) Resolution 1 – resolution to approve the Share Scheme

Resolution 1 must be approved by:

- a majority in number of the holders of the Shares present and voting (either in person or by proxy) at the Scheme Meeting; and
- at least 75% of the votes cast on the Share Scheme Resolution.

(ii) Resolution 2 - resolution to approve the de-stapling of the Shares from the Units on the Implementation Date

In accordance with the terms of the RPF Constitution, Resolution 2 must be approved as a special resolution passed by more than 75% of the total number of votes cast (either in person or by proxy) on the resolution at the Share Scheme Meeting by Shareholders entitled to vote on the resolution.

The Share Scheme Resolutions are set out in the Notice of Meeting for the Share Scheme Meeting at Schedule 8 of this Scheme Booklet.

(b) Trust Scheme

The Trust Scheme is an arrangement pursuant to which all of the Units in Trust are transferred to Consortium BidTrust. This transfer requires:

- Unitholders to approve each of the resolutions; and
- pursuant to the Implementation Agreement for Schemes and Recapitalisation, the Court providing the Second Judicial Advice.

Consortium and its associates are excluded from voting on any of the Trust Scheme Resolutions.

(i) Resolution 1 - Amendment Resolution

The Unitholders must approve, as a special resolution, an amendment to the Trust Constitution to authorise all actions necessary or desirable for the transfer of Units to Consortium BidTrust to be made. These amendments are set out in the Supplemental Deed in Schedule 5 of this Scheme Booklet.

The amendment to the Trust Constitution (by adoption of the Supplemental Deed) must be approved by special resolution passed by at least 75% of the total number of votes cast (either in person or by proxy) on Resolution 1 at the Trust Scheme Meeting by Unitholders entitled to vote on the resolution.

(ii) Resolution 2 - Acquisition Resolution

In addition to Resolution 1, Unitholders must approve the acquisition by Consortium BidTrust of all the Units pursuant to an ordinary resolution of the Unitholders for the purposes of Item 7 of section 611 of the Corporations Act.

An ASIC modification in respect of this requirement has been obtained and is described in section 8.8 of this Scheme Booklet.

Consortium BidTrust's acquisition of Units under the Trust Scheme must be approved as an ordinary resolution passed by at least 50% of the total number of votes cast on Resolution 2 at the Trust Scheme Meeting by Unitholders entitled to vote on the resolution.

(iii) Resolution 3 - De-stapling Resolution

Unitholders will also be asked to approve the de-stapling of the Units from the Shares on the Implementation Date, in accordance with the terms of the Trust Constitution.

Resolution 3 must be approved as a special resolution passed by at least 75% of the total number of votes cast (either in person or by proxy) on Resolution 3 at the Trust Scheme Meeting by Unitholders entitled to vote on the resolution.

(iv) Resolution 4 - Issue of Units to Consortium Bid Trust to recapitalise Redcape

Unitholders will also be asked to approve the issue of up to 9,064,398,842 fully paid units in the Trust at an issue price of \$0.0259 per unit to Consortium BidTrust on the terms and conditions set out in the Subscription Agreement in order to recapitalise Redcape upon Implementation Date.

Given that the number of units being subscribed for by Consortium BidTrust under the Subscription Agreement will exceed 15% of Redcape's total issued capital, in accordance with ASX Listing Rule 7.1, Securityholder approval is required to authorise the responsible entity of the Trust (ie the Company) to issue up to 9,064,398,842 fully paid units in the Trust at an issue price of \$0.0259 per unit to Consortium BidTrust on the terms and conditions set out in the Subscription

Agreement (**Recapitalisation Consideration**). If there are repayments made by Redcape after the date of the Implementation Agreement for Schemes and Recapitalisation to the Senior Lenders of principal, deferred interest or capitalised interest under the Senior Facility Agreement, the Recapitalisation Consideration will decrease by an aggregate amount equal to the repayment received by the Consortium Lenders (and the number of Recapitalisation Units will be amended accordingly).

The Recapitalisation Consideration and the amounts which are drawn down under the Refinancing Facility will be used to refinance Redcape's Senior Debt and Junior Debt, recapitalise Redcape and to provide Redcape with additional cash funds for working capital.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.3:

- (A) up to 9,064,398,842 fully paid Units will be issued to Consortium BidTrust at an issue price of \$0.0259 per Unit on the Implementation Date in accordance with the terms of the Subscription Agreement;
- (B) the Units shall be issued after the Shares have been de-stapled from the Units;
- (C) following the issue, the total issued capital of the Trust shall be \$238,000,000 consisting of 9.2 billion fully paid Units;
- (D) the Units shall be issued on terms identical to that of the Units currently on issue (the terms of which are set out in the Trust Constitution) except that they shall not be stapled to the Shares, once the De-stapling Resolution is passed;
- (E) the Recapitalisation Consideration shall be used to refinance Redcape's Senior Debt and Junior Debt, recapitalise Redcape and to provide Redcape with additional cash funds for working capital;
- (F) the Subscription Agreement is summarised in Schedule 2 and is set out in full in Schedule 6.

(v) Judicial advice

Redcape will apply for judicial advice from the Court to confirm its power to take the steps required to implement the Proposal. Redcape will be seeking an order from the Court that Redcape is justified in:

- (A) proceeding on the basis that amendments to the Trust Constitution in the manner proposed by the Supplemental Deed following the approval by special resolution of the Unitholders, would be within the powers of alteration contained in the Trust Constitution and as set out in section 601GC of the Corporations Act; and
- (B) convening a meeting of the Unitholders to consider, and if thought fit approve, the Trust Scheme Resolutions.

If all the Trust Scheme Resolutions and the Share Scheme Resolutions are approved by their respective required majorities, Redcape will apply for further judicial advice (ie the Second Judicial Advice) to the effect that it is justified in acting upon the resolutions, and is doing all things and taking all necessary steps to implement the Trust Scheme. If the Court does not advise that Redcape is so justified, the Schemes will not become Effective.

For further information in relation to how the Share Scheme and the Trust Scheme will be implemented, see section 8.

3.8 Conditions Precedent to the implementation of the Schemes

A number of Conditions Precedent must be satisfied, or, where relevant, waived, on or before the Second Court Date before the Schemes can be implemented.

All of the Conditions Precedent of the Schemes are summarised in section 2 of Schedule 2 of this Scheme Booklet. These include:

- (a) the Court approving the Share Scheme and providing the Second Judicial Advice in relation to the Trust Scheme;
- (b) Shareholder approval of the Share Scheme Resolutions by the majorities;
- (c) Unitholder approval of the Trust Scheme Resolutions by the requisite majorities;
- (d) the FIRB approving Consortium's proposed acquisition of all the Securities under the Schemes by the Consortium;
- (e) no objection from ASIC and obtaining ASIC relief;
- (f) no Redcape Prescribed Occurrence occurring;
- (g) no Redcape Material Adverse Change occurring;
- (h) no Consortium Prescribed Occurrence;
- (i) all conditions precedent under the Refinancing Facility are either satisfied or waived; and
- (j) the lenders under the Refinancing Facility confirming to Redcape and the Consortium by 8:00am on the Second Court Date that an amount of no less than \$412.5 million will be available for drawdown by Redcape under the Refinancing Facility on the Implementation Date.

3.9 Effect of the Schemes

If all the Conditions Precedent to implementation of the Schemes are satisfied or (where applicable) waived, the Directors expect that the Schemes will be implemented on or around 20 April 2012.

On or about this date, the Scheme Participants will be sent the Scheme Consideration and each Security they hold will be transferred to Consortium, regardless of whether they voted for or against the Resolutions.

Also, Consortium BidTrust will recapitalise Redcape and the debt of existing Secured Lenders will be extinguished.

The Consortium will de-staple the Share from the Units on Implementation Date and thereafter apply to de-list Redcape from the ASX.

3.10 Consequences if the Schemes are not implemented

(a) Schemes not implemented and no Scheme Consideration paid

Should the Schemes not proceed because a Condition Precedent is not satisfied and (where applicable) has not been waived:

- (i) Consortium will not acquire any Securities under the Schemes;
- (ii) Securityholders will not be paid any Scheme Consideration;
- (iii) Consortium will not provide the Recapitalisation Consideration and will not purchase the Senior Debt and the Junior Debt under the Debt Purchase Transactions with the Secured Lenders;

- (iv) the new financiers will not provide the Refinancing Facility to Redcape;
- (v) there is no guarantee that the Securities will continue to trade on the ASX given the subsisting Events of Default, which cannot be remedied and entitle the Secured Lenders, subject to the Redcape Finance Documents, to accelerate repayment of outstanding debt, take enforcement action against Redcape to recover those monies (which may include the appointment of a receiver) and charge penalty interest rates. The Secured lender have granted a waiver for the duration of implementation of the Schemes only. Furthermore, in relation to the Security value of Redcape as a going concern or Redcape conducting an orderly realisation of assets or a capital raising (which is unlikely given the Events of Default) or in receivership, we refer you to the summary on pages 4 to 7 and section 6 of the Independent Expert's Report in Schedule 1.

(b) Termination of Implementation Agreement for Schemes and Recapitalisation by Consortium and payment of reimbursement fee by Redcape

Should the Schemes not proceed because prior to 8:00am on the Second Court Date Consortium terminates the Implementation Agreement for Schemes and Recapitalisation on the grounds that:

- (i) a Redcape Prescribed Occurrence has occurred or there is a material breach by Redcape of various obligations and representations under the Implementation Agreement for Schemes and Recapitalisation (**SIA**) (for example, Redcape has failed to take steps to implement the Schemes in accordance with the SIA or failed to prepare the Scheme Booklet in accordance with the SIA or there is a breach of Redcape's representations or confidentiality obligations in the SIA);
- (ii) the Redcape Directors change, withdraw or modify their recommendation that Securityholders vote in favour of the Schemes or fail to vote their Securities in accordance with that recommendation;
- (iii) Redcape terminates the Implementation Agreement for Schemes and Recapitalisation on the basis of the recommendation of a Superior Proposal by the Redcape Board;
- (iv) a Redcape Prescribed Occurrence occurs (excluding an Insolvency Event of Redcape, delisting of Redcape or de-stapling of Redcape's Securities); or
- (v) any other event summarised at Schedule 2 part 7 of this Scheme Booklet, a reimbursement fee (representing an estimate of costs incurred by Consortium) of \$1,500,000 will be payable by Redcape to Consortium.

(c) Termination of the Schemes by Redcape and payment of reimbursement fee by Consortium

If Redcape terminates the Implementation Agreement for Schemes and Recapitalisation prior to 8.00am on the Second Court Date on the grounds that, in summary, the Consortium is in breach of certain provisions of the Implementation Agreement for Schemes and Recapitalisation and the breach is material in the context of the Schemes, then a reimbursement fee (representing costs incurred) of \$1,500,000 will be payable by Consortium to Redcape.

3.11 Schemes Implementation and Recapitalisation Agreement

The terms of the Implementation Agreement for Schemes and Recapitalisation are summarised at Schedule 2 of this Scheme Booklet.

4. Profile of Redcape

4.1 Background and History

Redcape Property Fund (**Redcape**) is a property fund which was first listed on the ASX on 2 August 2007 under the name Hedley Leisure & Gaming Property Fund. The fund changed its name in 2009 to its current name following the resignation of its founder, Tom Hedley as a director and manager of Redcape. Redcape consists of:

- a trust, the Redcape Property Trust (**Trust**); and
- a company, Redcape Property Fund Limited (**RPF**).

The Units of the Trust and the Shares of RPF are stapled together (to ensure that they are traded together as a single interest) and are quoted on the ASX.

The Trust Company (RE Services) Limited (**Company**) is the responsible entity and trustee of the Trust.

Redcape Services Pty Limited (**Manager**) is the manager of Redcape under services agreements with the Company and RPF. The Manager is a fully owned subsidiary of RPF.

4.2 Financial information

The audited financial accounts of Redcape for the year ended 30 June 2011 were issued to ASX on 29 September 2011. The 2011 Annual Report of Redcape was released to ASX on 29 September 2011. Copies are available on Redcape's website at <http://www.redcape.com.au/content/annual-report-shareholders-2011>

Alternatively, Redcape Securityholders may contact Redcape for copies of Redcape's published Annual Report free of charge.

The financial accounts of Redcape for the 6 months ended 31 December 2011 will be issued to ASX on or before 28 February 2011. Once released to ASX, copies of those accounts will be available on Redcape's website (at www.redcape.com.au) and Redcape Securityholders may also contact Redcape to obtain a copy of those accounts free of charge.

The Independent Expert's Report contained in Schedule 1 to this Scheme Booklet contains further financial information about Redcape.

As at the date of this Booklet, so far as is known to the Redcape Board, there has been no material change to the financial position of Redcape since 30 June 2011 other than those changes as set out in this Scheme Booklet and in announcements to the ASX.

4.3 Business Overview

Redcape owns the freehold to 84 properties which consists of 72 pub freeholds and 12 other properties. As at 30 June 2010, Redcape owned the freehold to 92 properties but since that date it has divested 8 properties for a total consideration of \$62.7 million, which was applied to debt reduction.

Redcape's main business is that of being a landlord and collecting rent from the tenants of its investment properties.

The revenue stream is secured into the future with annual rental increases of between 3.75% and 4% and a weighted average remaining lease term of 12.9 years.

Redcape's main expenses are interest (which is paid on its borrowings), interest rate hedging instruments (which were closed out on 31 October 2011) and statutory outgoings relating to its freehold properties.

Audited accounts of Redcape for the period up to 31 December 2011 are expected to be released to ASX on 29 February 2012.

There have been no material changes in Redcape's financial position since 30 June 2011 (being the date to which its last full year audited accounts were prepared) other than as disclosed to ASX or noted in this Scheme Booklet or set out below:

- receivers and administrators were appointed to a major tenant of Redcape, namely, National Leisure & Gaming (NLG) on 6 October 2011 resulting in an event of default under Redcape's Facility Agreements;
- Redcape's interest rate swap liability moved adversely by \$15.8 million to \$69.6 million, causing Redcape's Secured Lenders to compel Redcape to close out those swaps, with the resulting close out cost of \$69.6 million being added to outstanding bank loans;
- the value of Redcape's investment properties fell by approximately \$12 million in total following a review by its external valuers as at 31 December 2011;
- an additional amount of \$13.4 million in deferred interest charges accrued during the six months ended 31 December 2011 and was added to outstanding debt.
- penalty interest at a rate of 2% per annum became payable under Redcape's Facility Agreements resulting from the events of default involving its tenant, NLG. An amount of \$3.3 million in penalty interest has accrued and has been added to outstanding debt as at 31 December 2011.
- total net assets have reduced by \$45.9 million to \$7 million (ie \$0.33 to \$0.043 per Security) as at 31 December 2011;
- net tangible assets (ie, excluding the deferred establishment fees have reduced by \$41.4 million to \$3.3 million (ie \$0.02 per security) as at 31 December 2011.

It is expected that as a result of interest liability (ie, normal deferred interest and penalty interest) continuing to accrue monthly, Redcape's net asset position will become negative in March 2012, as a result of the following;

- each month, Redcape continues to accrue or defer approximately \$2.2 million of interest expense, which is added to its total outstanding debt and as a result, Redcape's net assets decline by approximately \$2.2 million each month;
- each month, following the date of the appointment of receivers and administrators to NLG (ie 6 October 2011), penalty interest of approximately \$1.2 million accrues and is added to Redcape's total outstanding debt;
- whilst demand for payment of the penalty interest has not as yet been made by the Secured Lenders, the Secured Lenders have reserved their rights. If the SIA is terminated or the Schemes fail to proceed, the Secured Lenders are entitled to charge penalty interest from the date of any breach of the Facility Agreements and are expected to do so.

The Independent Experts Report has been prepared using Redcape's management accounts as at 31 December 2012. Once the audited accounts are released to ASX (no later than 29 February 2012), the Independent Expert will revise its Independent Experts Report in light of the audited accounts and Securityholders will be advised in writing if there is any change to the recommendation of the Independent Expert.

4.4 Property Portfolio Information current as at 31 December 2011

The following table sets out summarised financial information concerning Redcape's property portfolio.

For further information, Securityholders are referred to the last Annual Report of Redcape as at 30 June 2011 and ASX announcements since that date.

Rent & value analysis according to major tenants

\$ VALUES	Rents	Rent %	Valuation %	Values	Yield Average
Coles	\$36,302,102	55.1%	59%	\$435,040,000	8.3%
NLG	\$26,288,158	39.9%	35%	\$259,400,000	10.1%
Hedz	\$3,132,721	4.8%	5%	\$39,650,000	7.9%
Others	\$127,906	0.2%	1%	\$3,975,000	3.2%
	\$65,850,887	100%	100%	\$738,065,000	8.9%

Rent & value analysis according to location

State	Rents	Rent %	Values	Yield Average
Qld	\$35,609,732	54.1%	\$420,765,000	8.5%
NSW	\$25,652,541	39.0%	\$255,500,000	10.0%
SA	\$3,281,453	5.0%	\$45,850,000	7.2%
Vic	\$1,307,161	2.0%	\$15,950,000	8.2%
	\$65,850,887	100%	\$738,065,000	8.9%

Site analysis according to major tenants

No. OF SITES	Total	Pubs	Shop	Other
Coles	56	45	11	0
NLG	21	21	0	0
Hedz	6	6	0	0
Other	1	0	0	1
Totals	84	72	11	1

Site analysis according to location

No. OF SITES	QLD	NSW	Vic	SA
Coles	51	0	0	5
NLG	3	18	0	0
Hedz	2	3	1	0
Other	1	0	0	0
Totals	57	21	1	5

4.5 Management and Employees

The day to day management of Redcape is provided by Redcape Services Pty Limited (Manager), which is a fully owned subsidiary of RPF. The management services provided are governed by service agreements in place between the Manager, RPF and the Company. The Manager develops and submits proposals to the Investment Committee of Redcape (comprising the Directors of RPF) for approval. The Manager then makes recommendations to the Company. The Manager has 6 full time employees.

4.6 Debt Facilities

As at 31 December 2011, Redcape had approximately \$745 million of Senior and Junior secured loans including deferred establishment fees and accrued deferred interest expenses. This also

includes \$69.6 million relating to the cancellation of Redcape's interest rate swap agreements at a loss on 31 October 2011, which resulted in the creation of an equivalent amount of additional Senior Debt.

4.7 Biographies of directors of RPF

Colin J Henson FCPA Dip Law (BAB), FCIS, FCIM, FAICD

Executive Chairman

Mr Henson has held senior management and director positions in a range of industries including brewing, hotel, wine, oil and mineral drilling contracting, electronics, food additives, health services, business solutions, technology, bulk handling and complementary medicines. In addition to his involvement in Redcape, Mr Henson is currently the Non-Executive Chairman of Videlli Limited. Mr Henson was appointed as a director of RPF on 25 June 2007.

Peter Armstrong MBA, Dip. Mgmt. Studies, MAICD

CEO & Managing Director

Mr Armstrong has extensive experience and a successful track record in senior management, hotel management, business acquisitions, property development, supply chain management and general business management. His most recent position prior to Redcape was as General Manager of Hotels in the Coles Liquor Group Division where Peter grew the business from 23 hotels to approximately 100 hotels plus in excess of 225 retail outlets. Mr Armstrong has industry experience in the office supplies, general merchandise & apparel, building & property development, food, hospitality and general retail sectors. Mr Armstrong was appointed as a managing director of RPF on 5 February 2009.

Greg Kern BCom, CA, IPA, MIIA(Aust), MAICD

Non-Executive Director

Mr Kern is the Managing Director of Kern Consulting Group, a corporate advisory firm based in Queensland. He is a Chartered Accountant, a registered company auditor, a member of the Institute of Internal Auditors and the Australian Institute of Company Directors. Mr Kern was appointed as a director of RPF on 3 April 2007.

Adam Thatcher B.Comm LLB (Honours)

Non-Executive Director

Mr Thatcher is a corporate and commercial lawyer with over 25 years experience. He was a partner at one of Australia leading law firms, Allens Arthur Robinson until the end of 2009. During his 20 years as a partner he specialised in finance, infrastructure and corporate recovery as well as general commercial law, and has worked on many matters involving hotels, pubs, resorts and tourist facilities. Mr Thatcher was on the committee of the Banking and Financial Services Law Association and a director of the Infrastructure Association of Queensland. He is currently a director of Bluewater Property Trust, a syndicated property investment company and Legal counsel for Virgin Australia. Mr Thatcher was appointed as director of RPF on 25 November 2010.

Richard Barber CA (retired)

Non-Executive Director

Mr Barber's career exceeds 45 years spanning a number of disciplines and industries. Mr Barber retired as a senior Partner at Price Waterhouse Coopers in 1998 after 38 years in public practice, and from 1987 to 1996 was National Director of Corporate Recovery Price Waterhouse Australasia, specialising in business turnaround and corporate recovery. Mr Barber was formerly a Director and CEO of Tipperary Oil & Gas (Australia) Pty Ltd which was acquired by Santos in 2005. In addition to his role as Non Executive Director of RPF, Richard is currently a Director of

Queensland Resources Council Ltd, and continues to consult to large private interests servicing the Coal Seam Gas industry in Queensland. Mr Barber was appointed as a director of RPF on 25 November 2010.

4.8 Biographies of directors of the Company

John Atkin - Chief Executive Officer

John Atkin joined The Trust Company in January 2009 as Chief Executive Officer. John has held the position of Managing Partner and Chief Executive Officer at Blake Dawson from 2002 to 2008 and prior to this John was a senior partner at Mallesons Stephens Jaques. John is a director of the Australian Outward Bound Foundation and QR National and was elected as President of the Trustee Corporations Association of Australia in March 2011.

David Grbin - Chief Financial Officer

David Grbin joined The Trust Company as a consultant in February 2008 before being appointed Chief Financial Officer in July 2008. David has held a number of Financial and Commercial management positions with Adsteam Marine Limited, The Adelaide Steamship Company Limited and has worked as an auditor for Deloitte Touche Tohmatsu.

Andrew Cannane - General Manager, Business Development

Andrew is responsible for the Company's business development activities throughout Australia. Formerly the CEO of The Trust Company in Singapore, he also leads the strategic direction of The Trust Company's international business. Having worked in wealth management, financial markets and retail banking in Australia, Singapore and the UK for over 15 years, he currently sits on the Asia Pacific Real Estate Association's (APREA) Australian Chapter Board, the Financial Services Council's Global Markets Committee and the Property Council of Australia's Unlisted Property Roundtable.

4.9 Recent Security Price Performance

Section 3.10 of the Independent Expert's Report in Schedule 1 of this booklet sets out the details of ASX trading prices of the Securities since its listing on ASX on 2 August 2007.

4.10 Financial performance

The following financial statements are based on the audited financial statements of Redcape for the years ending 30 June 2010 and 30 June 2011 and the unaudited management accounts of Redcape for the 6 months to 31 December 2011.

Table 1: Consolidated Statement of Comprehensive Income

\$ in 000's	Note	12 mths to Restated 30 June 2010 (Audited)*	12 mths to 30 June 2011 (Audited)	6 mths to 31 December 2011 (Management)
REVENUE				
Rent from investment properties	(1)	72,995	66,007	33,231
Revenue from straight – line lease adjustment	(1) & (2)	21,196	15,371	-
Outgoings recovered		6,045	5,749	3,913
Sundry income		913	112	254
Distributions	(3)	387	-	-
Interest from cash deposits		315	688	-
Total revenue from operating activities		101,851	87,927	37,398
OPERATING EXPENSES				
Investment property outgoings and expenses		8,644	8,873	4,925
Remuneration of Company's Directors		499	623	-
Finance costs	(4)	73,851	85,519	44,735
Other expenses	(5)	4,435	4,143	5,455
Total expenses from operating activities		87,429	99,158	55,115
Profit/(loss) from operating activities	(6)	14,422	(11,231)	(17,717)
Non operating expense/(income)				
Fair value write-down of investment properties	(7)	51,072	901	12,404
Impact of straight-line lease adjustment on fair value of investment properties	(2)	21,196	15,371	-
Change in fair value of derivative financial instruments	(8)	15,854	(6,390)	-
Realised loss on swap closeout		6,016	-	15,820
(Gain)/loss on sale of investment properties		(2,590)	1,157	-
Loss on sale of ALE securities	(3)	129	-	-
Total non operating expense/(income)		91,677	11,039	28,224
Loss before income tax		(77,255)	(22,270)	(45,941)
Income tax benefit/(expense)		24	-	-
Total comprehensive (loss)/income	(9)	(77,231)	(22,270)	(45,941)

* Restatement of the Redcape financial year 30 June 2010 (FY 10) audited accounts relates to the change in accounting for intangible assets.

In relation to Redcape's reported statutory financial performance for the year ended 30 June 2011:

- (1) Total rent from investment properties including the straight-line adjustment decreased by \$12.8 million (-13.6%) to \$81.4 million. This was a result of the sale of 8 pubs in the second half of FY10 and an additional 7 in financial year ended 30 June 2011 (FY11). There have been no property sales in the six months to 31 December 2011.

- (2) Revenue from straight-line lease adjustment: Rental income from operating leases is recognised on a straight-line basis over the lease term. Fixed rental increases which do not represent direct compensation for underlying cost increases or capital expenditure are recognised on a straight-line basis over the term of the lease or over the period until the next market review date. An asset is recognised to represent the portion of operating lease revenue in a reporting period relating to fixed increases in operating lease rentals in future periods. Although the receivable is considered to be a component part of the relevant property investment carrying value, it is disclosed separately.
- (3) Distributions in FY10 relate to distributions from Redcape's investment in ALE Property Group, which was disposed of prior to 30 June 2010.
- (4) The Senior Facility Agreement interest rate was BBSY + 2.0% in FY11 compared to BBSY + 0.8% in FY10. The Junior Facility Agreement interest rate was BBSY + 8.4% in FY11 compared to BBSY + 1.5% in the prior year. Additional deferred interest was charged monthly under the Senior Facility Agreement at a rate of 2.5% per annum on the outstanding principal amount. Finance costs in FY11 increased by \$11.7 million due to higher variable rates during the year.
- (5) Other expenses include management expense charges as follows: - Redcape established an internal management team with the creation of Redcape Services Pty Limited (the Manager) effective from 1 July 2009. For FY11, Management expense represented 0.24% of total assets.
- (6) Profit from operating activities decreased by \$25.7 million to a loss of \$11.2 million in FY11 primarily due to the decrease in rental revenue and the increase in finance costs.
- (7) Management obtained independent external valuations for 52 properties (primarily the Coles/NLG pubs) as at 30 June 2010 as required for the refinance of the Senior Debt. The remaining properties were reviewed by Management. The value of investment properties was written down by \$51.1 million in FY10. Further independent valuations were obtained for 25 properties as at 30 June 2011 with an additional fair value write down of approximately \$0.9 million. Managements latest estimate indicate a further write down of approximately \$12.4 million in the six months to 31 December 2011.
- (8) The change in the fair value of the derivative financial instruments reflects the position of the interest rate swaps Redcape used to hedge its exposure to interest rate risks arising from financing and investment activities. Redcape does not hold or issue derivative financial instruments for trading purposes. Management closed the swap on 31 October 2011 at a total cumulative loss of \$69.6 million, which has subsequently been converted into debt under a variation to the Senior Facility Agreement.
- (9) Total comprehensive loss for FY11 was approximately \$22.3 million. We note that the six months year-to-date loss in FY12 was approximately \$45.9 million due to the cumulative loss on the interest rate swap of approximately \$15.8 million, \$12.4 million investment property write down and operating activities continued to generate losses.

Table 2: Consolidated Statement of Financial Position

\$ in 000's	Note	*Restated 30 June 2010 (Audited)	30 June 2011 (Audited)	31 December 2011 (Management)
ASSETS				
Current assets				
Cash and cash equivalents		18,970	9,456	11,537
Trade and other receivables		1,575	9,562	4,208
Other current assets		152	42	1,456
Total current assets		20,697	19,060	17,201
Non-current assets				
Investment properties		658,997	670,910	
Rent receivables		53,652	66,539	
Non-current assets held for sale		100,600	6,750	
Total investment properties	(1)	813,249	744,199	738,065
Property, plant and equipment		137	153	877
Total non-current assets		813,386	744,352	738,942
TOTAL ASSETS		834,083	763,412	756,143
LIABILITIES				
Current liabilities				
Trade and other payables		4,435	2,453	3,993
Loans and borrowings	(2)	92,146	654,307	745,174
Derivative financial instruments	(3)	12,996	53,736	-
Total current debt		105,142	708,043	745,174
Total current liabilities		109,577	710,496	749,167
Non-current liabilities				
Loans and borrowings	(2)	602,191	-	-
Derivative financial instruments	(3)	47,130	-	-
Total non-current liabilities		649,321	-	-
TOTAL LIABILITIES		758,898	710,496	749,167
NET ASSETS		75,185	52,916	6,976
EQUITY				
Contributed equity		461,513	461,513	461,513
(Deficiency)/undistributed earnings		(386,600)	(408,862)	(454,802)
Reserves & Non controlling interest		272	265	265
TOTAL EQUITY		75,185	52,916	6,976

* Restatement of the FY10 accounts relates to the change in accounting policy for intangible assets.

In relation to Redcape's reported statutory financial position for the year ended 30 June 2011:

- (1) Gross investment property value (investment properties, rent receivable and non-current assets held for sale) decreased primarily as a result of the disposal of approximately \$61.8 million of properties during the year. The remaining movement was due to the straight-line accounting adjustment. Table 3 summarises the property portfolio as at 30 June 2011 compared to the portfolio as at 30 June 2010 and 31 December 2011. The total number of properties reduced from 92 as at 30 June 2010 to 84 as at 30 June 2011, reflecting the disposal of properties during FY11.

Table 3: Properties Portfolio

	No. of properties June 2010	Valuation June 2010 \$'000	No. of properties June 2011	Valuation June 2011 \$'000	No. of properties December 2011	Draft Valuation December 2011 \$'000 (Management)
Geographical						
QLD	61	462,074	57	434,949	57	420,765
NSW	25	293,900	21	254,150	21	255,500
SA	5	43,125	5	45,300	5	45,850
VIC	1	14,150	1	15,700	1	15,950
	92	813,249	84	750,099	84	738,065
Tenant						
Coles	56	439,820	56	445,243	56	435,040
NLG	24	285,900	21	259,550	21	259,400
Other	12	87,529	7	45,306	7	43,625
Total*	92	813,249	84	750,099	84	738,065

* Total property valuation of \$750 million as at 30 June 2011 differs from the total investment properties balance of \$744 million disclosed in the Consolidated Statement of Financial Position (Table 2 above) as the portion relating to proceeds receivable from insurance claims of \$5.9 million was classified in the trade and other receivables account.

- (2) On 25 May 2011, the Consortium Group acquired 39% stake in Redcape's Senior Debt. As at 30 June 2011, given the uncertainties around compliance with the Facility Agreements, the total amount of debt balance was reported as a current liability.
- (3) The derivative financial instrument (interest rate swap) is stated at fair value at each reporting date. To facilitate the Proposal, the swap was closed out on 31 October 2011. Redcape recognised a total swap loss of \$69.6 million, payable within 28 days. The swap loss was converted to debt under a variation to the Senior Facility Agreement.

Table 4: Consolidated Statement of Cash Flows

\$ in 000's	Note	12 mths to Restated 30 June 2010 (Audited)	12 mths to 30 June 2011 (Audited)	6 mths to 31 December 2011 (Management)
Cash flows from operating activities				
Rent and outgoings from investment properties (incl. GST)		87,555	76,391	
Payments to suppliers		(23,896)	(17,044)	
ALE Property Group distributions		315	-	
Interest receipts – Bank deposits		387	688	
Interest paid		(29,770)	(41,269)	
(Paid)/receipts from interest rate swaps		(22,716)	(13,635)	
Net cash from operating activities	(1)	11,875	5,131	2,804
Cash flows from investing activities				
Proceeds from disposal of investment properties		100,664	62,662	-
Payment for property, plant and equipment		(160)	(570)	(723)
Proceeds from disposal of investment in ALE securities		6,971	-	-
Net cash from investing activities	(2)	107,475	62,092	(723)
Cash flows from financing activities				
Repayment of borrowings		(110,638)	(76,737)	-
Net cash from financing activities	(3)	(110,638)	(76,737)	-
Net increase/(decrease) in cash held	(4)	8,712	(9,514)	2,081
Cash and cash equivalents at the beginning of the period		10,258	18,970	9,456
Cash and cash equivalents at the end of the period*		18,970	9,456	11,537

In relation to Redcape's reported statutory cash flows:

- (1) Net cash from operating activities decreased by \$6.7 million (-57%) to \$5.1 million in FY11 as a result of the combined impact from the decrease in revenue and the increase in finance costs. We note that the decrease in revenue was due to the reduction in the number of properties from 92 at 30 June 2010 to 84 at 30 June 2011. Revenue is expected to decrease further unless new properties are acquired. In addition, interest charges are expected to increase as a result of the higher interest rate triggered by the Events of Default.
- (2) Investing activities primarily involve sales of investment properties. The decline in FY11 investing cash flows of \$45.4 million (-42%) to \$62.1 million was driven by the reduction in the number of successful property sales with eight properties sold during the year.
- (3) Cash payment for financing activities decreased by \$33.9 million (31%) to \$76.7 million due to less cash flow available to repay debt arising from the lower number of property sales.
- (4) Overall, Redcape reported a net cash outflow of approximately \$9.5 million for FY11.

5. Risk Factors

Securityholders should be aware that certain risks are already relevant to holders of Securities and to Redcape's existing business and will continue to be relevant even if the Schemes are not implemented. Such risks (apart from those associated with existing Events of Default), include, but are not limited to the general risks of owning equity securities, economic risk, changes in government policy, broad industry risks including liquidity, valuation risk, fluctuation in interest rates, equity and debt capital markets. However, the following highlights the risks most relevant to Redcape:

A. RISKS IF THE SCHEMES ARE NOT IMPLEMENTED:

(a) Subsisting Events of Default

On 11 October 2011, Redcape advised Securityholders that an event of default under the Redcape Finance Documents had occurred as a result of the appointment of receivers and administrators to National Leisure & Gaming Limited (a major tenant of Redcape).

This event of default and other Events of Default, are subsisting and not able to be remedied and, subject to the terms of the Redcape Finance Documents, entitle the Secured Lenders to accelerate the repayment of all outstanding loan monies, enforce repayment of the debt and charge interest at penalty rates on the outstanding loan monies, being approximately \$745million (as at 31 December 2011).

If the Schemes are not implemented, the Secured Lenders will likely accelerate the repayment of their debt and take enforcement action, such as appointment of a receiver to the assets and undertaking of Redcape and conduct a sale of Redcape's assets to recover all monies owed to the Secured Lenders.

As a result of the uncertainties associated with asset values under a receivership, the requirement to repay Secured Lenders in full and thereafter unsecured creditors and the costs associated with realising the assets, there is significant doubt whether this course will provide any return for Securityholders.

Should the Securityholders vote in favour of the Schemes, the Consortium's recapitalisation of Redcape will avoid enforcement action being taken by the Secured Lenders as they will be paid a sum and discharged from the proceeds of the Recapitalisation Consideration to be provide by the Consortium.

(b) Risk of Redcape continuing as a going concern

Maintaining the status quo of Redcape is not considered a viable option for the business given the Events of Default. In this regard we note that the existing levels of interest charges are not sustainable as interest expense will further increase due to the additional 2% pa penalty interest payable as a result of the Events of Default and with penalty interest, and other charges it is likely that Redcape's Net Asset position will show a deficit by 31 March 2012.

In relation to the Security value of Redcape as a going concern or Redcape conducting an orderly realisation of assets or a capital raising (which is unlikely given the Events of Default) or in receivership, we refer you to the summary on pages 4 to 7 and section 6 of the Independent Expert's Report in Schedule 1. The Independent Experts Report attributes a \$nil value for Redcape Securities in the event of a receivership or winding up. Securityholders are encouraged to read the entire Independent Experts Report.

(c) Uncertainty of Future Working Capital Needs and Additional Funding

The future working capital requirements of Redcape will depend on many factors.

Redcape believes that its current funding facilities are uncertain and cash generated from operations may not be adequate to satisfy the penalty interest rates (which apply whilst the Events of Default are subsisting) and anticipated working capital and other capital requirements for the foreseeable future. Penalty interest payable under the Facility Agreements resulting from the Events of Default are estimated to erode Redcape's net assets to \$nil by 31 March 2012. At present, the Senior Lenders have not charged penalty interest but have the right to do so whilst the Events of Default are subsisting. The Secured Lenders have also agreed to forbear from taking any action to accelerate the repayment of moneys owed to them or take enforcement action against Redcape in relation to various events of default in order to facilitate the implementation of the Schemes unless the Implementation Agreement for Schemes and Recapitalisation is terminated or until 1 May 2012, whichever occurs first.

Should Redcape require additional funding, there can be no assurance that such financing will be available on acceptable terms or at all.

Any inability to obtain or sustain its existing financing will have a material adverse effect on Redcape's business, financial position and results of operations.

(d) Cash Flow Risk

Given the appointment of administrators and receivers to National Leisure & Gaming Limited (NLG), whilst Redcape believes that NLG will continue to honour its commitments as a lessee under the pubs leased to it by Redcape, there is some risk that these commitments may not be honoured by the administrators and receivers of NLG in the future.

(e) Equity Security Ownership

The price at which Redcape's Securities trade on the ASX may fluctuate as a result of a wide variety of factors. An investment in Redcape is subject to such fluctuations and risk factors, some of which Redcape will seek to mitigate while others are outside the control of Redcape.

(f) Economic Conditions

A number of factors outside Redcape's control may have a significant impact on Redcape's performance and the price of its Securities, including:

- (i) the economic outlook in Australia and internationally;
- (ii) new regulation or legislation applying to investments in Australia;
- (iii) investor perceptions and stock market conditions; and
- (iv) changes in fiscal, monetary and regulatory policies.

B. RISKS IF THE SCHEMES ARE IMPLEMENTED:

(g) Risk of Potential for Alternative Proposal

If the Schemes are implemented, you will receive the Scheme Consideration payable to you under the Schemes and you will no longer be a Securityholder of Redcape.

You may consider that there is the potential for a superior proposal to be made to Redcape notwithstanding the subsisting the Events of Default. In this regard, the refer you to section 2.3. However, since the Proposal was announced on 31 October 2011, no alternative proposal has emerged and the Directors do not have any reason to expect that any alternative proposal is likely to emerge given the subsisting Events of Default.

You should be aware that Redcape has explored various options to deliver a superior proposal to Securityholders but has not, for various reasons, secured an alternative or superior transaction from a third party, nor is one likely to be proposed to Redcape in the current circumstances given the subsisting Events of Default.

If Redcape receives written notice of a bona fide superior competing transaction, that proposal and Redcape's obligations under the Implementation Agreement for Schemes and Recapitalisation will be carefully considered. Securityholders will be notified promptly if the matter is one that would be material to their decision as to whether or not to vote in favour of the Resolutions to approve the Schemes. However, any such proposal would need the support of the Secured Lenders and until the precise terms of any superior proposal are known, the Directors cannot speculate as to whether the Secured Lenders will support it as there are currently no reasonable grounds on which to do so. However, we note that any superior proposal will require consent from the Senior Lenders (by two thirds majority vote of total debt) and the Consortium Lenders currently hold 38.7% of Redcape's Senior Debt.

The Directors are not aware of any alternative proposal and do not believe that one is likely to emerge. The risk factors outlined above are not exhaustive of the risks faced by Securityholders who invest in Redcape. The above factors, and others not specifically referred to above, may in the future materially affect the value of the Securities.

You should also have regard to the Independent Experts Report in Schedule 1 which outlines a number of risks to be considered. Securityholders are encouraged to read the entire report.

6. Information from Consortium

This section has been prepared by Consortium and Consortium is responsible for its accuracy. The Consortium Investors, their directors, officers and advisers accept no responsibility for the information contained in this section 6 of the Scheme Booklet.

6.1 Overview of Consortium

If the Schemes become Effective and are implemented, Consortium BidCo will acquire all the Shares in RPF and Consortium BidTrust will acquire all the Units in the Trust on issue as at the Record Date.

(a) Consortium BidCo

Consortium BidCo was established for the sole purpose of acquiring the Shares in RPF under the Share Scheme.

Consortium BidCo is a company incorporated in Singapore.

Ownership of Consortium BidCo:

The Consortium Investors currently hold shares in Consortium BidCo as follows:

- (i) Restamove Ireland Limited (**GS Investor**) - 100 shares representing 33.333% of the issued capital in Consortium BidCo;
- (ii) Maples Trustee Services (Cayman) Limited as responsible entity for the Public House Trust (**PHT Investor**) - 100 shares representing 33.333% of the issued capital in Consortium BidCo; and
- (iii) Royal Bank of Canada Trust Company (Cayman) Limited as trustee for York Global Finance 40 Unit Trust (**York Investor**) - 100 shares representing 33.333% of the issued capital in Consortium BidCo.

Directors of Consortium BidCo:

The current directors of Consortium BidCo are:

- (iv) Lee Wei Hsiung;
- (v) Wyatt Wachtel;
- (vi) Andrew Lenk; and
- (vii) Devin Chanmugam.

(b) Consortium BidTrust

Consortium BidTrust was established for the sole purpose of acquiring the Units in the Trust under the Unit Scheme.

The Regatta 3 Company (Australia) Pty Ltd is the trustee of The Regatta No.2 Trust, which was established by deed poll dated on or about 30 November 2011.

Ownership of Consortium BidTrust:

The Consortium Investors currently hold units in the trust (The Regatta No.2 Trust) of Consortium BidTrust as follows:

- (i) the GS Investor - 100 units representing 33.333% of the issued capital in Consortium BidTrust;
- (ii) the PHT Investor - 100 units representing 33.333% of the issued capital in Consortium BidTrust; and

- (iii) the York Investor - 100 units representing 33.333% of the issued capital in the trust Consortium BidTrust.

The Consortium Investors currently hold shares in the trustee of Consortium BidTrust (The Regatta 3 Company (Australia) Pty Ltd) as follows:

- (iv) GS Investor - 100 shares representing 33.333% of the issued capital in the trustee of Consortium BidTrust;
- (v) PHT Investor - 100 shares representing 33.333% of the issued capital in the trustee of Consortium BidTrust; and
- (vi) York Investor - 100 shares representing 33.333% of the issued capital in the trustee of Consortium BidTrust.

Directors of Consortium BidTrust:

The current directors of the trustee of Consortium BidTrust (The Regatta 3 Company (Australia) Pty Ltd) are:

- (vii) Genevieve Gregor;
- (viii) Wyatt Wachtel; and
- (ix) Andrew Lenk.

(c) Overview of Consortium Investors

Goldman Sachs:

Restamove Ireland Limited is an entity established by Goldman Sachs and holds international investments on behalf of Goldman Sachs, including the investment in the Consortium.

The Goldman Sachs Group, Inc. is a leading global financial services firm providing investment banking, securities and investment management services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centres around the world. Goldman Sachs is listed on the New York Stock Exchange and, as at 28 November 2011, has a market cap of US\$43.722 billion.

Värde Partners:

Maples Trustee Services (Cayman) Limited as trustee for the Public House Trust was established by Värde Partners solely for the purpose of becoming an investor in the Consortium.

Värde Partners is a privately held, registered investment advisor specialising in alternative investment globally with offices in Minneapolis, London and Singapore. Founded in 1993, Värde Partners has expertise in credit, distressed and special situation investing in a wide range of assets including corporate securities, real estate, consumer loans and obligations, structured securities and capital equipment. Currently, Värde Partners has over US\$7 billion of assets under management. In Australia, Värde Partners has, among other things, been actively involved in recapitalisation of Centro Properties Group (as one of the larger secondary holders of debt), Alinta Energy and Babcock and Brown International. Värde Partners currently has approximately 150 employees globally, of whom approximately 50 are investment professionals.

York Capital Management:

Royal Bank of Canada Trust Company (Cayman) Limited as trustee for York Global Finance 40 Unit Trust was established by York Capital Management (**York**) solely for the purpose of becoming an investor in the Consortium.

York was founded in September 1991 by James G. Dinan as a multi-strategy fund platform, with the goal of generating superior, consistent, risk-adjusted returns across business and market cycles. York currently has approximately US\$14.6 billion of assets under management across eight multi-strategy funds as well as five other funds, which includes two private equity vehicles. As of September 30, 2011, York employed 51 investment professionals and 167 total employees globally, located primarily in New York, London, and Hong Kong. York leverages its global platform to employ a multi-strategy, event-driven investment approach, which emphasizes the fundamental analysis of industries and businesses.

(d) Consortium Lenders

The Consortium Lenders currently hold approximately 39% of Redcape's Senior Debt. The Consortium Lenders are affiliated to the Consortium Investors who in turn own and control the Consortium.

6.2 Post-acquisition intentions of Consortium

If the Consortium acquires all of the Securities on issue through the approval and implementation of the Schemes, this section 6.2 sets out the current intentions of the Consortium in relation to:

- (a) the continuation of the business of Redcape; and
- (b) any major changes to the business of Redcape and any redeployment of the fixed assets of Redcape; and
- (c) the future employment of the current employees of Redcape.

These intentions are based on the information concerning Redcape, its business and the general business environment which is known to the Consortium at the time of the preparation of this Scheme Booklet (including information obtained during due diligence which may include certain non-public information made available to the Consortium prior to entry into the Implementation Agreement for Schemes and Recapitalisation).

Final decisions in relation to the ongoing prospects for Redcape will only be reached after the Consortium has had an opportunity to undertake a detailed review of Redcape's operations. Accordingly, the statements set out in this section 6.2 are statements of current intention only which may change as new information becomes available or circumstances change.

The composition of the Consortium and/or the direct or indirect interests in the Consortium and Redcape are likely to change from time to time after the approval and implementation of the Schemes.

If the Schemes are approved, the Consortium will:

- (a) on the Implementation Date, de-staple the Securities and transfer the Shares to Consortium BidCo and the Units to Consortium BidTrust;
- (b) on the Implementation Date, Consortium BidTrust will subscribe for Units in the Trust at a price of \$0.0259 per Unit for the total Recapitalisation Consideration, in order to recapitalise Redcape. The Recapitalisation Consideration and the proceeds drawn down under the Refinancing Facility will be used to refinance Redcape's Senior Debt, recapitalise Redcape, and to provide Redcape with additional cash funds for working capital; and
- (c) seek the removal of Redcape from the official list of the ASX.

In addition, if the Schemes are approved, the Consortium's current intention is to:

- (d) appoint approximately 3 nominees of the Consortium as directors on the Redcape Board – these nominees have not yet been identified and their identity will depend on the circumstances at the relevant time;
- (e) maintain the current business of Redcape and continue to own and operate the material assets of Redcape recognising that changes may arise over time as a result of recommendations from advisers to the Consortium or its subsidiaries;
- (f) continue to retain the Company as the responsible entity of Trust; and
- (g) retain the existing management arrangements with Redcape's employees and executive directors, subject to a review of Redcape's operations and allocation of resources, having regard to any changes that are necessary or appropriate resulting from a change to Redcape's structure following implementation of the Schemes.

In addition, on 6 October 2011, administrators and receivers were appointed to National Leisure & Gaming Limited (NLG) and its related entities. The receivers of NLG were appointed on behalf of its senior lenders, comprising Goldman Sachs (Asia) Finance, York Global Finance BDH, LLC and Värde Investment Partners, L.P., which are affiliated with the Consortium Investors. The receivers of NLG are expected to commence a sale process for the assets of NLG at some stage in 2012.

NLG is a tenant of 20 pubs owned by the Trust and leased to NLG and contributes approximately 38.7% of the annual rent received by the Trust. Given the nature of NLG's assets, the sale process to be conducted by the receivers of NLG for the assets may not result in a price that satisfies all amounts owed to NLG's senior lenders. In this event, Redcape may participate in the sale process by making an offer to the receivers of NLG to acquire some or all of NLG's leases and ancillary rights of NLG in respect of the operation of those pubs. The Consortium Investors or their affiliates would provide funding to Redcape in respect of those acquisitions. However, as the sale process by the receivers will be conducted at arm's length, whether or not Redcape will successfully acquire some or all of NLG's assets will depend on whether any higher offers are made by third parties for those properties.

6.3 Consortium's funding arrangements

This section 6.3 outlines how Consortium intends to finance the payment of the Scheme Consideration and the Recapitalisation Consideration.

In relation to the Scheme Consideration (ie, totalling approximately \$4.2 million), Consortium and its affiliates have, and if the Schemes are implemented, will have on the Implementation Date, sufficient cash funds to pay the aggregate Scheme Consideration to all Securityholders in full.

The Scheme Consideration is 2.59 cents per stapled security (with 2.58 cents attributed to each Unit and .01 cents attributed to each Share).

Consortium BidTrust will pay approximately \$4.185million and Consortium BidCo will pay approximately \$16,000, respectively of the total Scheme Consideration.

Both Consortium BidTrust and Consortium BidCo have access to sufficient cash funds via the Consortium Investors to pay the Scheme Consideration under the Schemes if the Schemes become Effective.

All of the consideration payable by Consortium BidTrust will be provided by Consortium BidTrust and all of the consideration payable by Consortium BidCo will be provided by Consortium BidCo.

Consortium BidTrust and Consortium BidCo will not be provided with funds to pay the Scheme Consideration if the conditions set out below have not been met. These conditions mirror the conditions contained in the SIA (such that if any of the following conditions are not met,

Consortium BidTrust and Consortium BidCo will not be provided with funds to pay the Scheme Consideration as Consortium BidTrust and Consortium BidCo will not be liable to actually pay the Scheme Consideration):

- (a) the Schemes being proposed to Securityholders as contemplated in the SIA and not being withdrawn;
- (b) the satisfaction or waiver of all of the conditions set out in clause 3.1 of the SIA which are required to be satisfied or waived prior to the Second Court Date;
- (c) the approval under the Foreign Acquisitions and Takeovers Act 1975 (Cth) in connection with the Schemes being obtained by the Consortium on or before the Business Day before the Second Court Date;
- (d) the Scheme being approved by Securityholders; and
- (e) the SIA not having been terminated at any time on or before the Business Day before the Second Court Date.

The Consortium has executed the Deed Poll in favour of each Scheme Participant pursuant to which it undertakes (subject to the Schemes becoming Effective) to pay, or procure the payment of the aggregate Scheme Consideration by Consortium to each Securityholder registered on the Register at the Scheme Record Date, on the Implementation Date.

The aggregate Scheme Consideration will be paid to Redcape before 12 noon on the Business Day before the Second Court Date and Redcape will hold that amount on trust for each Securityholder.

A copy of the Deed Poll is contained in Schedule 3.

The Consortium intends to fund the Scheme Consideration from the Consortium Investors pursuant to cash commitments which have been given to the Consortium by the Consortium Investors.

In relation to the Recapitalisation Consideration, Consortium and its affiliates have, and if the Schemes are implemented, will have on the Implementation Date, sufficient cash funds and other consideration acceptable to Redcape and Consortium BidTrust in order to subscribe for the Recapitalisation Units at a price of \$0.0259 per Unit for the total Recapitalisation Consideration, in order to recapitalise Redcape.

The Recapitalisation Consideration will be funded:

- (f) in part by the Consortium Investors providing cash commitments to the Consortium ; and
- (g) in part by providing other consideration acceptable to Redcape and Consortium BidTrust, including, without limitation, by Consortium converting a portion of the Senior Debt and the Junior Debt into Units of the Trust.

The following sets out the source of the funds to be provided by the Consortium Investors:

- (h) the York Investor is currently required to provide Consortium with approximately 33.333% of the Consortium Investors' total commitment.

York Investor's commitments will be met from existing capital and assets of affiliates of York and otherwise from internal sources. York Investor has unused capital and assets substantially in excess of the amounts required to enable York to satisfy its funding commitments;

- (i) the PHT Investor is currently required to provide Consortium with approximately 33.333% of the Consortium Investors' total commitment.

PHT Investor's commitments are guaranteed by Värde Partner's and will be met Värde Partner's available capital and assets, which are substantially in excess of the amounts required to enable PHT Investor to satisfy its funding commitments; and

- (j) the GS Investor is currently required to fund approximately 33.333% of the Consortium Investors' total commitment. GS Investor is a subsidiary of the Goldman Sachs Group, a leading global investment banking, securities and investment management firm.

GS Investor's commitments will be met from the proceeds of loans and/or share subscriptions from the GS Investor's and/or Goldman Sachs Group, Inc. internal sources. GS Investor has unused committed banking facilities substantially in excess of the amounts required to enable GS Investor to satisfy its funding commitments.

The Consortium Investors may agree to fund their commitments in different proportions.

6.4 Information on Redcape Securities

(a) Consortium's interest in Securities

As at the date of this Scheme Booklet, Consortium and its associates do not have a relevant interest in any Redcape Securities.

Accordingly, as at the date of this Scheme Booklet, Consortium and its associates do not have any voting power in Redcape.

(b) Consortium's interest in Redcape's Senior Debt and Junior Debt

The Consortium Lenders currently hold approximately 39% of Redcape's Senior Debt. The Consortium Lenders are affiliated to the Consortium Investors, who in turn own and control the Consortium.

If the Schemes become Effective, Consortium BidTrust will purchase all the Senior Debt and Junior Debt (**Debt Purchase Transactions**) that it does not hold and will:

- (i) forgive and compromise a portion of the Junior Debt and convert the residual Junior Debt into Units in the Trust; and
- (ii) forgive and compromise a portion of the Senior Debt and then convert a portion of the Senior Debt into Units in the Trust and cause the remaining Senior Debt to be refinanced with the Refinancing Facility.

The Debt Purchase Transactions are conditional agreements reached between the Secured Lenders and Consortium BidTrust which are conditional on, among other things, the Schemes being implemented and becoming Effective.

In respect of the Debt Purchase Transactions agreed with all Senior Lenders other than the Consortium Lenders, the relevant Secured Lenders have agreed to sell to the Consortium BidTrust all Senior or Junior Debt they hold for an amount which is less than the full face value of the Senior Debt or Junior Debt being transferred.

In respect of the Senior Debt held by the Consortium Lenders, the Consortium Lenders, the Consortium BidTrust and Redcape have agreed that the Consortium Lenders will forgive and compromise a portion of their Senior Debt, which will then be transferred to the Consortium BidTrust and converted into Units in the Trust.

(c) Acquisitions of Redcape Securities by Consortium or its associates

In the four months prior to the date of this Scheme Booklet, neither Consortium nor any of its associates has provided, or agreed to provide, consideration for Redcape Securities under a purchase agreement or other agreement.

(d) Pre-Schemes Benefits

In the four months prior to the date of this Scheme Booklet, neither Consortium nor any of its associates have provided any benefit, or agreed to provide any benefit, to a person to induce them to vote in favour of the Proposal or to dispose of their Redcape Securities,

other than the agreement under the Deed Poll to pay the Scheme Consideration and Recapitalisation Consideration under the Schemes if they become Effective.

7. Taxation Implications for Securityholders

The following is a general summary of the Australian taxation consequences for Scheme Participants disposing of stapled Securities under the Schemes. The tax treatment may vary according to individual circumstances and Scheme Participants are advised to seek their own tax advice in respect of their participation in the Scheme.

The tax information provided below applies to Australian tax resident Scheme Participants that hold their stapled Securities on capital account. This summary does not address the tax implications for those Scheme Participants that hold their stapled Securities as trading stock or as general revenue assets, or are subject to special tax rules such as those that apply to insurance companies, trusts and partnerships. Where those circumstances apply Scheme Participants should obtain tax advice in relation the implications in those circumstances.

Scheme Participants who are tax residents of or subject to taxation in other countries will also need to obtain advice on the tax consequences of that country. Australian law consequences are only briefly noted in this summary.

This summary is based on the Australian tax laws in force and the practice of the Australian Taxation Office (ATO) applicable as at the date of this Scheme Booklet. It does not take into account or anticipate any changes in the law (including changes to legislation, judicial authority or administrative practice).

7.1 CGT implications for Australian resident Scheme Participants

(a) Disposal

The disposal of a stapled Security under the Schemes would be treated for capital gains tax (CGT) purposes as separate disposals of a Share and a Unit. The CGT implications of each disposal will need to be considered separately. In particular, a Scheme Participant will have a particular cost for, and be paid proceeds from the disposal of each respective Share or Unit.

(b) Consideration on disposal

Scheme Participants will be paid Scheme Consideration of \$0.0259 cash per stapled Security. The consideration will be allocated as follows: \$0.0001 for the disposal of a Share and \$0.0258 for the disposal of a Unit.

(c) Cost base/reduced cost base

The CGT cost base (or reduced cost base) of each Share will be the amount of the purchase price of a stapled Security allocated to the Share (plus any capital costs of acquisition or disposal).

The CGT cost base (or reduced cost base) of each Unit will be the purchase price of a stapled Security allocated to the Unit (plus any capital costs of acquisition or disposal). Importantly, the CGT cost base of each Unit will have been reduced by any tax deferred distributions they have received in respect of the Unit.

(d) Capital gain/loss

A Scheme Participant will make a capital gain on disposal of a Share or Unit where the respective allocation of the Scheme Consideration from the disposal exceeds their CGT cost base for the Share or Unit.

A Scheme Participant will make a capital loss where the respective allocation of the Scheme Consideration is less than their CGT reduced cost base for the Share or Unit.

If a Scheme Participant has any other capital gains, capital losses may be offset against such gains. Any capital gain or capital loss will be included in the calculation of the Scheme Participant's overall net capital gain. Where a Scheme Participant has a resulting net capital gain this should be included in their assessable income. Any net capital losses that arise may be

carried forward by the Scheme Participant and offset against future capital gains that may be made by the Scheme Participant, subject to the satisfaction of any loss carry forward rules.

(e) CGT discount

Scheme Participant that are either individuals, trustees of a trust or a complying superannuation entity may be entitled to claim the CGT discount if they have held their Shares or Units for at least 12 months prior to the disposal date of the Shares or Units.

The capital gain should initially be reduced by any other capital losses of the Scheme Participant before applying CGT discount. If available, the CGT discount is 50% for individuals and trustees and 33 1/3% for complying superannuation entities. The CGT discount is not available for companies.

(f) CGT implications for non resident Scheme Participants

Any capital gains or losses that arise for non resident Scheme Participants should be disregarded unless the relevant Share or Unit is 'taxable Australian property'. The Shares should not be taxable Australian property. However, if the foreign resident, together with their associates, beneficially holds an interest of 10% or more in the Trust at the time of the disposal, or throughout a 12 month period during the previous 2 years, the units should be taxable Australian property.

If the Share or Unit is 'taxable Australian property', any capital gain realised by a foreign resident on the disposal of the stapled Securities may be subject to Australian CGT. It is recommended that such Scheme Participants obtain their own tax advice in respect of their participation in the Schemes.

7.2 GST implications

There should generally be no goods and services tax (**GST**) payable by Scheme Participants in respect of the Schemes.

However, GST may be payable on any advisory/professional fees and other related costs that a Scheme Participant incurs in relation to their participation in the Schemes. The ability to recover input tax credits on such costs will depend on the individual circumstances of the Scheme Participant.

7.3 Stamp Duty

No stamp duty should be payable by a Scheme Participant on disposal of their stapled Securities under the procedure for implementation of the Schemes.

8. Implementation procedure

8.1 Implementation of the Schemes

(a) Preliminary Steps

Redcape and Consortium entered into an Implementation Agreement for Schemes and Recapitalisation on 23 December 2011 to implement the Schemes.

On 24 February 2012, Consortium executed the Deed Poll pursuant to which Consortium agrees, subject to the Schemes becoming Effective, to provide to each Scheme Participant the Scheme Consideration to which the Scheme Participants are entitled under the terms of the Schemes by depositing the Scheme Consideration into a trust account operated by Redcape in cleared funds on the Implementation Date.

On 24 February 2012, Consortium executed the Subscription Agreement pursuant to which Consortium agrees, subject to the Schemes becoming Effective, to recapitalise Redcape.

A copy of the Implementation Agreement for Schemes and Recapitalisation and the form of the Deed Poll and the Subscription Agreement were released to ASX and are available for inspection on the Redcape website at www.redcape.com.au and the ASX website (www.asx.com.au). A copy will be sent free of charge to any Securityholder who requests a copy before the Effective Date. Requests may be made to the Securityholder information line on 1300 553 874 (within Australia) or + 61 3 9415 4318 (outside Australia) Monday to Friday between 9am and 7pm (Sydney time).

A summary of the Implementation Agreement for Schemes and Recapitalisation is set out in Schedule 2 of this Scheme Booklet.

A copy of the Deed Poll is set out in Schedule 3 of this Scheme Booklet.

A copy of the Subscription Agreement is set out in Schedule 6 of this Scheme Booklet.

(b) Scheme Meetings

If the Schemes are to be implemented, two meetings of Scheme Participants must approve the implementation of the Schemes, namely:

- (i) the Share Scheme Meeting; and
- (ii) the Trust Scheme Meeting.

The Court has:

- (i) convened, under section 411(1) of the Corporations Act, the Share Scheme Meeting to approve the Share Scheme (pursuant to which Consortium will acquire all of the Shares); and
- (ii) advised that, under section 63 of the Trustee Act 1925 (NSW), Redcape would be justified in convening the Trust Scheme Meeting and proceeding on the basis that amending the Trust Constitution as set out in the Supplemental Deed would be within the powers of alteration conferred by the Trust Constitution and section 601GC of the Corporations Act.

The Share Scheme Meeting and Trust Scheme Meeting will be held commencing at 12 noon on 30 March 2012 at Gateway Theatre, Ground Floor, 312 St Kilda Road, Melbourne, Victoria, 3004.

A copy of the Notice of Meeting for the Share Scheme is set out in Schedule 8 of this Scheme Booklet.

A copy of the Notice of Meeting for the Trust Scheme is set out in Schedule 9 of this Scheme Booklet.

Each Securityholder (other than an Excluded Scheme Participant) who is registered on the Register at 1pm (Sydney time) on 28 March 2012 is entitled to attend and vote at the Scheme Meetings, either in person or by proxy or attorney or, in the case of a body corporate, by its corporate representative appointed in accordance with sections 250D and 253B of the Corporations Act.

Instructions on how to attend and vote at the Scheme Meetings in person, or to appoint a proxy to attend and vote on your behalf, are set out in section 2.4 of this Scheme Booklet.

(c) Court approval of Share Scheme

In the event that:

- (i) the Resolutions are approved by the requisite majority of Shareholders and Unitholders at the Scheme Meeting and the Trust Scheme Meeting respectively; and
- (ii) all Conditions Precedent of the Schemes have been satisfied or remain capable of being satisfied, or (where applicable) waived,

Redcape will apply to the Court for orders approving the Share Scheme.

The Corporations Act and the *Supreme Court (Corporations) Rules 1999* provide a procedure for Securityholders to oppose the approval by the Court of the Share Scheme.

If you wish to oppose the approval of the Share Scheme at the Second Court Hearing, you may do so by filing with the Court and serving on Redcape an interlocutory process in the prescribed form together with any affidavit on which you wish to rely at the hearing.

With leave of the Court, you may also oppose the approval of the Share Scheme by appearing at the Second Court Hearing and applying to raise any objections you may have at the hearing. Redcape should be notified in advance of an intention to object.

The date for the Second Court Hearing is currently estimated to be 3 April 2012, though an earlier or later date may be sought. Any change to this date will be announced through ASX.

(d) Second Judicial Advice

In the event that:

- (i) the Resolutions are approved by the requisite majority of Shareholders and Unitholders at the Share Scheme Meeting and the Trust Scheme Meeting respectively; and
- (ii) all Conditions Precedent of the Schemes have been satisfied or remain capable of being satisfied, or (where applicable) waived,

Redcape will apply to the Court, at the same time as it will apply for approval of the Share Scheme, for orders confirming that Redcape would be justified in acting upon the Trust Scheme Resolutions and in doing all things and taking all necessary steps to put the Trust Scheme into effect.

Each Securityholder has the right to appear at this Court hearing seeking the Second Judicial Advice.

(e) Implementation Steps

If the Court makes orders approving the Share Scheme and confirming the implementation of the Trust Scheme, Redcape and Consortium will take or procure the taking of the steps required for the Schemes to be implemented, including:

- (i) lodging with ASIC an office copy of:
 - (A) the Court orders given under section 411(4)(b) of the Corporations Act approving the Share Scheme; and
 - (B) the modification to the Trust Constitution under section 601GC(2) of the Corporations Act.

It is anticipated that these will occur on or about 4 April 2012. Upon the lodgement of the Court orders and the modification of the Trust Constitution with ASIC, the Schemes will take effect;

- (ii) Consortium will provide the Scheme Consideration for each Scheme Participant by depositing it into a trust account operated by Redcape in cleared funds on the Business Day before the Second Court Date;
- (iii) Redcape will execute a master transfer on behalf of all Scheme Participants to transfer all the Securities to Consortium and deliver the master transfer to Consortium or otherwise effect a transfer of such Securities in CHESS and enter the name of Consortium in the Register in respect of all Securities;
- (iv) on the Implementation Date, the Securities will be de-stapled and then the Shares will be transferred to Consortium BidCo and the Units will be transferred to Consortium BidTrust (on a de-stapled basis);
- (v) on the Implementation Date and following the de-stapling of the Securities, Consortium BidTrust will subscribe for Units in the Trust at a price of \$0.0259 per Unit for the total Recapitalisation Consideration (pursuant to the Subscription Agreement); and
- (vi) within 2 business days after the Implementation Date, Redcape will apply for its removal from the official list of the ASX.

8.2 Scheme Consideration

As set out in section 3.2, if the Schemes become Effective, Securityholders who are registered on the Register as at the Scheme Record Date, will be paid \$0.0259 per Security from Consortium by way of the Scheme Consideration.

Consortium will pay:

- the Scheme Consideration;
- plus one cent for each Scheme Participant in recognition of the fact that the aggregate amount payable to each Scheme Participant will be rounded up to the nearest whole cent;

by depositing it into a trust account operated by Redcape in cleared funds before 12 noon on the Business Day before the Second Court Date (expected to be on or about 3 April 2012 which will be refunded back to the Consortium if the Schemes are not implemented).

Redcape will hold these moneys (but not the interest earned on the deposit, which will be for the benefit of Consortium) on trust for the Scheme Participants, and will allow the monies only to be drawn upon for payment of the Scheme Consideration to the Scheme Participants.

The payment to the Scheme Participants will be made by way of a cheque in Australian currency (drawn on an Australian bank) to be sent by pre-paid post to each Scheme Participant within 5 Business Days of the Implementation Date.

8.3 Determination of persons entitled to Scheme Consideration

The content of the Register will solely determine the entitlement to the Scheme Consideration.

Securityholders who are registered on the Register as at the Scheme Record Date, will be paid the Scheme Consideration.

Redcape will maintain the content of the Register from the Scheme Record Date until registration of Consortium in respect of all of the Securities.

Dealings in Securities prior to 7pm (Sydney time) on the Scheme Record Date in relation to the Scheme Consideration, will only be recognised if:

- (a) in the case of dealings of the type to be effected by CHESSE, the transferee is registered in the Register as the holder of the relevant Securities by the Scheme Record Date (as relevant); and
- (b) in all other cases, registrable transfers or transmission applications are received at the Registry by the Scheme Record Date (as relevant).

Redcape must register duly completed registrable transfers or transmission applications which it receives by 7pm (Sydney time) on the Scheme Record Date in relation to the Scheme Consideration but will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Securities received after that time (other than a transfer of all the Securities to Consortium in accordance with the Schemes) or received prior to that time but not in a registrable form.

8.4 Effective Date

The Schemes will become Effective on the date on which the later of the following takes place:

- (a) an office copy of the Court order approving the Share Scheme; and
- (b) a copy of the Trust Constitution, as modified by the Supplemental Deed,

is lodged with ASIC. Redcape anticipates that this will be on or about 4 April 2012.

If the Schemes become Effective:

- (a) Redcape will become bound to take the steps required for Consortium to become the holder of all Securities; and
- (b) Consortium will become bound to provide the Scheme Consideration as discussed under clause 8.2; and;
- (c) Consortium BidTrust will pay Redcape the Recapitalisation Consideration (pursuant to the Subscription Agreement) on the Implementation Date.

8.5 Sunset date

If the Schemes are not implemented on or before 30 May 2012, either Redcape or the Consortium is able to terminate the Implementation Agreement for Schemes and Recapitalisation.

If the Implementation Agreement for Schemes and Recapitalisation is terminated in accordance with its terms, the Schemes will not become Effective.

8.6 Warranty by Securityholders about their Securities

The effect of clause 7.3(a) of the Share Scheme and clause 47.5(a) of the Trust Constitution as amended by the Supplemental Deed is that all Scheme Participants, including those who vote against the Schemes and those who do not vote, will be deemed to have warranted to Consortium that their Securities are not subject to any encumbrances.

8.7 Absolute effect of Schemes

If the Schemes become Effective, then regardless of whether or not a particular Securityholder voted in favour of the Schemes, or at all, all of that Securityholder's Securities (if registered on the Register at the Scheme Record Date) will be transferred to Consortium for the Scheme Consideration.

8.8 ASIC Modification

- (a) The Acquisition Resolution seeks approval for Consortium BidTrust to acquire all of the Trust Units from Unitholders pursuant to item 7 of section 611 of the Corporations Act.

Item 7 of section 611 of the Corporations Act provides that no votes may be cast in favour of the Acquisition Resolution by the person proposing to make the acquisition and their associates or persons from whom the acquisition is to be made and their associates.

ASIC has granted Redcape and the Consortium a modification of item 7 section 611 of the Corporations Act so that all Unitholders may vote in favour of the Acquisition Resolution.

- (b) ASIC has granted Consortium BidTrust relief from the obligation to comply with Division 5A of Part 7.9 of the Corporations Act in relation to any unsolicited offers to acquire the Units.
- (c) ASIC has granted the Company and the Consortium relief from the obligation to provide a financial services guide under Division 2 of Part 7.7 of the Corporations Act, in relation to certain financial services in connection with the Scheme.
- (d) ASIC has granted the Company and the Consortium relief from the obligation to hold a licence to provide financial product advice under section 911A of the Corporations Act in this Scheme Booklet in relation to the Trust Scheme.

9. Additional Information regarding Redcape

9.1 Implementation Agreement for Schemes and Recapitalisation and due diligence process

The Implementation Agreement for Schemes and Recapitalisation was entered into by Redcape and Consortium on 23 December 2011 following a due diligence process by Consortium on Redcape.

A copy of the Implementation Agreement for Schemes and Recapitalisation has been lodged with ASX and is available on both the ASX website (www.asx.com.au) and Redcape's website at www.redcape.com.au

The due diligence conducted by Consortium involved both a review of internal confidential information and documents as well as interviews with management.

The Independent Expert has had access to Redcape's internal confidential information that was provided to Consortium for the purposes of due diligence. The Independent Expert has also conducted interviews with certain members of Redcape's management team.

Redcape is not aware of any material information about Redcape that is material to a decision by a Securityholder on how to vote on the Resolutions and which:

- (a) has not been available to the Independent Expert in the manner referred to above for the purpose of preparing the Independent Expert's report; or
- (b) is not set out or referred to in this Scheme Booklet; or
- (c) has not otherwise been made available publicly by Redcape.

9.2 Interests in Redcape held by Redcape Directors

The Redcape Directors and the number of Securities in which they have a relevant interest as at the date of this Scheme Booklet are set out in the table below:

Director	Securities
Colin Henson	1,250,000
Peter Armstrong	2,000,000
Greg Kern	1,214,660
David Charles (alternate)	640,000

9.3 Interests in Consortium held by Redcape Directors

Subject to section 9.8, no Redcape Director holds any interest in the Consortium.

9.4 Interests in contracts of Consortium held by Redcape Directors

Subject to section 9.8, there are no contracts or arrangements between a Redcape Director and the Consortium.

9.5 Agreements or arrangements with Redcape Directors

Subject to section 9.8, there is no agreement or arrangement made between any Redcape Director and any other person, including the Consortium, in connection with or conditional upon the outcome of the Schemes.

9.6 Other interests of Directors of Redcape

Subject to section 9.8, no Redcape Director has any other interest, whether as a director, member or creditor of Redcape or otherwise, which is material to the Schemes.

9.7 Payments and other benefits to directors, secretaries or executive officers of Redcape

Subject to section 9.8, no payment or other benefit is proposed to be made or given to a Director, secretary or executive officer of Redcape or any related body corporate of Redcape as compensation for loss of, or as consideration for or in connection with their retirement from, office in Redcape or any of its related bodies corporate.

9.8 Potential Interest in the Consortium by the Company (ie responsible entity of the Trust)

The Trust Company Limited (ASX code: TRU) is the parent entity of the Company (ie The Trust Company (RE Services) Limited as the responsible entity of the Trust).

Goldman Sachs & Partners Australia Pty Ltd (**Goldman Sachs**), on behalf of the Consortium, has made preliminary enquiries with The Trust Company Limited about the possibility of the Company or another entity in The Trust Company Limited group acting as the responsible entity for the new trust structure, through which the Consortium would hold the units in the Trust, should the Schemes be implemented (**Possible Role**).

As with other similar roles which The Trust Company Limited group performs for similar trust structures, the responsible entity services which may be offered in the Possible Role would be on an arm's length basis and on normal commercial terms.

A protocol has been put in place by The Trust Company Limited group which includes an 'information barrier' between personnel involved in the Proposal from the Consortium and those involved in the Possible Role.

It is noted that Mr Andrew Cannane is a director of the Company. Under this protocol Mr Cannane may be involved in the Possible Role and is therefore not involved in the Proposal. Accordingly, Mr Cannane has absented himself from consideration of, and voting in respect of, all matters in relation to the Proposal and Redcape.

9.9 Redcape's Substantial Securityholders

The substantial holders of Securities (ie holding 5% or more of Redcape's issued capital) as at the date of this Scheme Booklet are as follows:

Name of substantial Shareholders	Number of Securities	Voting Power
TWH (Qld) Pty Ltd (Receivers and Administrators appointed)	68,621,539	42.24 %
TWH (Qld) Pty Ltd (Receivers and Administrators appointed)	14,166,246	8.72 %
HLG Management Pty Ltd (Receivers and Administrators appointed)	11,985,838	7.38 %

Redcape has relied on the substantial holder notices provided to it up to the date of this Scheme Booklet, which are available on the ASX website, to compile the above table. Information in

regard to substantial holdings arising, changing or ceasing before this time or in respect of which the relevant announcement is not available on the ASX website is not included above.

9.10 Information disclosed to ASX and documents lodged with ASIC

Redcape is a disclosing entity for the purposes of the Corporations Act and as such is subject to periodic reporting and continuous disclosure obligations. Publicly disclosed information about all listed entities, including Redcape, is available on the ASX website at www.asx.com.au.

Redcape is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Redcape may be obtained from or inspected at ASIC offices.

Redcape will provide free of charge, to any Securityholder who makes a request before the Effective Date, a copy of:

- (a) the 2011 Annual Report and audited financial report of Redcape and its controlled entities for the year ended 30 June 2011 (being the annual financial report most recently lodged with ASIC before this Scheme Booklet was lodged with ASIC);
- (b) the Implementation Agreement for Schemes and Recapitalisation; and
- (c) each announcement to ASX made by Redcape after lodgement with ASIC of the 2011 Annual Report referred to above and before the Scheme Meetings.

The following is a list of all such announcements lodged since 29 September 2011 and before the date of this Scheme Booklet:

Recent ASX Announcements	
Date	Headline
29/09/2011	ASX Release - Annual Report to shareholders 2011
29/09/2011	Annual Report to shareholders 2011
03/10/2011	Market Update - Sep11 Loan Amortisation Target
12/10/2011	Appointment of Receivers and Administrators to NLG
31/10/2011	Market Update - Exclusivity Undertaking with Investor Group
08/11/2011	Notice of Annual General Meeting
08/11/2011	Notice of General Meeting
09/11/2011	Notice of Annual General Meeting/Proxy Form
14/11/2011	Market Update
24/11/2011	AGM Presentation
24/11/2011	AGM Chairman's Address
24/11/2011	AGM Chairman's Address - Remuneration Report
29/11/2011	Market Update
12/12/2011	Market Update – Extension of Exclusivity
20/12/2011	Director Resignation
20/12/2011	Director Resignation Appendix 3Z
23/12/2011	Market Update – Signing of SIA

9.11 Consents

- (a) The following parties have given, and have not withdrawn, their written consent to be named in this Scheme Booklet in the form and context in which they are named:
 - (i) Minter Ellison Lawyers as legal advisers to Redcape;
 - (ii) ANZ Corporate Advisory (the corporate advisory division of Australia and New Zealand Banking Group Limited ACN 005 357 522), as financial adviser to Redcape;
 - (iii) Computershare Investor Services Pty Limited ABN 48 078 279 277 as the Redcape Security Registry; and
 - (iv) PricewaterhouseCoopers Securities Ltd as Independent Expert.
- (b) PriceWaterhouseCoopers Securities Ltd ABN 54 003 311 617 has given, and has not withdrawn, their written consent to the inclusion of the Independent Expert's Report and the references to that report in the form and context in which they are included in this Scheme Booklet.
- (c) Consortium has given, and has not withdrawn, their written consent to the inclusion of the information in section 6 of this Scheme Booklet and the references to that information in the form and context in which they are included in this Scheme Booklet.
- (d) Each party referred to in this section 9.11:
 - (i) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which this Scheme Booklet is based other than a statements included in this Scheme Booklet with the consent of that party; and
 - (ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet, other than as described in this Scheme Booklet with the consent of that party.

9.12 Supplementary Information

Redcape will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet for registration with ASIC and the Second Court Date:

- (a) a material statement in this Scheme Booklet is false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter in this Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if known at the date of lodgement with ASIC.

Depending on the nature of the timing of the changed circumstances and subject to obtaining any relevant approvals, Redcape may circulate and publish any supplementary document by:

- (e) placing an advertisement in a prominently placed newspaper which is circulated generally throughout Australia;
- (f) posting the supplementary document on Redcape's website at www.redcape.com.au ; or
- (g) posting the supplementary document to all Securityholders.

9.13 Other

(a) Lodgement of this Scheme Booklet with ASIC

This Scheme Booklet was lodged with ASIC on 19 January 2012 in accordance with section 411(2)(b) of the Corporations Act.

(b) Other Material Information

Otherwise than as contained or referred to in this Scheme Booklet, including the Independent Expert's Report and the information that is contained in the schedules to this Scheme Booklet, in the opinion of the Redcape Board there is no other information that is material to the making of a decision by a Securityholder whether or not to vote in favour of the Resolutions to approve the Schemes, being information that is known to any Redcape Director and which has not been previously disclosed to Securityholders.

(c) No Material changes

There have been no material changes in Redcape's financial position since 30 June 2011 (being the date to which its last full year audited accounts were prepared) other than as disclosed to ASX or noted in this Scheme Booklet. In particular, we refer to you to Section 4.3 of this Scheme Booklet.

10. Glossary of defined terms

In this document:

Acquisition Resolution means 'Resolution 2' set out in the Notice of Trust Scheme Meeting at Schedule 9.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, Melbourne or Brisbane, Australia.

Company or Responsible Entity means The Trust Company (RE Services) Limited ABN 45 003 278 831 as responsible entity for the Redcape Property Trust.

Competing Proposal means any bona fide proposal, transaction or arrangement that is similar to the Schemes or any other proposal or arrangements under which a third party will (either individually or collectively with other persons), if the proposal or arrangement is entered into or completed:

- (a) acquire a relevant interest in, become the holder of, or otherwise acquire, have a right to acquire or have an economic interest, directly or indirectly, in 20% or more of the Securities;
- (b) obtain control of Redcape;
- (c) acquire a substantial part or material part of the business or assets of Redcape; or
- (d) otherwise acquire or merge with Redcape,

whether by way of takeover offer, scheme of arrangement, joint venture, securityholder approved acquisition, recapitalisation, capital reduction or buy-back, sale or purchase of shares, units or assets.

Conditions Precedent means the conditions precedent set out in clause 3.1 of the Implementation Agreement for Schemes and Recapitalisation.

Consortium means:

- (a) Consortium BidTrust; and
- (b) Consortium BidCo.

Consortium BidCo means The Regatta 3 Company Pte Ltd Registration No. 201117786H incorporated in Singapore.

Consortium BidTrust means The Regatta 3 Company (Australia) Pty Ltd ACN 152 429 420 incorporated in New South Wales, as trustee for The Regatta No.2 Trust.

Consortium Group means Consortium and Consortium Investors.

Consortium Investors means:

- (a) Restamove Ireland Limited;
- (b) Maples Trustee Services (Cayman) Limited as responsible entity for the Public House Trust; and
- (c) Royal Bank of Canada Trust Company (Cayman) Limited as trustee for York Global Finance 40 Unit Trust.

Consortium Lender means:

- (a) Goldman Sachs (Asia) Finance;
 - (b) Värde Investment Partners, L.P.; and
 - (c) York Global Finance BDH LLC,
- or their permitted assignees or transferees.

Consortium Prescribed Occurrence means the occurrence of an Insolvency Event in relation to Consortium or any Consortium Investor

Corporations Act means the *Corporations Act 2001(Cth)*.

Court means the Supreme Court of New South Wales or any other court of competent jurisdiction under the Corporations Act nominated by Redcape.

Debt Purchase Transactions means the purchase by Consortium BidTrust of all of the Senior Debt and Junior Debt that it does not hold.

Deed of Accession means the deed of accession in the form in Schedule 7.

Deed Poll means the document in the form in Schedule 3 which has been executed by Consortium.

Director or Redcape Director means a director of RPF or the Company.

Due Diligence Material means written information disclosed by or on behalf of Redcape to Consortium (or any of its directors, officers, employees or advisers) prior to the date of the SIA.

Effective means, when used in relation to the Schemes, all of the following events taking place:

- (a) the order of the Court made under section 411(4)(b) in relation to the Share Scheme coming into effect pursuant to section 411(10) of the Corporations Act; and
- (b) the Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act.

Effective Date means the date on which the Schemes become Effective, which is expected to be on or about 4 April 2012.

End Date means 30 May 2012 or such other date as agreed by the parties.

Events of Default means:

- (a) the occurrence of an event of default under clause 17.1(t) or a Review Event under clause 18.1(b) of:
 - (i) the Senior Facility Agreement; and
 - (ii) the Junior Facility Agreement,
 due to the appointment of Receivers and Administrators to National Leisure & Gaming Limited ACN 113 373 461; and
- (b) any event of default that has occurred or will occur prior to 30 May 2012 under clauses 17.1(a)(i) or 17.1(a)(ii) of the Senior Facility Agreement due to a breach of:
 - (i) clause 16.9(a) of the Senior Facility Agreement; or
 - (ii) clause 10 of the Senior Facility Agreement,
 by reason of Redcape failing to make the required amortisation repayment under clause 16.9(a) of the Senior Facility Agreement.

Excluded Scheme Participant means:

- (a) Consortium; and
- (b) any Securityholder who holds a Security on behalf of, or for the benefit of, Consortium or any of Consortium's Related Bodies Corporate.

Exclusivity Period means the period commencing on the date of the SIA and ending on the earliest of:

- (a) the End Date;
- (b) the Effective Date of the Schemes; and
- (c) the date the SIA is terminated in accordance with its terms.

Facility Agreements means the:

- (a) Senior Facility Agreement; and
- (b) Junior Facility Agreement.

FATA means the Foreign Acquisitions and Takeovers Act 1975 (Cth).

FIRB means the Foreign Investment Review Board.

First Court Date means the date the Court first hears the application to order the convening of the Share Scheme Meeting under section 411(1) of the Corporations Act.

First Judicial Advice means confirmation from the Court under section 63 of the Trustee Act 1925 (NSW) that Redcape would be justified in convening the Trust Scheme Meeting and proceeding on the basis that amending the Trust Constitution as set out in the Supplemental Deed would be within the powers of alteration conferred by the Trust Constitution and section 601GC of the Corporations Act.

Implementation Agreement for Schemes and Recapitalisation means the scheme implementation agreement between the Company, RPF, Manager and Consortium dated 23 December 2011, a summary of which is at Schedule 2.

Implementation Date means the fifth Business Day following the Record Date or such later Business Day as the parties may agree.

Independent Expert means PricewaterhouseCoopers Securities Ltd ABN 54 003 311 617, the independent expert appointed by Redcape to prepare the Independent Expert's Report.

Independent Expert's Report means the report prepared by the Independent Expert to be provided to Securityholders on whether, in the opinion of the Independent Expert, the Schemes are fair and reasonable and in the best interests of Securityholders which is set out in Schedule 1.

Insolvency Event means in relation to a person:

- (a) **insolvency official**: the appointment of a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person;
- (b) **arrangements**: the entry by the person into a compromise or arrangement with its creditors generally;
- (c) **winding up**: the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or dissolution of the person other than where the application or order (as the case may be) is set aside within 14 days;

- (d) **suspends payment:** the person suspends or threatens to suspend payment of its debts generally;
- (e) **ceasing business:** the person ceases or threatens to cease to carry on business; or
- (f) **insolvency:** the person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act;
- (g) **deregistration:** the person being deregistered as a company or otherwise dissolved; or
- (h) **deed of company arrangement:** the person executing a deed of company arrangement.

Judicial Advice means the:

- (a) First Judicial Advice; and
- (b) Second Judicial Advice.

Junior Debt means the 'Amount Outstanding' (as that term is defined in the Junior Facility Agreement) and all interest, fees and other amounts which are owed by Redcape to the Junior Lenders (which includes, for the avoidance of doubt, all amounts in the nature of interest and fees that have been capitalised under terms of the Junior Facility Agreement).

Junior Facility Agreement means the agreement entitled 'Junior Syndicated Facility Agreement' dated on or around 29 June 2010 between, *inter alia*, the Company (as borrower), Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (as agent), and the entities named in part 4 of Schedule 1 of that agreement (as participants) as amended from time to time and related security documents.

Junior Lender means the entities named in part 4 of Schedule 1 of the Junior Facility Agreement (including any substitutes or assigns).

Manager means Redcape Services Pty Limited ACN 138 297 775.

Listing Rules means the official listing rules of ASX as amended from time to time.

Meetings means the:

- (a) Share Scheme Meeting; and
- (b) Trust Scheme Meeting.

Notices of Meeting means:

- (a) the notice convening the Share Scheme Meeting; and
- (b) the notice convening the Trust Scheme Meeting,

together with the proxy forms for those meetings.

Proposal or Proposed Transaction means the Schemes and the Recapitalisation.

Recapitalisation means the issue of the Recapitalisation Units pursuant to the Subscription Agreement to Consortium BidTrust in consideration for the Recapitalisation Consideration which will be applied by Redcape as provided for by the SIA.

Recapitalisation Consideration means, subject to clause 5.3(c) of the Implementation Agreement for Schemes and Recapitalisation, \$234,767,930 in the form of cash or other consideration acceptable to Redcape and Consortium BidTrust, including, without limitation, by way of promissory notes issued by the Company in satisfaction of certain Senior Debt or Junior Debt held by any Consortium Lender or Consortium BidTrust to subscribe for the Recapitalisation Units.

Recapitalisation Units means, subject to clause 5.3(c) of the Implementation Agreement for Schemes and Recapitalisation, and following de-stapling of the Securities, 9,064,398,842 Units to be subscribed for by Consortium BidTrust pursuant to the Subscription Agreement and issued by Company in consideration for the Recapitalisation Consideration.

Record Date or **Scheme Record Date** means:

- (a) 7pm on the fifth Business Day following the Effective Date; or
- (b) such later date as Redcape and Consortium may agree in writing.

Redcape and **Redcape Group** means:

- (a) Company as responsible entity of the Trust; and
- (b) RPF and its Subsidiaries, including the Manager.

Redcape Board or **Redcape Directors** means the board of directors of RPF and Company as constituted from time to time (or any committee of the board of directors of RPF and Company constituted to consider the Schemes on behalf of Redcape).

Redcape Finance Documents means the Facility Agreements.

Redcape Material Adverse Change means any event, change, matter, thing or condition (or, in the case of a pre-existing event, change, matter, thing or condition, any material worsening) which has occurred after the date of the SIA and which has a material adverse effect on the businesses, assets, liabilities, financial position, of Redcape and its Subsidiaries (taken as a whole) of an amount not less than \$10,000,000, other than:

- (a) an event, occurrence or matter required to be done or procured by Redcape pursuant to the SIA; or
- (b) the Senior Lenders and/or Junior Lenders failing to provide a waiver, amendment or consent in respect of the events of default or review events under the Facility Agreements which have been identified in the waiver request letter dated 14 November 2011 from RPF to the agents for the Senior Lenders and Junior Lenders;
- (c) an event, occurrence or matter that was:
 - (i) publicly announced by Redcape to ASX prior to the date of the SIA; or
 - (ii) apparent or reasonably ascertainable by Consortium or its Representatives from the Due Diligence Material.

Redcape Prescribed Occurrence means the occurrence of any of the following on or after the date of the SIA:

- (a) Redcape converting all or any of the Securities into a larger or smaller number of stapled securities;
- (b) any member of Redcape Group resolving to reduce the issued capital of a member of the Redcape Group (other than the Company) in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of the securities of a member of the Redcape Group (other than the Company);
- (c) any member of Redcape Group (including the Company but only in respect of the Trust):
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) Redcape (including the Company but only in respect of the Trust) declaring, paying or distributing any dividend, bonus or other security of its profits or assets or returning or

- agreeing to return any capital to its Securityholders (whether by way of dividend, capital reduction, distribution or otherwise and whether in cash or in specie);
- (e) any member of Redcape Group (including the Company but only in respect of the Trust) issuing securities, or granting an option over its securities, or agreeing to make such an issue or grant such an option;
 - (f) any member of Redcape Group (including the Company but only in respect of the Trust) issuing or agreeing to issue, securities or other instruments convertible into securities or debt securities;
 - (g) any member of Redcape Group making any change or amendment to its constitution (other than the constitution of the Company) other than the Supplemental Deed;
 - (h) any member of Redcape Group (including the Company but only in respect of the Trust) creating, or agreeing to create, any Security Interest over the whole, or a substantial part, of its business or property other than in the ordinary course of business;
 - (i) an Insolvency Event occurring in relation to any member of the Redcape Group other than the Company;
 - (j) any member of Redcape Group (including the Company but only in respect of the Trust) changing any significant accounting policy applied by them to report their or the Trust's financial position, other than as a direct or indirect result of the adoption or proposed adoption of the International Financial Reporting Standards;
 - (k) any member of Redcape Group (including the Company but only in respect of the Trust) making any loans, advances or capital contributions to or investments in any person other than a wholly-owned Subsidiary of Redcape, other than in the ordinary and usual course of business;
 - (l) any member of Redcape Group (including the Company but only in respect of the Trust) cancelling, materially amending or failing to renew on its expiry any existing material insurance policy;
 - (m) any member of the Redcape Group (including the Company but only in respect of the Trust):
 - (i) entering into or announcing an intention or proposal to enter into;
 - (ii) disclosing the existence of; or
 - (iii) incurring, becoming subject to or advancing the time for performance of, an obligation to acquire or dispose of any entity, asset, undertaking or business (or any interest in any assets or business) or to perform or acquire the benefit of any services in relation to any asset or business or interest therein having a value greater than \$1,000,000, whether individually or in the aggregate;
 - (n) any member of the Redcape Group effects or facilitates the retirement, removal or replacement of Company as trustee or responsible entity of the Trust or a meeting is convened in response to a notice received by Company requisitioning a meeting of Securityholders to replace Company as the responsible entity of the Trust;
 - (o) any member of the Redcape Group does or omits to do anything that could restrict Company's right of indemnity from the property of the Trust in respect of obligations incurred by Company under the documents to which it is a party;
 - (p) any member of the Redcape Group facilitates a termination of the Trust;
 - (q) any member of the Redcape Group facilitates a resettlement of the property of the Trust;
 - (r) Redcape ceases to be admitted on the official list of ASX;

- (s) any member of the Redcape Group (including the Company but only in respect of the Trust) enters into a new loan, advance or financing arrangement, or guarantees or indemnifies the obligations of any other person, or materially amends (or waives any material rights under) any existing financing arrangements except extension, refinancing or replacement of any existing facilities provided that any such extension, refinancing or replacement does not result in an increase in any existing facility;
- (t) other than in respect of the Company, a new director, employee, consultant or agent is employed or engaged, who cannot be terminated on payment of not more than 3 months remuneration;
- (u) there is a change to, or termination of, the Stapling Deed or the Securities cease to be stapled;
- (v) enter into, vary or terminate any contract, joint venture, partnership or commitment involving revenue or expenditure individually of more than \$1,500,000 per annum other than in the ordinary course of business; or
- (w) any member of the Redcape Group agrees or resolves to do any of the foregoing, provided that a Redcape Prescribed Occurrence will not include a matter:
 - (x) required to be done or procured by Redcape pursuant to, or which is otherwise contemplated by, the SIA or the Schemes or in the ordinary course of business;
 - (y) fairly disclosed in the Due Diligence Materials; or
 - (z) the undertaking of which Consortium has approved in writing, which approval may be given or withheld in its absolute discretion.

Refinancing Facility means a new senior debt facility procured by the Consortium Group to be provided to the Company on terms and conditions satisfactory to the Consortium Group, the proceeds of which will be used to repay Senior Debt owing to parties other than the Consortium Lenders.

Register means the Security register of Redcape kept pursuant to the Corporations Act.

Registry means Computershare Investor Services Pty Limited ABN 48 078 279 277.

Regulatory Approvals means the approvals and regulatory consents that the parties agree are reasonably required to facilitate the Schemes.

Regulatory Authority means a government or governmental, semi-governmental or judicial entity or authority or any Minister, department, office or delegate of any government and includes a self regulatory organisation established under statute or a securities exchange, ASIC, ASX, ACCC, FIRB, the Takeovers Panel and the Treasurer of the Commonwealth of Australia.

Related Entity or **Related Body Corporate** means in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is controlled by that party.

Resolutions means the:

- (a) Share Scheme Resolutions; and
- (b) Trust Scheme Resolutions.

RPF means Redcape Property Fund Limited ABN 44 124 753 733.

RPF Constitution means the constitution of RPF.

Scheme Booklet means this booklet, including:

- (a) the Independent Expert's Report;

- (b) the summary of the Implementation Agreement for Schemes and Recapitalisation;
- (c) the Deed Poll;
- (d) the Share Scheme;
- (e) the Trust Scheme and Supplemental Deed;
- (f) the Subscription Agreement;
- (g) the Accession Deed;
- (h) the Notice of Share Scheme Meeting and Proxy Form; and
- (i) the Notice of Trust Scheme Meeting and Proxy Form.

Scheme Consideration means, in respect of each Security held by a Scheme Participant on the Record Date, \$0.0259 cash, allocated as to:

- (a) \$0.0001 for one Share; and
- (b) \$0.0258 for one Unit.

Scheme Deed Poll means the deed poll to be executed by Consortium prior to the date the Scheme Booklet is despatched to Securityholders, in the form set out in Schedule 3 or in such other form as is acceptable to Redcape, acting reasonably.

Scheme Participant means each person who is a Securityholder at 7pm (Sydney time) on the Record Date (other than an Excluded Scheme Participant).

Scheme Record Date means the Record Date.

Scheme Security means a Security on issue as at the Record Date, other than any Security then held by an Excluded Scheme Participant.

Schemes means the:

- (a) Share Scheme; and
- (b) Trust Scheme.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Share Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard.

Second Judicial Advice means confirmation from the Court under section 63 of the *Trustee Act 1925* (NSW) that, subject to Unitholders passing the Trust Scheme Resolutions, Redcape would be justified in acting upon the Trust Scheme Resolutions in doing all things and taking all necessary steps to put the Trust Scheme into effect.

Secured Lenders means the Senior Lenders and Junior Lenders.

Security means:

- (a) one Share; and
- (b) one Unit,

each of which is stapled to each another.

Securityholder means each person who is registered in the Register as a holder of a Security.

Senior Debt means the 'Amount Outstanding' (as that term is defined in the Senior Facility Agreement) and all interest, fees and other amounts which are owed by Redcape to the Senior Lenders (which includes, for the avoidance of doubt, all amounts in the nature of interest and fees that have been capitalised under terms of Senior Facility Agreement)

Senior Lenders means the entities named in part 4 of Schedule 1 of the Senior Facility Agreement (including any substitutes or assigns).

Senior Facility Agreement means the agreement entitled 'Senior Syndicated Facility Agreement' dated on or around 30 June 2010 between, *inter alia*, the Company (as borrower), Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (as agent), and the entities named in part 4 of Schedule 1 of that agreement (as participants) as amended from time to time (including an amending letter dated on or about the date of the SIA) and related security documents.

Share means one fully paid ordinary share issued in the capital of RPF.

Share Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between RPF and the Shareholders, the form of which is contained in Schedule 4, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Consortium and Redcape.

Share Scheme Meeting means the meeting of the Shareholders convened by the Court in relation to the Share Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

Share Scheme Resolutions means the resolutions proposed in the Notice of Meeting for the Share Scheme Meeting.

Shareholder means a person who is registered in the Register as the holder of any Share.

SIA means the Implementation Agreement for Schemes and Recapitalisation, a summary of which is at Schedule 2.

Stapling Deed means the stapling deed between Company and RPF dated 25 June 2007.

Subscription Agreement means the agreement in the form in Schedule 6 pursuant to which Consortium BidTrust will subscribe for the Recapitalisation Units for the Recapitalisation Consideration.

Subsidiary has the meaning given to that term in section 46 of the Corporations Act.

Superior Proposal means a Competing Proposal that was not solicited, invited or initiated by Redcape or any of its Related Bodies Corporate or any of its Subsidiaries or any of their Representatives during the Exclusivity Period, which the Redcape Board determine, acting in good faith and acting reasonably, after consultation with Redcape's financial adviser and after receiving written advice from its external legal adviser, is:

- (a) reasonably capable of being completed on a timely basis, taking into account all terms and conditions of the Competing Proposal and the financial standing of the party making the Competing Proposal; and
- (b) more favourable to Securityholders, taken as a whole, than the Proposed Transaction, taking into account all terms and conditions of the Competing Proposal,

such that the Redcape Board be in breach of their fiduciary and/or statutory duties were they to continue to recommend the Proposed Transaction instead of the Competing Proposal.

Supplemental Deed means the deed poll under which Redcape will amend the Trust Constitution, the form of which is contained in Schedule 5, with any alterations or conditions approved in writing by Consortium and Redcape.

The Regatta No.2 Trust the trust established by deed poll dated on or around 30 November 2011 made by Consortium BidTrust.

Treasurer means the Treasurer of the Commonwealth of Australia.

Trust means the Redcape Property Trust ARSN 125 526 016.

Trust Constitution means the constitution establishing the Trust dated 2 February 1982 (as amended from time to time).

Trust Scheme means an arrangement under which Consortium acquires all of the Units from Unitholders facilitated by amendments to the Trust Constitution as set out in the Supplemental Deed, subject to the requisite Unitholders approval.

Trust Scheme Meeting means the meeting of the Unitholders convened by Redcape pursuant to clause 27.1 of the Trust Constitution to consider the Trust Scheme Resolutions and includes any adjournment of that meeting.

Trust Scheme Resolutions means the resolutions proposed in the Notice of Meeting for the Trust Scheme Meeting.

Unit means one fully paid ordinary unit in the Trust.

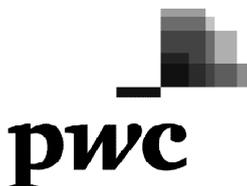
Unitholder means each person who is registered in the Register as the holder of Trust Units and **Unitholders** means all of them.

Schedule 1 – Independent Expert's Report

***Independent Expert's
Report for the
proposed acquisition
of Securities in
Redcape Property
Fund***

.....
*Redcape Property Fund
Limited*

February 2012





Part A – Independent Expert’s Report

The Directors

Redcape Property Fund and The Trust Company (RE Services) Limited as Responsible Entity of the Redcape Property Trust
312 St Kilda Road
Melbourne, VIC 3000

16 February 2012

Dear Sirs,

Independent Expert's Report in relation to the Schemes by the Consortium Group

Redcape Property Fund (Redcape) comprises Redcape Property Trust (Trust) and Redcape Property Fund Limited (Company) as a stapled entity. Redcape Services Pty Limited (Manager) is the investment manager for the Trust, and The Trust Company (RE Services) Limited (Responsible Entity) is the responsible entity for the Trust.

On 23 December 2011, Redcape Property Fund (Redcape) announced that it had signed an Implementation Agreement for the Schemes and Recapitalisation (SIA) with affiliates of York Capital Management, Värde Partners Inc. and Goldman Sachs (Asia) Finance (the Consortium Group) in relation to a proposal from the Consortium Group to acquire all of the stapled securities in Redcape and subscribe for equity in order to recapitalise Redcape (the Proposal).

The Directors of Redcape have unanimously recommended Redcape Securityholders (Securityholders) to accept the Proposal in the absence of a superior proposal being provided. They have further advised that they consider the potential for receiving a superior proposal is low.

The Directors of Redcape have requested PricewaterhouseCoopers Securities Ltd (PwCS, we, us or our) to prepare an independent expert’s report (the Independent Expert’s Report) in connection with the Share Scheme and Trust Scheme (the Schemes¹) that expresses an opinion as to whether the Schemes are fair and reasonable and in the best interests of Securityholders.

Basis of assessment

This report has been prepared in accordance with Australian Securities and Investments Commission (ASIC) Regulatory Guide 111, *Content of expert reports* (RG111). The proposed acquisition by the Consortium Group of all of the Securities represents a control transaction as defined under RG111.8 and therefore, we have considered paragraphs RG111.18 to RG111.23 (Control transactions by way of a scheme of arrangement) for the purposes of our report.

RG111.18 states “Schemes of arrangement can be used as an alternative to a Ch 6 takeover bid to achieve substantially the same outcome. In these circumstances, we expect the form of analysis to be substantially the same as for a takeover bid, even though the wording of the opinion will also be whether the proposed scheme is ‘in the best interests of the members of the company’. This reflects

¹ As defined in the Scheme Booklet to which this Independent Expert’s Report is attached.

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572,
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that the legislative test for schemes of arrangement differs from that applicable to a Ch 6 takeover bid.”

RG111.20 states “If an expert would conclude that a proposal was ‘fair and reasonable’ if it was in the form of a takeover bid, it will also be able to conclude that the scheme is in the best interests of the members of the company.” RG111.11 states “an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer”.

RG111.78 states “an expert should usually give a range of values. The value of securities is typically subject to uncertainty and volatility. Placing a precise dollar value on them is likely to imply a misleading accuracy to a valuation.”

RG111.12 states “an offer is ‘reasonable’ if it is fair.” As a result, we have undertaken our analysis of the Proposal by determining whether the offer is fair and reasonable and from this analysis have determined whether the Schemes are in the best interests of Securityholders.

Summary of opinion

The following table summarises our assessment of the fair value per Security for each of the scenarios we have evaluated, compared to the Scheme Consideration being offered to Securityholders.

\$	Section	Low	High
Scheme Consideration	1.2.1	0.0259	0.0259
Assessed fair value per Security			
Going concern	6.2	nil	nil
Orderly realisation or Wind up	6.3 & 6.4	nil	nil
Alternative capital raising	6.5	0.0142	0.0216
Market price – 14 February 2012	6.6	0.0250	0.0250

Source: PwCS analysis, Bloomberg

Redcape’s ability to continue as a going concern, which is defined as “the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business”, is not considered a viable option due to its forecast inability to generate positive cash flows. Hence a \$nil value has been assigned to this scenario. Details of the underlying factors for this conclusion are set out in section 6.2.

Our calculation of fair value under an orderly realisation is set out in section 6.3. This scenario assumes the distribution of net proceeds from the realisation of the Redcape’s net assets after adjustments for realisation costs, staff redundancy costs, corporate overheads, interest costs and accrued interest. Under this scenario the fair value per security has been determined to be \$nil for both the high and low value range. We highlight the value of investment properties as at 31 December 2011 reflects Management’s preliminary valuation estimates of the investment properties. We note that external valuations have been commissioned for the properties as at 31 December 2011. However, at the date of this report these external valuations were not available. If the external value of the properties vary to that estimated by Management, our conclusions may be required to be revisited.

In our view, the orderly realisation scenario would be superior to a wind up of the business. In the event that the business is wound up and in any circumstance that requires a forced sale of the properties, it is likely to significantly reduce the sale value of those assets. We would also expect that



the costs of liquidation/receivership/administration would be greater than those calculated in our summary. Therefore, the value per security would be \$nil. Our calculation of fair value under a wind up of the business is set out in section 6.4.

The alternative capital raising scenario assumes a capital raising to reduce Redcape's gearing to a loan to value ratio (LVR) of 50%. Assuming the assumptions set out in section 6.5, this calculation results in a value range of between \$0.0142 and \$0.0216. However, the quantum of new equity required to be issued would dilute the existing Securityholders ownership to less than 1%. Furthermore, we consider the likelihood of a successful capital raising to be remote given the current illiquidity of Redcape Securities and its financial position.

As shown above, our assessment of fair value for Securities for all scenarios is below the value of the Scheme Consideration. As a result, we consider the Proposal to be fair to Securityholders.

In accordance with RG111.12, as we have assessed the terms of the Schemes to be fair, we also consider them to be reasonable. Pursuant to RG111.20, as we consider the terms of the Schemes to be fair and reasonable we also consider that it is in the best interest of Securityholders. In addition, the Scheme Consideration of \$0.0259 per Security represents a 13% premium to Redcape Security prices of \$0.023 before the Exclusivity Undertaking (31 October 2011).

Full details of each of the valuations of Securities are provided in section 6 of this Independent Expert's Report.

This letter should be read in conjunction with our detailed report, which sets out our scope and findings.

Other factors

Transaction costs

In the SIA, reimbursement costs of \$1.5 million are provided as a reasonable pre-estimate of the external advisory costs incurred by Redcape (including costs of advisers on a full indemnity basis) and Redcape's out-of-pocket expenses as a result of the Proposal. We note, the majority of these costs either have been incurred at the date of this report or are payable regardless of whether the Schemes are approved by Securityholders or not.

In addition, a reimbursement fee of \$1.5 million (\$0.009 per security) may be incurred by Redcape should the Schemes not proceed because the Consortium validly terminates the Proposal.

Liquidity and certainty

Securities have historically been very illiquid and Securityholders seeking to exit their investment in Redcape have had limited opportunities to sell their Securities on the ASX. The Schemes offer Securityholders certainty in the amount that they will receive as consideration and will provide the opportunity for 100% of existing Securityholders to exit their securityholding.

Securityholders will no longer participate in possible future increases or decreases in the value of Redcape assets

Our valuation of Redcape reflects assumptions in relation to the future trading performance of Redcape, the ability to realise value and the timing of this realisation from their property assets. The future performance, timing or value of its property assets may fall short of or exceed these expectations if the Schemes are not approved. Where the Schemes are approved by Securityholders, they will have



no further interest in these assets and as such will not be exposed to the risks of underperformance or benefit from any over performance.

Tax

Section 7 of the Scheme Booklet provides a detailed discussion to Securityholders in relation to the Schemes if they are approved and implemented. In summary, Australian resident Securityholders will be taken to have disposed of their Securities for capital gains tax purposes. In addition, no stamp duty is forecast by Redcape to be payable by a Securityholder on disposal of their Securities under the Schemes.

Section 7 of the Scheme Booklet does not amount to specific taxation advice and Securityholders should seek their own professional advice regarding the individual tax consequences.

Alternative options

From discussions with management of Redcape we have concluded that apart from the scenarios we have evaluated in our fairness opinion; being the continuation of Redcape as a going concern, the orderly realisation of assets or an alternative capital raising, the only other option to Redcape is a form of insolvency, either placing the Company and Trust into administration or being placed into receivership or liquidation. We have considered these options and have concluded that in any form of insolvency we would not expect Securityholders to receive any return of capital for their Securities (i.e. the value of a Security under any form of insolvency would be \$nil).

If the Schemes do not proceed

In the event that the Schemes are not approved and implemented, unless another alternative emerges and is implemented, Redcape will continue to operate in its existing form and its Securities will continue to be listed and traded on the ASX. However, if this were to occur we note:

- The Senior Lenders have issued default notices to Redcape under their various facilities and as such would be free to place the entities into receivership at any point in the future unless the covenant breaches are rectified.
- If the Secured Lenders accelerate the repayment of outstanding debt (\$745.2 million at 31 December 2011), the Redcape Board will need to consider its position with respect to its ability to continue to trade as a going concern and an administrator may be appointed to Redcape.
- As advised by management, penalty interest payable under the Facility Agreements resulting from the Events of Default are estimated to erode Redcape's net assets to \$nil by March 2012. This assumes there are no changes in the operations (revenue and costs) of the business, no change in asset valuations from the 31 December 2011 estimate and interest charges on borrowings are accrued in line with the terms of the Senior Debt and Junior Debt facilities.
- As noted below, we believe that, at least initially, in the event that the Schemes are not approved and implemented the Security price may trade below current levels.

Security price in the absence of the Schemes

Redcape's Security price was negatively impacted by the announcement of the Schemes, decreasing from \$0.023 to \$0.021 on 1 November 2011, the first trading day after the announcement. The market appears to consider there is a risk Redcape will pass into receivership if the Schemes are not approved and implemented, given it is currently trading at a discount to the Schemes Consideration.



If the Schemes are not approved and implemented we would expect that the Security price would remain at around its current levels or decrease further given the current financial position of Redcape. We further note that the price of a Security at 14 February 2012 of \$0.0250 was below the Scheme Consideration.

Likelihood of a superior offer

There was previous interest expressed by the current Consortium Group and there have been announcements of due diligence from other interested parties, however, none of which have resulted in formal proposals being received by Redcape. Considering the financial position of Redcape and the lack of formal offers since the initial Consortium Group approach, the Directors do not currently expect to receive a superior offer from any other party.

No alternative proposals have been received

The Directors of Redcape have advised us that no alternative proposals have been received by Redcape at the date of this Independent Expert's Report.

Conclusion

After consideration of all of the issues set out in this Independent Expert's Report and the Scheme Booklet, in our opinion, the acquisition of Securities by Consortium under the Schemes is fair and reasonable and in the best interests of Securityholders.

Other Matters

In preparing this Independent Expert's Report, Redcape has indemnified PwCS, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by Redcape which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

The Independent Expert's Report contains only general financial product advice. It was prepared without taking into account individual Securityholders personal objectives, financial situation or needs. Securityholders should consider their own objectives, financial situation and needs when assessing the suitability of the Independent Expert's Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Our opinion is made at the date of this letter and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full Independent Expert's Report attached.

Yours faithfully
PricewaterhouseCoopers Securities Ltd

A handwritten signature in black ink, appearing to read 'R Stewart', written over a light grey rectangular background.

Richard Stewart
Authorised Representative
PricewaterhouseCoopers Securities Ltd

Contents

Part A – Independent Expert’s Report	c
1 Introduction	2
2 Scope of the Independent Expert’s Report	5
3 Overview of Redcape	8
4 Industry overview	22
5 Valuation approach	25
6 Valuation of Redcape	26
7 Evaluation of the Schemes	36
Appendix A Statement of qualifications and declarations	40
Appendix B Sources of information	42
Appendix C Glossary	43
Part B – Financial services guide	46

1 Introduction

1.1 Background

On 31 October 2011, Redcape advised the Australian Securities Exchange (ASX) that it had entered into an exclusivity undertaking for a period of two weeks with the Consortium Group so that the Consortium Group could finalise the Proposal. The exclusivity undertaking was extended on 14 November 2011 at the request of the Consortium Group for a further period of two weeks until 28 November 2011, to facilitate the progress in negotiating and documenting the Proposal. The exclusivity undertaking was further extended on 28 November 2011 until 3 December 2011 and again on 12 December 2011 to 21 December 2011 to facilitate the finalisation of documents relating to the Proposal.

On 23 December 2011, the Consortium Group and Redcape executed an Implementation Agreement for Schemes and Recapitalisation (SIA), under which the Schemes will be completed via a company scheme of arrangement and a trust scheme (the Schemes).

1.2 Terms of the Schemes

The Proposal comprises inter-conditional Schemes which includes:

- The scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Redcape and the shareholders of the Company (Shareholders), the form of which is contained in clause 4.1 of the SIA, together with any alterations or conditions made or required by the Supreme Court of New South Wales under section 411(6) of the Corporations Act and opposed in writing by Consortium and Redcape (Share Scheme).
- The arrangement under which Consortium acquires all of the fully paid ordinary units in the Trust (Unit) from the holders of Trust Units facilitated by amendments to the Trust Constitution as set out in the Supplemental Deed, subject to the requisite Unitholders approval (Trust Scheme).

The full details of the Schemes, including details in relation to the implementation of the Schemes are provided in the SIA. The material terms of the Schemes relevant to the Independent Expert's Report are provided below.

1.2.1 Scheme Consideration

The Scheme Consideration proposed by the Consortium Group for the Schemes and Recapitalisation of Redcape are as follows:

- If the Schemes become Effective, Securityholders registered on the Register as at 7pm on 24 February 2012 (Scheme Record Date) will be paid the Scheme Consideration under the Schemes of \$0.0259 cash per stapled Security from the Consortium which will be allocated as follows:
 - \$0.0001 for one Share
 - \$0.0258 for one Unit

Our valuation does not include an opinion on this allocation, as the Schemes are inter-conditional and Securityholders cannot accept one but not the other of the Schemes. Therefore, Securityholders will receive either the whole of the Scheme Consideration or nothing from the Consortium Group depending on whether the Schemes are approved and implemented.

1.2.2 Conditions

The Schemes are conditional on the following conditions precedent:

- The Court approving the Share Scheme and providing the Second Judicial Advice in relation to the Trust Scheme
- Shareholder approval of the Share Scheme Resolutions by the majorities

Introduction

- Unitholder approval of the Trust Scheme Resolutions by the requisite majorities
- The Foreign Investment Review Board approving Consortium's proposed acquisition of all the Securities under the Schemes by the Consortium
- No objection from ASIC and obtaining ASIC relief
- No Redcape Prescribed Occurrence occurring
- No Redcape Material Adverse Change occurring
- No Consortium Prescribed Occurrence
- All conditions precedent under the Refinancing Facility are either satisfied or waived
- The lenders under the Refinancing Facility have confirmed to Redcape and the Consortium by 8:00am on the Second Court Date that an amount of no less than \$412.5 million will be available for drawdown by Redcape under the Refinancing Facility on the Implementation Date.

Certain conditions precedent can be waived by either the Consortium, Redcape or by agreement of both parties. However, the following conditions precedent cannot be waived: regulatory approvals, Securityholder and Court approval of the Schemes and no restraining order prohibiting the schemes being in existence.

If the conditions are not satisfied or (where applicable) waived:

- The Schemes will not proceed.
- Consortium will not acquire any Securities under the Schemes.
- Securityholders will not receive any Scheme Consideration.
- Consortium will not provide the Recapitalisation Consideration and will not purchase the Senior Debt or Junior Debt pursuant to the Debt Purchase Transactions with the Secured Lenders.
- The new financiers will not provide the Refinancing Facility to Redcape.
- There is no guarantee that the Securities will continue to trade on the ASX given the subsisting Events of Default under Redcape Finance Documents which entitle the Secured Lenders to accelerate repayment of outstanding debt and may result in enforcement action against Redcape to recover those monies (which may include the appointment of a receiver).
- If the Secured Lenders accelerate the repayment of outstanding debt, (\$745.6 million at 31 December 2011), the Redcape Board will need to consider its position with respect to its ability to continue to trade as a going concern and an administrator may be appointed to Redcape.

1.2.3 *Other relevant matters*

Other relevant matters contained in the SIA include:

- If Redcape terminates the Implementation Agreement for Schemes and Recapitalisation prior to 8.00am on the Second Court Date on the grounds that, in summary, the Consortium is in breach of certain provisions of the Implementation Agreement for Schemes and Recapitalisation and the breach is material in the context of the Schemes, then a reimbursement fee (representing costs incurred) of \$1.5 million will be payable by Consortium to Redcape.
- Redcape is required to pay to the Consortium a reimbursement fee of \$1.5 million (\$0.009 per security) should the Schemes not proceed because the Consortium terminates the Proposal due to:

Introduction

- The Consortium validly terminating the SIA on the basis of the occurrence of a Redcape Prescribed Occurrence or if Redcape is in material breach of certain clauses of the SIA (namely, failure to take steps to implement the schemes in accordance with the SIA, failure to prepare the scheme booklet in accordance with the SIA, a breach of representations in the SIA and a breach of the confidentiality obligations in the SIA).
- The Redcape Directors change, withdraw or modify their recommendation that Securityholders vote in favour of the Schemes or fail to vote their Securities in accordance with that recommendation.
- Redcape terminates the SIA on the basis of the recommendation of a Superior Proposal by the Redcape Board.
- A Redcape Prescribed Occurrence (as defined in section 1 of the SIA) occurs (excluding an Insolvency Event of Redcape, delisting of Redcape or de-stapling of Redcape's Securities).
- Any other event summarised at schedule 2 part 7 of the Scheme Booklet.
- No brokerage or stamp duty will be payable upon the sale of Securities pursuant to the Schemes.
- The Schemes will become effective on the date on which the later of the following is lodged with ASIC:
 - An office copy of the Court order approving the Share Scheme
 - A copy of the Trust Constitution, as modified by the Supplemental Deed

2 *Scope of the Independent Expert's Report*

2.1 *Purpose of the Independent Expert's Report*

Section 606 of the Corporations Act (s606) provides a general prohibition to any person increasing their relevant interest in the issued voting securities of a listed company from 20% or below to more than 20%. However there are various exceptions to this prohibition including those set out in section 611 of the Corporations Act (s611). Under item 7 of s611, an acquisition of the relevant interests in a company's voting securities is allowed if at a general meeting a majority of the non-associated securityholders pass an ordinary resolution approving the transaction.

The Consortium Group is seeking the approval of Securityholders for the Schemes since the terms of the Schemes will result in the Consortium Group acquiring more than 20% of Redcape, if the Schemes are approved and implemented.

The SIA contains a condition precedent that an Independent Expert's Report is obtained providing that, "the Schemes are in the best interests of Securityholders."

As a result of the above, we have been engaged by the directors of Company and Manager to express an opinion as to whether the Schemes are "*fair and reasonable and in the best interests of Securityholders*".

Section 648A(3) of the Corporations Act states that "*The report must set out details of:*

- a) *Any relationship between the expert:*

The bidder or an associate of the bidder

The target or an associate of the target.

Including any circumstances in which the expert gives them advice, or acts on their behalf, in the proper performance of the functions attaching to the expert's professional capacity or business relationship with them

- a) *Any financial or other interest or the expert that could reasonably be regarded as being capable of affecting the expert's ability to give an unbiased opinion in relation to the matter being reported on*
- b) *Any fee, payment or other benefit (whether direct or indirect) that the expert has received or will or may receive in connection with making the report."*

These details are set out in appendix A "*Statement of qualifications and declarations*".

2.2 *Basis of evaluation*

In assessing the Schemes we have had regard to RG111, particularly RG111.18 to 23 dealing with control transactions by way of a scheme of arrangement.

RG111.8 discusses control transactions and states "*A control transaction, when a person acquires, or increases, a controlling stake in a company, can be achieved by way of a number of different legal mechanisms, including, for example:*

- a) *a takeover bid under Ch 6*
- b) *a scheme of arrangement under Pt 5.1*
- c) *approval of an issue of shares using item 7 of s611*
- d) *a selective capital reduction or selective buy-back under Ch 2J."*

Scope of the Independent Expert's Report

The proposed acquisition by the Consortium Group of all of the Securities represents a control transaction as defined under RG111.8 and therefore we have considered paragraphs RG111.18 to RG111.23 (Control transactions by way of a scheme of arrangement) for the purposes of our report.

RG111.18 states “Schemes of arrangement can be used as an alternative to a Ch 6 takeover bid to achieve substantially the same outcome. In these circumstances, we expect the form of analysis to be substantially the same as for a takeover bid, even though the wording of the opinion will also be whether the proposed scheme is ‘in the best interests of the members of the company’. This reflects that the legislative test for schemes of arrangement differs from that applicable to a Ch 6 takeover bid.”

RG111.20 states “If an expert would conclude that a proposal was ‘fair and reasonable’ if it was in the form of a takeover bid, it will also be able to conclude that the scheme is in the best interests of the members of the company.”

The meaning of “fair and reasonable” in the context of takeover bids is outlined in RG111.11 to 17. Under these paragraphs RG111 provides that, in the context of a takeover bid, “fair” and “reasonable” are two distinct concepts. Under this guidance:

RG111.11 An offer is “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison should be made:

- a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length*
- b) assuming 100% ownership of the ‘target’ and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the ‘bidder’ or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or ‘portfolio’ parcel of shares.”*

RG111.78 An expert should usually give a range of values. The value of securities is typically subject to uncertainty and volatility. Placing a precise dollar value on them is likely to imply a misleading accuracy to a valuation.

RG111.12 An offer is ‘reasonable’ if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for securityholders to accept the offer in the absence of any higher bid before the close of the offer.

RG111.13 lists a number of items which experts may consider when assessing the reasonableness of an offer including:

- a) the bidder’s pre-existing voting power in securities in the target*
- b) other significant security holding blocks in the target*
- c) the liquidity of the market in the target’s securities*
- d) taxation losses, cash flow or other benefits through achieving 100% ownership of the target*
- e) any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target*
- f) the likely market price if the offer is unsuccessful*
- g) the value to an alternative bidder and likelihood of an alternative offer being made.”*

In light of the above factors we have considered:

- Whether the fair value of a Security is higher or lower than the value of the Scheme Consideration.
- Whether a premium for control is being proposed.
- Other qualitative factors which we believe to be relevant to the considerations of Securityholders.
- The likelihood of an alternative superior proposal being made to Securityholders.

Scope of the Independent Expert's Report

In accordance with RG111 we analysed the Schemes in the context of whether they are fair and reasonable. If we can conclude that the Consideration is fair and reasonable for Securityholders then we can also conclude that the Schemes are also in the best interests of Securityholders.

2.3 Securityholders should seek personal advice

An individual Securityholder's decision in relation to the Schemes may be influenced by his or her particular circumstances. In undertaking the assessment, we have considered the Schemes for Securityholders not associated with the Consortium Group as a whole. We have not considered the effect of the Schemes on the particular circumstances of individual Securityholders nor have we considered their individual objectives, financial situation or needs. Individual Securityholders will have varying financial and tax circumstances and it is not practical or possible to consider the implications of the Schemes on individual Securityholders as their respective financial circumstances are not known to us. Due to particular circumstances, individual Securityholders may place different emphasis on various aspects of the Schemes from that adopted in this Independent Expert's Report. Accordingly, individual Securityholders may reach different conclusions as to whether they should approve or not approve the Schemes. Accordingly, individual Securityholders should seek their own financial advice.

We have prepared a Financial Services Guide (FSG) in accordance with the Corporations Act. The FSG is included as Part B of this report.

2.4 Limitations and reliance on information

This report has been prepared solely for the purpose noted above is not permitted to be used for any other purpose.

We have not provided an opinion on whether the Schemes are fair and reasonable and in the best interests other than in terms of its effect on non-associated Securityholders, and prohibit anyone from relying on this report for any other purposes. Any decision to approve or not approve the Schemes rests solely with Securityholders and it is up to them to undertake their own enquiries and due diligence, and form their own opinion as to the Schemes.

In preparing this report, we have had regard to public and non-public information. A listing of this information is detailed in Appendix B of this report. We have used and relied on the information set out in Appendix B and representations made to us by and on behalf of Redcape.

We have conducted such checks, enquiries and analysis on the information provided which we regard as appropriate for the purposes of this report however, such information and representations are not always capable of external verification or validation. Based on this evaluation, we believe that the information used in forming our opinions in this report is reliable, complete and not misleading and we are not aware of any reason to believe that material facts have been withheld. Preparation of this report does not in any way imply that we have audited the financial statements or other records of Redcape. It has been assumed that the accounting information relied upon was prepared in accordance with generally accepted accounting principles.

Our assessment has been made as at the date of this report. Economic conditions, market factors and performance changes may result in the report becoming outdated. We reserve the right, but are under no obligation to review our assessments, and, if we consider it necessary, to issue an addendum to this report in the light of any relevant material information which subsequently becomes known to us prior to the Redcape Share Scheme Meeting and Trust Scheme Meeting.

All value amounts in the report are denominated in Australian dollars (\$) unless otherwise stated. All capitalised terms not otherwise defined in our Glossary contained in appendix C, will take the form as defined in the Scheme Booklet. Financial tables may be subject to rounding.

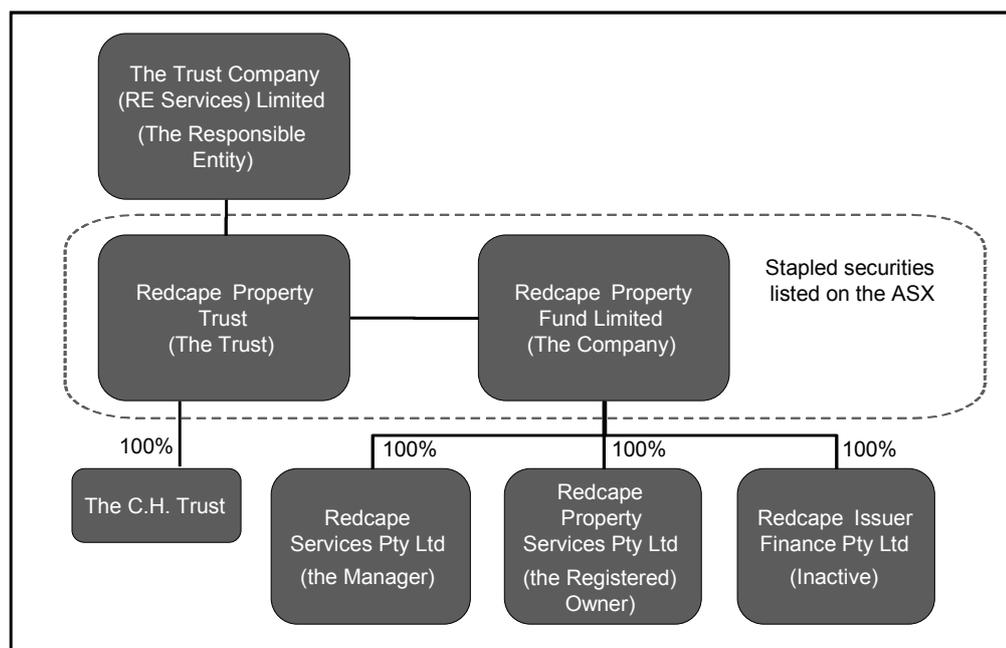
We provided draft copies of this Independent Expert's Report to the Directors and Management of Redcape for their comments as to factual accuracy, as opposed to opinions, which are our responsibility alone. Changes made to this Independent Expert's Report as a result of this review by the Directors and Management of Redcape have not changed the methodology or conclusions reached by us.

3 Overview of Redcape

3.1 Structure

Redcape is a property fund with securities listed on the ASX. The Group structure is illustrated below.

Figure 1: Redcape's Group structure



Source: Redcape 2011 Annual Report

The Responsible Entity of the Redcape Property Trust is The Trust company (RE Services) Limited, with asset management and transaction services provided by the Manager, a 100% owned subsidiary of the Company.

Management services are governed by service agreements in place between the Manager, the Responsible Entity and the Company. The Manager initiates and develops proposals, and submits proposals to the Investment Committee, comprising the Directors of the Company for approval and then makes recommendations to the Responsible Entity. The primary responsibilities of the Manager are outlined below:

- Collecting rents and ensuring Redcape meets its obligations under the leases
- Sourcing acquisitions for Redcape to consider
- Formulating and implementing Redcape's debt policy
- Preparing financial accounts and tax reporting of Redcape
- Overseeing ASX compliance and investor communications
- Providing strategic planning and budgeting for Redcape
- Facilitating developments for Redcape of its properties
- Risk management

Overview of Redcape

The Trust holds the freehold to all properties except the Crown Hotel, Lutwyche, which is held by the C.H. Trust, a 100% subsidiary of the Trust. The Company is the ASX listed company to which the securities of the Trust are stapled.

Redcape Property Services Pty Limited is a 100% subsidiary of the Company and is the registered owner of the freehold properties held in the Trust (as sub custodian).

Redcape Issuer Finance Pty Ltd was the holder of the loan obligations of Redcape until 30 June 2010. It is now an inactive subsidiary of the Company.

3.2 Business overview

Redcape is a property fund investing in Australian hotel freeholds and leases its hotels to tenants on a long term basis.

As at 30 June 2011 and at the date of this report, Redcape has a property portfolio comprised of 84 properties including 72 pubs and 12 bottle shops based mainly in Queensland and New South Wales, with a small number of properties in Victoria and South Australia. The total number of properties has reduced from 92 as at 30 June 2010 due to sale of assets during the year to repay debt.

Redcape's main business is to collect rent from the tenants of its investment properties. The revenue stream is secured into the future with annual rental increases of between 3.75% and 4% and a weighted average remaining lease term of 12.9 years as at 30 June 2011. Redcape's principal expenses are interest charges on its borrowings.

3.3 Company history

Redcape was initially known as the Hedley Leisure & Gaming Property Fund (HLG) made up of Hedley Leisure & Gaming Property Trust and Hedley Leisure & Gaming Property Partners Limited (the Hedley Group).

Between 1992 and 2006, the Hedley Group assembled through acquisition and developments a portfolio of 36 pubs and 75 bottle shops located in Queensland.

In June 2006, HLG sold its operating pub and liquor business to Coles, retaining the freehold interests in 28 pubs and 14 bottle shops.

Between June 2006 and January 2007, HLG expanded, predominately into New South Wales through the freehold acquisitions of 24 pubs and a bottle shop.

HLG was listed on the ASX on 1 August 2007. On 1 December 2009, the company changed its name to Redcape following the collapse of the private company of the major investor, Mr Tom Hedley.

Overview of Redcape

3.4 Key events

The table below summarises the key events which have occurred since 7 February 2011, being the start of the asset sale and recapitalisation process.

Table 1: Key events

Date	Announcement	Closing price day prior \$	Closing price \$	% movement
7 February 2011	Redcape advised that it had been approached by a number of parties interested in acquiring a number of pubs (hotels).	0.090	0.090	0%
14 March 2011	A related company of the Laundry Hotel Group (LHG) entered into a confidentiality and exclusivity agreement with Redcape for the acquisition of the pubs leased by Redcape to National Leisure & Gaming Limited (NLG).	0.150	0.185	23%
29 April 2011	LHG advised that it was close to finalising its due diligence and requested Redcape to extend the confidentiality and exclusivity period to 18 May 2011.	0.230	0.250	9%
19 May 2011	LHG advised completion of its due diligence and was finalising terms of the transaction documents with Redcape.	0.230	0.265	15%
25 May 2011	The Consortium Group acquired a 39% stake in Redcape's Senior Debt including the attached voting rights. The Consortium Group announced its interest in a proposal to underwrite a recapitalisation of Redcape.	0.240	0.205	-15%
7 June 2011	NLG advised that the Consortium Group had acquired NAB's senior secured credit facilities with NLG.	0.160	0.160	0%
27 June 2011	The Consortium Group completed due diligence and was working towards providing a formal proposal to underwrite a recapitalisation of Redcape under a signed exclusivity agreement.	0.125	0.125	0%
18 August 2011	Redcape entered into an Implementation Agreement for Schemes and Recapitalisation with the Consortium Group including an offer of \$0.08 per Security.	0.063	0.063	0%
29 August 2011	The SIA was terminated as a condition precedent was not satisfied.	0.060	0.055	-8%
3 October 2011	The Senior Lenders advised that they believe Events of Default was subsisting under the Facility Agreement as a result of Redcape's failure to satisfy the amortisation covenant.	0.061	0.060	-2%
7 October 2011	NLG announced the appointment of receivers and administrators. NLG is the tenant of 20 pubs owned by Redcape and leased to NLG, contributing approximately 38% of annual rent. The appointment of receivers and administrators to NLG triggered an event of default under the Facility Agreements. The consequences of an Event of Default under the Facility Agreements include that provided two-thirds of the banking syndicates agree to do so, the amounts payable under the Facility Agreements maybe declared immediately due and payable.	0.050	0.048	-4%

Overview of Redcape

Date	Announcement	Closing price day prior \$	Closing price \$	% movement
31 October 2011	Start of the exclusivity period of two weeks in which Redcape will negotiate with the Consortium Group for the purpose of entering into a new SIA including an offer of \$0.0259 per Security. Redcape's interest rate swap was closed out at \$69.6 million (Swap loss), payable within 28 days unless it is converted into a fixed amount of Senior Debt.	0.023	0.023	0%
14 November 2011	At the request of the Investor Group, Redcape agreed to extend the Exclusivity period until 28 November 2011 to facilitate progress in negotiating and documenting the proposed recapitalisation.	0.020	0.021	2%
29 November 2011	The exclusivity period was subsequently extended until 3 December 2011 to finalise negotiations	0.020	0.020	0%
12 December 2011	Further extension of exclusivity undertaking to 21 December 2011 to finalise the documents relating to the proposed recapitalisation.	0.020	0.020	0%
23 December 2011	Market update – signing of the SIA	0.020	0.023	15%

Source: ASX announcements

Overview of Redcape

3.5 Financial information

3.5.1 Financial performance

The table below summarises Redcape's consolidated financial performance for the financial years ended 30 June 2010, 30 June 2011 and six months to 31 December 2011.

Table 2: Consolidated Statement of Comprehensive Income

\$ in 000's	Note	12 mths to Restated 30 June 2010 (Audited)	12 mths to 30 June 2011 (Audited)	6 mths to 31 December 2011 (Management)
REVENUE				
Rent from investment properties	(1)	72,995	66,007	33,231
Revenue from straight – line lease adjustment	(1) & (2)	21,196	15,371	-
Outgoings recovered		6,045	5,749	3,913
Sundry income		913	112	254
Distributions	(3)	387	-	-
Interest from cash deposits		315	688	-
Total revenue from operating activities		101,851	87,927	37,398
OPERATING EXPENSES				
Investment property outgoings and expenses		8,644	8,873	4,925
Remuneration of Company's Directors		499	623	-
Finance costs	(4)	73,851	85,519	44,735
Other expenses	(5)	4,435	4,143	5,455
Total expenses from operating activities		87,429	99,158	55,115
Profit/(loss) from operating activities	(6)	14,422	(11,231)	(17,717)
Non operating expense/(income)				
Fair value write-down of investment properties	(7)	51,072	901	12,404
Impact of straight-line lease adjustment on fair value of investment properties	(2)	21,196	15,371	-
Change in fair value of derivative financial instruments	(8)	15,854	(6,390)	-
Realised loss on swap closeout		6,016	-	15,820
(Gain)/loss on sale of investment properties		(2,590)	1,157	-
Loss on sale of ALE securities	(3)	129	-	-
Total non operating expense/(income)		91,677	11,039	28,224
Loss before income tax		(77,255)	(22,270)	(45,941)
Income tax benefit/(expense)		24	-	-
Total comprehensive (loss)/income	(9)	(77,231)	(22,270)	(45,941)

Source: Redcape 2011 Annual Reports and Management's accounts.

* Restatement of the FY10 accounts relates to the change in accounting for intangible assets.

Overview of Redcape

In relation to Redcape's reported statutory financial performance for the year ended 30 June 2011, we note that:

- (1) Total rent from investment properties including the straight-line adjustment decreased by \$12.8 million (-13.6%) to \$81.4 million. This was a result of the sale of eight pubs in the second half of FY10 and an additional seven in FY11. We note there have been no property sales in the six months to 31 December 2011.
- (2) Revenue from straight-line lease adjustment: Rental income from operating leases is recognised on a straight-line basis over the lease term. Fixed rental increases which do not represent direct compensation for underlying cost increases or capital expenditure are recognised on a straight-line basis over the term of the lease or over the period until the next market review date. An asset is recognised to represent the portion of operating lease revenue in a reporting period relating to fixed increases in operating lease rentals in future periods. Although the receivable is considered to be a component part of the relevant property investment carrying value, it is disclosed separately.
- (3) Distributions in FY10 relate to distributions from Redcape's investment in ALE Property Group, which was disposed of prior to 30 June 2010.
- (4) The Senior Facility Agreement interest rate was BBSY + 2.0% in FY11 compared to BBSY + 0.8% in FY10. The Junior Facility Agreement interest rate was BBSY + 8.4% in FY11 compared to BBSY + 1.5% in the prior year. Additional deferred interest was charged monthly under the Senior Facility Agreement at a rate of 2.5% per annum on the outstanding principal amount. Finance costs in FY11 increased by \$11.7 million due to higher variable rates during the year.
- (5) Other expenses include management expense charges as follows:
 - Redcape established an internal management team with the creation of Redcape Services Pty Limited (the Manager) effective from 1 July 2009. For FY11, Management expense represented 0.24% of total assets.
- (6) Profit from operating activities decreased by \$25.7 million to a loss of \$11.2 million in FY11 primarily due to the decrease in rental revenue and the increase in finance costs.
- (7) Management obtained independent external valuations for 52 properties (primarily the Coles/NLG pubs) as at 30 June 2010 as required for the refinance of the Senior Debt. The remaining properties were reviewed by Management. The value of investment properties was written down by \$51.1 million in FY10. Further independent valuations were obtained for 25 properties as at 30 June 2011 with an additional fair value write down of approximately \$0.9 million. Managements latest estimate indicate a further write down of approximately \$12.4 million in the six months to 31 December 2011.
- (8) The change in the fair value of the derivative financial instruments reflects the position of the interest rate swaps Redcape used to hedge its exposure to interest rate risks arising from financing and investment activities. Redcape does not hold or issue derivative financial instruments for trading purposes. Management closed the swap on 31 October 2011 at a total cumulative loss of \$69.6 million, which has subsequently been converted into debt under a variation to the Senior Facility Agreement.
- (9) Total comprehensive loss for FY11 was approximately \$22.3 million. We note that the six months year-to-date loss in FY12 was approximately \$45.9 million due to the cumulative loss on the interest rate swap of approximately \$15.8 million, \$12.4 million investment property write down and operating activities continued to generate losses.

Overview of Redcape

3.5.2 Financial position

The table below summarises Redcape's consolidated financial position as at 30 June 2010, 30 June 2011, and 31 December 2011.

Table 3: Consolidated Statement of Financial Position

\$ in 000's	Note	*Restated 30 June 2010 (Audited)	30 June 2011 (Audited)	31 December 2011 (Management)
ASSETS				
Current assets				
Cash and cash equivalents		18,970	9,456	11,537
Trade and other receivables		1,575	9,562	4,208
Other current assets		152	42	1,456
Total current assets		20,697	19,060	17,201
Non-current assets				
Investment properties		658,997	670,910	
Rent receivables		53,652	66,539	
Non-current assets held for sale		100,600	6,750	
Total investment properties	(1)	813,249	744,199	738,065
Property, plant and equipment		137	153	877
Total non-current assets		813,386	744,352	738,942
TOTAL ASSETS		834,083	763,412	756,143
LIABILITIES				
Current liabilities				
Trade and other payables		4,435	2,453	3,993
Loans and borrowings	(2)	92,146	654,307	745,174
Derivative financial instruments	(3)	12,996	53,736	-
Total current debt		105,142	708,043	745,174
Total current liabilities		109,577	710,496	749,167
Non-current liabilities				
Loans and borrowings	(2)	602,191	-	-
Derivative financial instruments	(3)	47,130	-	-
Total non-current liabilities		649,321	-	-
TOTAL LIABILITIES		758,898	710,496	749,167
NET ASSETS		75,185	52,916	6,976
EQUITY				
Contributed equity		461,513	461,513	461,513
(Deficiency)/undistributed earnings		(386,600)	(408,862)	(454,802)
Reserves & Non controlling interest		272	265	265
TOTAL EQUITY		75,185	52,916	6,976

Source: Redcape 2011 Annual Report and Management's accounts

* Restatement of the FY10 accounts relates to the change in accounting policy for intangible assets.

Overview of Redcape

In relation to Redcape's reported statutory financial position for the year ended 30 June 2011, we note that:

- (1) Gross investment property value (investment properties, rent receivable and non-current assets held for sale) decreased primarily as a result of the disposal of approximately \$61.8 million of properties during the year. The remaining movement was due to the straight-line accounting adjustment. Table 12 summarises the property portfolio as at 30 June 2011 compared to the portfolio as at 30 June 2010 and 31 December 2011. We note that the total number of properties reduced from 92 as at 30 June 2010 to 84 as at 30 June 2011, reflecting the disposal of properties during FY11.

Table 4: Properties Portfolio

	No. of properties June 2010	Valuation June 2010 \$'000	No. of properties June 2011	Valuation June 2011 \$'000	No. of properties December 2011	Draft Valuation December 2011 \$'000 (Management)
Geographical						
QLD	61	462,074	57	434,949	57	420,765
NSW	25	293,900	21	254,150	21	255,500
SA	5	43,125	5	45,300	5	45,850
VIC	1	14,150	1	15,700	1	15,950
	92	813,249	84	750,099	84	738,065
Tenant						
Coles	56	439,820	56	445,243	56	435,040
NLG	24	285,900	21	259,550	21	259,400
Other	12	87,529	7	45,306	7	43,625
Total*	92	813,249	84	750,099	84	738,065

Source: Redcape 2011 Annual Report, Management accounts

* Total property valuation of \$750 million as at 30 June 2011 differs from the total investment properties balance of \$744 million disclosed in the Consolidated Statement of Financial Position as the portion relating to proceeds receivable from insurance claims of \$5.9 million was classified in the trade and other receivables account.

- (2) On 25 May 2011, the Consortium Group acquired 39% stake in Redcape's Senior Debt. As at 30 June 2011, given the uncertainties around compliance with the debt facility agreements, the total amount of debt balance was reported as a current liability. The debt structure is further discussed in section 3.8.
- (3) The derivative financial instrument (interest rate swap) is stated at fair value at each reporting date. To facilitate the proposed Recapitalisation, the swap was closed out on 31 October 2011. Management recognised a total swap loss of \$69.6 million, payable within 28 days. We note that the swap loss was converted to debt under a variation to the Senior Facility Agreement.

Overview of Redcape

3.5.3 Cash flows

The table below summarises Redcape's consolidated statement of cash flows for the years ended 30 June 2010 and 2011 and the six months ended 31 December 2011.

Table 5: Consolidated Statement of Cash Flows

\$ in 000's	Note	12 mths to Restated 30 June 2010 (Audited)	12 mths to 30 June 2011 (Audited)	6 mths to 31 December 2011 (Management)
Cash flows from operating activities				
Rent and outgoings from investment properties (incl. GST)		87,555	76,391	
Payments to suppliers		(23,896)	(17,044)	
ALE Property Group distributions		315	-	
Interest receipts – Bank deposits		387	688	
Interest paid		(29,770)	(41,269)	
(Paid)/receipts from interest rate swaps		(22,716)	(13,635)	
Net cash from operating activities	(1)	11,875	5,131	2,804
Cash flows from investing activities				
Proceeds from disposal of investment properties		100,664	62,662	-
Payment for property, plant and equipment		(160)	(570)	(723)
Proceeds from disposal of investment in ALE securities		6,971	-	-
Net cash from investing activities	(2)	107,475	62,092	(723)
Cash flows from financing activities				
Repayment of borrowings		(110,638)	(76,737)	-
Net cash from financing activities	(3)	(110,638)	(76,737)	-
Net increase/(decrease) in cash held	(4)	8,712	(9,514)	2,081
Cash and cash equivalents at the beginning of the period		10,258	18,970	9,456
Cash and cash equivalents at the end of the period*		18,970	9,456	11,537

Source: Redcape 2011 Annual Report and Management's accounts

In relation to Redcape's reported statutory cash flows, we note that:

- (1) Net cash from operating activities decreased by \$6.7 million (-57%) to \$5.1 million in FY11 as a result of the combined impact from the decrease in revenue and the increase in finance costs. We note that the decrease in revenue was due to the reduction in the number of properties from 92 at 30 June 2010 to 84 at 30 June 2011. Revenue is expected to decrease further unless new properties are acquired. In addition, interest charges are expected to increase as a result of the higher interest rate triggered by the Events of Default.
- (2) Investing activities primarily involve sales of investment properties. The decline in FY11 investing cash flows of \$45.4 million (-42%) to \$62.1 million was driven by the reduction in the number of successful property sales with eight properties sold during the year.
- (3) Cash payment for financing activities decreased by \$33.9 million (31%) to \$76.7 million due to less cash flow available to repay debt arising from the lower number of property sales.
- (4) Overall, Redcape reported a net cash outflow of approximately \$9.5 million for FY11. Analysing in conjunction with the financial performance and position of Redcape, it appears that current interest charges and scheduled repayment of the borrowings are not sustainable given the current level of cash Redcape is generating from its operations.

3.6 Capital structure and Securityholders

3.6.1 Distribution of Redcape securities

The following table summarises the distribution of Redcape's securities as at 30 June 2011.

Table 6: Redcape's securities distribution

Holding size	Number of Securityholders
1 – 1,000	135
1,001 – 5,000	878
5,001 – 10,000	440
10,001 – 100,000	527
100,001 and over	77
Total	2,057

Source: Redcape 2011 Annual Report

3.6.2 Largest Securityholders

At the date of this report, Redcape's capital comprised 162.5 million securities. The following table indicates Redcape's top 19 Securityholders as at 30 June 2011.

Table 7: Top Securityholders

Rank	Size of holding	Number of securities	% of issued capital
1	TWH (Qld) Pty Ltd (Receivers and Administrators appointed)	82,787,785	50.96
2	HLG Management Pty Ltd (Receivers and Administrators appointed)	11,985,838	7.38
3	Greenacres Holdings Pty Ltd	5,633,246	3.47
4	Ms Jeanine Lee Cooke	5,085,581	3.13
5	Donnelly Discretionary Trust	5,031,932	3.10
6	Manar Nominees Pty Ltd	3,375,000	2.08
7	Hautacam Investments Pty Ltd	2,000,000	1.23
8	Connaught Place Investments Pty Ltd	1,250,000	0.77
9	Kern Consulting Group Superannuation Fund	1,214,660	0.75
10	Lift Capital Nominees Pty Ltd	1,075,737	0.66
11	Thomas Hedley	1,057,163	0.65
12	Mrs Jean Marion Barry and Mr David Richard Barry	1,000,000	0.62
13	Sunset Superannuation Fund	1,000,000	0.62
14	NLT (QLD) Pty Ltd	901,855	0.56
15	Mr David Wayne Row	820,000	0.50
16	Kellie Skinner	809,155	0.50
17	Rundal Holdings Pty Ltd	800,000	0.49
18	Invia Custodia Pty Ltd	713,779	0.44
19	Duyne Pty Ltd	700,000	0.43
	Total	127,241,731	78.34

Source: Redcape 2011 Annual Report

Overview of Redcape

In relation to the above table, we note that the top two Securityholders represent 58.34% of the issued capital and are entities currently in receivership.

3.7 Capital raising history

Redcape has not completed any capital raisings since its IPO in July 2007 where 39.6 million securities were issued at \$3.50 per Security raising approximately \$138.6 million. Refer to section 3.10 for further information.

3.8 Debt structure

Redcape's debt structure consists of the Senior Debt and the Junior Debt, both of which mature in October 2012.

The following table summarises the structure and balances for all debt facilities held by Redcape as at 30 June 2010, 30 June 2011 and 31 December 2011.

Table 8: Debt structure

\$ in 000's	Book value as at 30 June 2010	Book value as at 30 June 2011	Book value as at 31 December 2011
Senior Debt			
Principal	620,175	549,630	549,630
Establishment fee deferred	10,853	10,853	10,853
Accrued interest	11,083	26,199	34,519
Swap conversion to Senior Debt	-	-	69,556
2% Penalty interest	-	-	2,953
Balance	642,111	586,682	667,511
Junior Debt			
Principal	60,000	60,000	60,000
Establishment fee deferred	1,147	1,147	1,147
Accrued interest	5,529	14,734	19,865
2% Penalty interest	-	-	366
Balance	66,676	75,881	81,378
Prepaid borrowing costs capitalised			
Borrowing costs capitalised	(14,450)	(8,257)	(3,715)
Total borrowings	694,337	654,306	745,174
Interest swaps			
Opening balance	84,395	60,126	53,736
Fair value movement for the year	15,854	(6,390)	15,820
Swap cancellation	(40,123)	-	(69,556)
Closing balance	60,126	53,736	-
Total debt	754,463	708,042	745,174

Source: Redcape 2011 Annual Report, management accounts.

3.9 Debt covenants

The terms and conditions underpinning the Senior Debt and the Junior Debt are detailed in the Senior Facility Agreement and the Junior Facility Agreement respectively.

A summary of the key covenants associated with the Senior Facility Agreement and Junior Facility Agreement in place as at 30 June 2011 is provided below.

Property sale undertakings (specific to Senior Facility Agreement only)

- Redcape is required to demonstrate that:
 - Sufficient properties have been sold or are subject to approved contracts
 - Sufficient equity or Subordinated Debt on terms acceptable to the Senior Lenders has been raised to meet the amounts provided in the table below

Table 9: Property sale undertakings

Date	Cumulative asset sales since 30 September 2009
31 March 2011	\$200,000,000
30 September 2011	\$275,000,000
31 March 2012	\$350,000,000
30 September 2012	\$450,000,000

Source: Management information

- If Redcape achieves property sales and debt or equity raisings which exceed the amounts specified above, while the LVR (as most recently calculated) is greater than 50%, Redcape is required to continue to sell no less than \$100 million of properties in each 12 month period ending 30 September.
- If Redcape proceeds with an asset sale, Redcape may be in breach of clause 16.9(d)(ii) of the Senior Facility agreement. This provides that the consent of the Agent (acting on instruction from the Majority Participants) is required in the case where 50% of a Major Tenant's Properties are to be sold in a single transaction.

Financial undertakings (Senior Facility Agreement and Junior Facility Agreement)

- Redcape is required to ensure that the LVR is less than the lower of:
 - 80%
 - The lowest LVR calculated (after the date where all the conditions precedent to the Senior Facility Agreement has been waived or satisfied by the agent to the syndicated facility) plus 7.5%, at all times.
- Redcape is to ensure that at all times the interest coverage ratio is not less than 1.00 times (on both a prior and look-forward 12 month rolling basis).

On 3 October 2011, Redcape announced that it had been unable to satisfy clause 16.9(a) of the Senior Facility Agreement which required Redcape to achieve cumulative asset sales of \$275 million by 30 September 2011. Redcape's sales totalled an amount of \$183 million as at March 2011, prior to the suspension of its asset sales program. As a result of not meeting this covenant, the Senior Lenders notified Redcape on 30 September 2011 of their rights under the Facility Agreement including the right to demand immediate repayment of the Senior Debt.

Any consent to a waiver or amendment of the amortisation covenant, as well as any acceleration of the repayment of the Senior Debt, requires agreement of two thirds of the Senior Lenders. We note that as the Consortium Group owns 38.7% of the Senior Debt they would have to agree to any waiver or amendment of the

Overview of Redcape

amortisation covenant. Redcape has stated that it does not expect any demand for immediate repayment of the debt given the current situation including the negotiation of the SIA with the Consortium Group (ASX Announcement – 3 October 2011).

3.9.1 Interest on overdue amounts

In the case of the Events of Default, interest charges on the Facilities accrue on overdue amounts at an additional rate of 2% per annum plus the higher of:

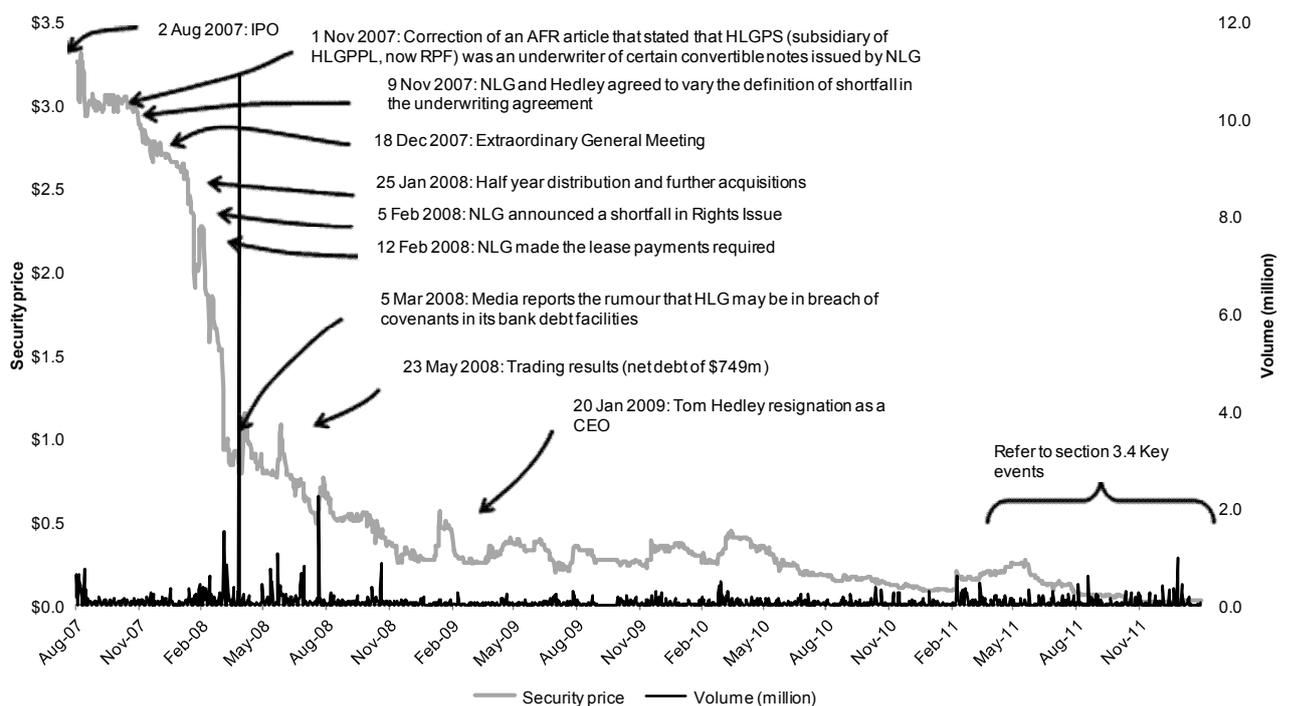
- The BBSY rate before the due date
- The BBSY for successive three month periods commencing on the date of default

The penalty interest is currently not being charged by the Senior Lenders as a result of them entering into the Scheme Agreement. However, they remain entitled to charge interest from November 2011 in the event the Scheme fails to proceed. Hence, an accrual for the penalty interest is reflected within the management accounts.

3.10 Recent Security price performance

The following graph depicts the trading volume and price of Securities for the period 2 August 2007 to 31 January 2012. We have analysed Redcape's performance vis-à-vis its Security movements and trading volumes.

Figure 2: Redcape Security price and volume traded (2 August 2007 – 31 January 2012)



Source: Capital IQ

In relation to the above chart, we note that:

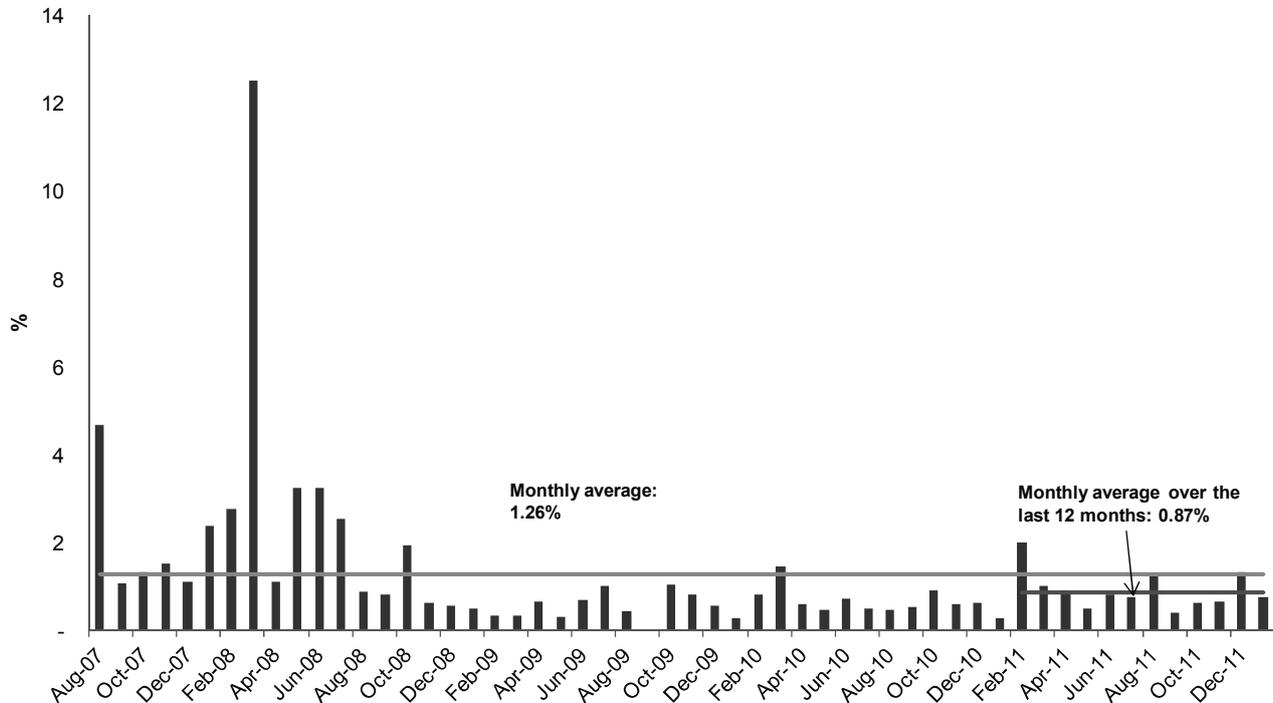
- The IPO (on 2 Aug 2007) raised \$138.5 million through applications for 39.57 million securities at an initial price of \$3.50 per Security.
- Redcape's Security price never reached its introductory price of \$3.50. A maximum price of \$3.30 was reached on 9 August 2007.
- Redcape's Security price lost 76% of its value issue in the first 8 months of its quotation to reach \$0.79 on 31 March 2008.

Overview of Redcape

- After 31 March 2008, Redcape's Security price continued to decrease to its current value circa \$0.02.

3.10.1 Liquidity analysis

Figure 3: Monthly volumes of securities traded as % of total securities



Source: Capital IQ, PwCS analysis

In relation to the above chart, we note that:

- In the past 12 months, the average monthly volume of Securities traded as a percentage of total Securities was approximately 0.87%.
- Overall, Redcape's Securities have a very low liquidity primarily due to:
 - The financial performance of the business
 - The gearing level of the business
 - The high proportion (58%) of Securities are held by companies that are in receivership

4 Industry overview

Redcape operates within the Australian hotels, pubs, taverns and bars industry.

4.1 Pubs, taverns and bars industry

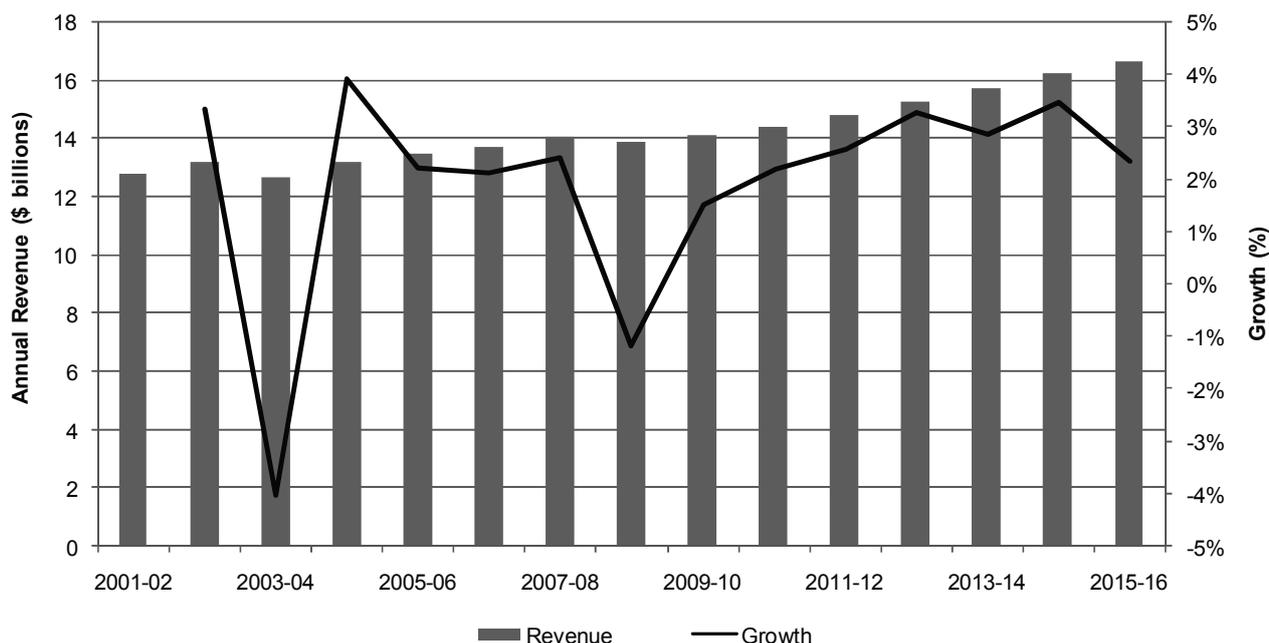
The pubs, taverns and bars industry, collectively known as the pubs industry in Australia currently generates over \$14.4 billion in annual revenue. This industry services an Australian adult population of approximately 17.2 million (ABS, June 2010) as well as tourists.

As at June 2011, there were 3,064 pub, tavern and bar businesses in Australia, operating a total of 3,835 premises. These premises are weighted with population share, with NSW, Victoria and Queensland accounting for the largest number of premises at 33.3%, 24.3% and 15.5% respectively. Of these, NSW and Victoria tend to have a larger number of small pubs and therefore less revenue per pub, while Queensland has a disproportionately high share of revenue per pub.

The industry is experiencing consolidation, as well as a decrease in the number of establishments. In the nine years to 2011, establishments and enterprises declined 16.9% and 21.4% respectively.

The pubs industry has experienced low annual revenue growth levels over the five years to 2011 of 1.4% per annum, with forecast growth at 2.9% for the five years to 2016.

Figure 4: Revenue and growth in the pubs, Taverns and Bars industry



Source: Australian Bureau of Statistics

This stagnated growth and low forecasts are attributable to a number of factors as outlined below:

- Strong competition from liquor retailers
- The economic downturn
- Government regulation to curb binge drinking, alcohol related violence and problem gambling.

4.1.1 Concentration

Operations within the pub industry can be classified as small business operators or large corporate owners. The former account for the majority of pub businesses in Australia and are controlled and managed by individuals or families. The latter represents a small number of pub operators that have acquired a number of pub businesses and have the ability to leverage expertise and buying power across their sites. The concentration in this industry is therefore low, with the top four operators representing less than 15% of the total market share in 2010-2011. Of these few, Woolworths and Coles have the highest level of ownership accounting for 8.4% and 3.2% of total pub ownership respectively.

4.1.2 Pub industry outlook

The industry is forecast to experience moderate annual growth over the five years to 2015-16 of 2.9%, as a result of a strengthening economic backdrop and growth in gourmet pubs and small bars. However, a number of obstacles continue to hinder the industry including a decline in alcohol consumption, pressure from the Government to control gambling, increase on tax on alcoholic beverages and bans on indoor smoking in pubs and clubs. An industry shift is being established, following consumer trends requiring more family friendly establishments, offering high quality food and fashionable beverages.

Strong growth is expected within the online liquor sales. Major players are expanding into this market, Woolworths having acquired direct wine retailer Cellarmasters for \$340 million and announcing plans to launch a Dan Murphy's e-commerce site, while Coles Liquorland chain has an e-commerce site. This is expected to impact the growth prospects of traditional bottle shop operations.

4.2 Freehold ownership of hotels industry

Hotels, clubs and pubs account for 8.3% of the retail property market in Australia.

The demand for hotel and pub properties is driven by consumer demand for and consumption of, the beverages, food and entertainment provided by the pubs industry. This is driven by a range of economic and demographic factors that influence household consumption patterns and volumes across different product lines.

The demographic composition of an area's population in terms of age, sex, income and debt levels influences the spending patterns and the types of expenditure. When combined with consumer preferences, this can influence the demand for hotel and pub properties in a region.

Key drivers pertinent to this sub-industry relate to the following:

- Consumer sentiment affects demand for goods and services provided, and hence tenant profitability and stability. As a result, the following drivers for the pubs industry have an impact on demand for pub properties:
 - Changes in real household disposable income affect discretionary income. This has a greater impact on on-licence provision of alcohol and gaming, with patrons partaking at home rather than on-premises.
 - Competition from cafes and restaurants is emerging at an increasing rate as these increasingly gain licenses to sell alcohol, in some cases without serving of a meal.
 - Competition from clubs including RSL's and sports clubs remains a threat especially through the provision of additional services such as gaming and food.
 - More stringent liquor licensing laws, relating especially to responsibility for binge drinking and intoxication of patrons, as well as increasing scrutiny of alcohol-related violence has had an adverse impact on the image of the industry. Furthermore, increases in excise and other alcohol taxes, for example the April 2008 Federal Government increase in excise tax on RTD spirit products of 71.79% and proposals by the Henry tax review that alcohol be taxed uniformly by volume, have increased cost and shifted demand. Increasing public awareness and changing attitudes toward consumption has also led to a decline in patrons.

Industry overview

- Restrictions on smoking in licensed premises implemented across Australia from 2007 has had an initial detrimental impact on patronage, however external smoking areas have limited this impact.
- Within the pubs industry, there is a distinction made between those premises providing gaming machines, and those that do not. Given that those providing such services tend to perform better, and that an increasing number of venues are now providing these facilities, the real per capita expenditure on gambling has meaningful impact on profitability. This component is under further recent pressure as a result of increasing scrutiny by the Federal Government and prominent public health advocates. This is evidenced by the following recent key developments:
 - In 2010, the Productivity Commission report estimated the social cost of gambling to be \$4.7 billion per annum. The report recommended a set of actions to limit gambling including setting a limit on gaming machines of \$120 per hour, earlier shutdown periods, relocation of ATMs away from gaming areas and lower daily withdrawal limits on such ATMs. The Federal Government has indicated that it will act on some of these recommendations.
 - The Parliamentary Joint Select Committee on Gambling Reform made 43 Recommendations in its May 2011 Report including that a mandatory pre-commitment scheme apply to all players of high intensity electronic gaming machines by 2014 and that a public health approach to problem gambling be adopted across jurisdictions.
 - The Federal Member for Denison, Mr Andrew Wilkie has provided support of the minority Labour Government in Australia on the basis that the Federal Government institute a range of processes to curb problem gambling including pre commitment levels on poker machines. Industry sources have advised that if pre commitment for poker machines is executed it will have an estimated annual loss of income of \$4.9 billion to \$6.5 billion (or a reduction of 30% to 40%) impact on the pubs industry.
- Business confidence affects demand for hotel properties by affecting businesses' decisions to invest in new locations or expand operations.
- Rental rates influence demand for the leasing of hotel properties.
- Property values are a fundamental performance driver, with values affecting returns, rental rates charged, and liquidity. The pub investment market has staged a modest recovery in the 18 months to June 2011. Transactions reached approximately \$700 million in 2010, which, though 66.5% below 2007 pre-GFC levels, represents an increase of 48.2% on 2008 and 2009 levels. Over the past two years, formal receivership sales accounted for approximately 20% of the total pub transaction volume.
- Property yield, as calculated as rental income as a percentage of purchase price or current valuation. For CBD and city fringe hotels with a good balance of business, yields have hovered around 10% over the past few years. Falling yields indicate either an oversupply of rental properties (and hence falling rents) or a rising property market (with increasing valuations) or both, while the reverse is true for rising yields. Given that rental income constitutes the majority if not all income for property owners, such measures indicate demand for property, and as such an indication of how rental rates and valuations have moved since purchase.
- Interest rates, as proxied by the 10 year bond rate, influence property acquisition and development conditions by affecting overall property returns. Prior to the current European Union debt issues, debt liquidity was improving, with lenders considering issuing debt for acquisitions for owners with a proven track record.

5 Valuation approach

There are a number of valuation approaches that may be applied in determining the fair value of an asset, investment or business. They typically include the income, market and cost approaches.

In accordance with the requirement of RG111, we have used more than one valuation methodology in assessing the fair value of Redcape and compared the values derived from each of these methods.

Redcape consists predominantly of real estate property investments and accordingly a cost based approach has been used. Cost based methods include the net realisable value of assets methodology. This method estimates the realisable value of identifiable net assets and includes a discount to allow for the time value of money and for reasonable costs of undertaking the realisation. This methodology is appropriate for asset intensive businesses, or where a business does not generate an adequate return on its assets, both of which are the case for Redcape. In addition, an income based approach has been used which assesses the value of cash flows forecast to be generated by a business and a market based approach, which uses reference to the current market price for Securities.

We have assessed three possible scenarios in determining the fair value of Redcape's securities.

- 1 Income approach – Going concern basis
- 2 Cost approach – Orderly realisation of assets method and wind up method
- 3 Market approach – Alternative capital raising

The going concern valuation estimates the market values of the future cash flows of the business. We note that this will differ from a net tangible asset (NTA) valuation on an orderly realisation, or liquidation basis.

The orderly realisation of assets method estimates fair value by determining the amount that would be distributed to Securityholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner. The wind up of the business method estimates the fair value by determining the amount that would be distributed to Securityholders, assuming the business is wound up upon appointment of administrators / receivers / liquidators.

The alternative capital raising scenario assesses the value of Securities assuming a potential share issue to de leverage the business to a LVR of 50%, consistent with covenant requirements.

As a cross check to the valuation approaches as above, we have compared the Scheme Consideration to the ASX quoted market price of Redcape Securities (market approach).

5.1 Definition of fair value

We have assessed the underlying value of Redcape on a fair value basis, in accordance with RG111.15, which states that:

The "fair value" of the target securities should be determined on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the bid.

In valuing Redcape, we have assumed 100% ownership of Redcape on a control basis, which is consistent with the requirements of RG111.11(b)

6 Valuation of Redcape

6.1 Valuation summary

The following table summarises our assessment of the fair value of a Security for each of the methodologies adopted, compared to the Scheme Consideration being offered to Securityholders by the Consortium.

Table 10: Valuation summary by scenario

\$ in millions	Scenario (1) Going concern		Scenario (2) Orderly realisation as alternative to wind up		Scenario (3) Alternative capital raising		Scheme Consider- ation
	Low	High	Low	High	Low	High	
Property, plant and equipment			0.9	0.9	0.9	0.9	
Investment property			664.3	738.1	664.3	738.1	
Working capital			20.3	20.3	20.3	20.3	
Less: Staff redundancy costs			(1.2)	(1.2)	-	-	
Less: Realisation transaction costs			(10.0)	(11.1)	-	-	
Less: Corporate costs			(1.8)	(0.9)	(17.9)	(17.9)	
Enterprise Value			672.5	746.1	667.6	741.4	
Total Debt			(745.2)	(745.2)	(745.2)	(745.2)	
Less: Interest costs			(39.0)	(19.5)	-	-	
Accrued interest (PIK)			(42.5)	(20.8)			
Capital raising proceeds			n/a	n/a	413.0	376.1	
Equity value	nil	nil	(154.2)	(39.4)	335.4	372.3	
Number of Securities	162,452,601	162,452,601	162,452,601	162,452,601	23,630,902,942	17,259,792,419	
Fair value per Security (\$)	nil	nil	nil	nil	0.0142	0.0216	0.0259
Diluted % ownership for existing Securityholders					0.69%	0.94%	

Source: PwCS analysis

We consider the likelihood of Redcape remaining as a going concern to be very low given the notification by the Senior Lenders of Events of Default arising from the breach of existing debt covenants under the Senior Facility Agreement and negative cash flows forecast to be generated by the business. Furthermore, we consider a successful capital raising to be unlikely given the current illiquidity of Securities and the high risk profile of this business being currently in default of its Senior Facility Agreement. Therefore, we consider the assessed value of Redcape under the orderly realisation scenario to be the most realistic scenario available to Redcape. This scenario provides a value of \$nil per Security.

The orderly realisation scenario would be superior to a wind up of the business. In the event that the business is wound up and in any circumstance that requires a forced sale of the properties, it is likely to significantly reduce the sale value of those assets. We would also expect that the costs of liquidation/receivership/administration would be greater than those calculated in our summary. Therefore, the value per security would be \$nil.

6.2 *Going concern basis*

The going concern basis contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Considering the negative cash flows forecast to be generated by the business and the forecast inability to repay debt in line with payment schedules, we do not consider maintaining the status quo to be a viable option for the business. Hence a \$nil value has been assigned to this scenario. This is attributable to the following factors:

- Redcape has been notified by the Senior Lenders of Events of Default.
- The 30 June 2011 audit opinion includes a statement providing material uncertainty regarding the continuation of the business as a going concern. This highlights the loss making and net current liability position of the company for the financial year and its reliance upon Redcape's financiers continuing support and/or a successful recapitalisation to continue as a going concern. Should the Scheme be unsuccessful, it would be unlikely the financiers would continue their support for Redcape in light of the Events of Default.
- Existing levels of interest charges are not sustainable. Annual interest charges in the year to 30 June 2011 amounted to \$54.9 million, compared to \$59.4 million net cash receipts from rental income and payments to suppliers. Furthermore, additional interest charges of approximately \$1.2 million per month is being accrued from October 2011, due to the additional 2% penalty margin (as defined under clause 20.1 of the Senior Facility Agreement) in excess of the base rate following the Events of Default (as determined under the conditions of clause 20.1(d)) on any unpaid amount.
- The operations of Redcape are severely restricted by the covenants under the Senior Facility Agreement and Junior Facility Agreement. Refer to section 3.9.
- Redcape is currently over geared and the interest burden is further increasing interest bearing liabilities to the point that by March 2012, the net assets of Redcape will be in deficit. If we include capitalised corporate costs of \$17.9 million as calculated in section 6.5, Redcape would be in a negative net asset position as at 31 December 2011.

6.3 *NTA in an orderly realisation of assets*

We have estimated the NTA of Redcape in an orderly realisation of assets to be in the range of \$(154.2) million to \$(39.4) million, which results in an underlying value per Redcape Security of \$nil. This scenario considers the possibility of distributing the net proceeds from the realisation of the business' net assets to Securityholders including adjustments for realisation costs, staff redundancy costs, corporate overheads, interest costs and accrued interest incurred during the sale process. A summary of the calculation and assumptions is outlined in the table below.

Valuation of Redcape

Table 11: Orderly realisation valuation summary

\$ in millions	Low value	High value
Property, plant and equipment	0.9	0.9
Investment property	664.3	738.1
Working capital	20.3	20.3
Total Tangible Assets	685.5	759.3
Less: Staff redundancy costs	(1.2)	(1.2)
Less: Realisation transaction costs	(10.0)	(11.1)
Less: Corporate costs	(1.8)	(0.9)
Redcape Enterprise Value	672.5	746.1
Less: Debt	(745.2)	(745.2)
Less: Cash interest costs	(39.0)	(19.5)
Less: Accrued interest (PIK)	(42.5)	(20.8)
NTA of Redcape	(154.2)	(39.4)
Total number of Securities on issue at year end (FY11)	162,452,601	162,452,601
NTA per Security (\$)	Nil	Nil

Source: 2011 Redcape Annual Report. PwCS analysis

The above indicative assessment is based on the following broad assumptions:

- Sale of the properties over a reasonable time frame, i.e. not a forced sale (liquidation basis) where assets might be sold at values materially different from their fair value. However, even over a reasonable time frame there may be downward pressure on sale values of Redcape assets, as the market would be aware that Redcape is in the process of realising its assets.
- The high value range assumes the sales process completes over a period of six months. The low value range assumes a sale process completion timeframe of one year.
- All assets and liabilities of Redcape with the exception of property investments are assumed to be settled at their stated book values in the management balance sheet of Redcape at 31 December 2011. An assessment of the carrying values of the assets and liabilities is discussed in further detail in sections 6.3.1 and 6.3.2.
- Investment property book values are assumed to be fully realised in the high value range. Although, we note historically a 5% premium to book values has been achieved for property sales since December 2009, a 1% premium to book value (at the time of sale) has been achieved in the current financial year (refer to table 12, section 6.3.1). Therefore, we consider the sale of 100% of Redcape properties at a 5% premium within the six month time period to be highly unlikely.

A sensitivity analysis indicates that if a 5% premium on property book values at 31 December 2011 was achieved in a six month period, this would result in a value per security of \$nil.

The low value range for investment property values includes a 10% reduction over the 31 December 2011 book value to reflect the risk of a reduction in price through market pressures. The basis of this reduction reflects the risk of properties unable to be sold in an orderly process. This is supported by an analysis of the impact on property sales after the appointment of receivers for Hedz Properties in July 2009. Under this sale process, although 99% of 30 June 2009 book values were achieved, only seven of the eleven properties have been sold at the date of this report, with an average time taken to complete these sales of 16 months. It would be expected a greater discount to book values would be realised for those properties which remain unsold if these are sold in a six to twelve month time frame.

Valuation of Redcape

- As a result of the aforementioned, we are of the opinion that a six month to a twelve month sale forecast for all Redcape properties is optimistic, but as shown in the analysis above it still provides a value per Security of \$nil (i.e. less than the Scheme Consideration).
- Staff redundancy costs (limited to head office staff) would be incurred with the sale of the assets. We have been advised by Management that redundancy costs are forecast to be approximately \$1.2 million.
- Realisation transaction costs reflect the marketing, agents fees and legal fees, which are assumed to be 1.5% of property asset value. Management advise this is consistent with historical realisation costs paid by Redcape.
- We have assumed interest costs will continue to be incurred and PIK interest will continue to accrue during the sale process. This is estimated, using the Redcape management forecasts for the six month and twelve month realisation periods.
- We have not assumed any costs on early repayment of borrowings, although such costs, if triggered, may be significant.

We note that the following additional risk factors should be taken into account by Securityholders in considering the orderly realisation scenario:

- Should any of Redcape's financiers decide to place the business into receivership, we would not expect the Securityholders to receive any funds from the receivership and likely liquidation.
- Redcape's ability to sell assets in an orderly manner is inhibited by the covenants under the Senior Facility Agreement (specified in Section 3.9). This clause was exercised by the Consortium Group in May 2011 by not consenting to the proposed sale of 20 properties to LHG. The result of this restriction caused the Events of Default announced on 3 October 2011.
- Any circumstance that requires a "forced sale" of any of the properties is likely to significantly reduce the sale value of those properties.
- Redcape may achieve prices less than book value for its assets.
- Interest will continue to accrue during the time taken to realise the sale of the assets.

6.3.1 Consideration of property values of Redcape as at 31 December 2011

The orderly realisation of assets valuation analysis is underpinned by the book values of the assets and liabilities. In considering whether any further adjustments to NTA as at 31 December 2011 are required, we have assessed the following:

Fair value of investment properties

The value of investment properties as at 31 December 2011 reflects Management's valuation estimates of the investment properties. We note that external valuations have been commissioned for the properties as at 31 December 2011. However, at the date of this report these external valuations were not available. Management have advised that it is their opinion that the fair market value of the properties will decrease by approximately \$12.4 million from those reported at 30 June 2011. If the value of the properties fall by a greater or lesser extent to that estimated, our conclusions may be required to be revisited.

We have reviewed the external valuation reports prepared by a property sales, valuation and management firm (the Valuers) as at 30 June 2011. The review comprises a total of twenty four (24) assets located predominantly within Queensland and South Australia. One (1) asset is located within Bendigo, Victoria.

In completing our review we have considered the following:

- Reputation of the Valuer
- Experience, expertise and competency of the individual valuer(s)
- Appropriateness of comparable sales evidence

Valuation of Redcape

- Appropriateness of valuation methodology(ies)
- Value conclusion: Degree to which it is supported by the accompanying evidence

The key findings from our review are as follows:

- The valuations were completed by a large multinational property sales, valuation and management firm. The firm actively operates (in the capacity of sales agent, valuer and manager) within the Hotel and Leisure sector of the Australian property market.
- The properties represent hotel investments securely leased to Coles subsidiaries for terms (including options) of between 35 and 40 years, save for a single asset which is leased to a private operator.
- Given the nature of interest being valued (freehold investment interests), the Valuers have utilised the capitalisation of net income approach as the primary valuation methodology.
- This valuation methodology applied is considered to be appropriate and consistent with market practice.
- The Valuers have considered comparable sales, the majority occurring within the last 12 to 24 months (2010/11). In the case of South Australia, there is little recent evidence noted and the Valuer does not describe in detail the impact on valuation. Offsetting this is the strong covenant provided by the tenant suggesting these assets are well positioned to withstand reasonable market volatility.
- The Valuers have adopted capitalisation rates of between 6.50% and 9.00%, which are within the range indicated by the comparable sales evidence, albeit towards the lower end, but reflecting the strong lease covenant provided by Coles. Additionally assumptions relating to assessed net income, outgoings and medium term capital expenditure appear reasonable.

We are therefore of the opinion that the assessed values at 30 June 2011, lie within an expected range and are well supported by the accompanying evidence.

Assuming the sale of the properties individually, it is likely, given the price points, the properties would appeal to private investors. Equally if the properties were sold 'in one line' an equal level of interest may be received from institutional investors seeking to acquire a portfolio.

We highlight that in completing their assessments, the Valuers have notionally assumed varied marketing periods. In the case of the Queensland properties, the Valuer has assumed that the hotels would be placed on the market *'in an orderly fashion with an expected marketing period of 6 to 12 months assuming a professional marketing period'*. In the event that all hotels in the portfolio are placed on the market either individually or as a portfolio then a *'substantial marketing period would be envisaged'*. On the other hand, the South Australian properties are assumed to be *'sold within a marketing period of 3 to 6 months'*. The difference in assumptions for each State may be justified owing to, the relative variance in size of portfolios (18 vs. 5 assets) and the varied market conditions (weaker / stronger conditions).

For properties not independently valued, Redcape reviewed relevant sales during the past six to twelve months and compared them to the book value as at 30 June 2010 when the properties were last valued by independent valuers. Redcape management note that approximately 75% of the NLG properties that were sold over the past six to twelve months have been at or above the recorded book value as at 30 June 2010. Hence, management have subsequently maintained the NLG property values at their valuations as at 30 June 2010.

Valuation of Redcape

Sale of investment properties

Refer to the table below for a list of property sales since December 2009.

Table 13: Property sales table

Date	Hotel	Sale price \$ '000	Book value at time of sale \$ '000	% mvt on book value
17-Dec-09	Bridgeview	7,500,000	5,100,000	47%
17-Dec-09	The Canterbury	8,850,000	7,550,000	17%
31-Dec-09	Royal Ryde	9,250,000	8,900,000	4%
24-Dec-09	Heritage	3,975,000	4,000,000	-1%
04-Feb-10	Cabramatta	21,500,000	20,920,059	3%
04-Feb-10	Mt Druitt	12,050,000	11,436,755	5%
02-Feb-10	Kooringal	7,510,000	7,113,563	6%
12-Feb-10	Lidcombe Hotel	6,550,000	6,350,000	3%
09-Mar-10	Plantation	6,600,000	6,050,000	9%
10-Mar-10	Barrier Reef	2,500,000	2,498,271	0%
18-Apr-10	Bushland Beach	7,200,000	6,695,549	8%
30-Jun-10	Aussie Inn	9,000,000	8,592,259	5%
01-Oct-10	Wattle Grove	8,600,000	8,000,000	8%
26-Oct-10	Kincumber	11,100,000	11,250,000	-1%
16-Nov-10	Mt Creek	7,250,000	7,400,000	-2%
22-Nov-10	Yorkeys Knob	500,000	500,000	0%
28-Jan-11	Ocean Shores	4,600,000	4,100,000	12%
04-Apr-11	Kirra	14,750,000	14,750,000	0%
21-Feb-11	Port Macquarie	15,800,000	15,750,000	0%
Total		165,085,000	156,956,456	5%

Source: Management

We note a 5% premium has been achieved on the book value at the time of sale on properties sold since December 2009. However, this is distorted by the large premium obtained for the Bridgeview hotel. The premium achieved for sales in the current financial year on the book value at the time of sale amounted to 1%.

6.3.2 Assessment of financial liabilities as at 31 December 2011

As at 31 December 2011, Redcape's financial liabilities consisted of:

- Senior Facility
- Junior Facility
- Prepaid establishment fees
- Accounts payable

We understand that Redcape's borrowings are initially recognised at fair value, plus any directly attributable transaction costs and are subsequently measured at amortised cost. All borrowings are from external, unrelated, financial institutions. Refer to section 3.8 for a more detailed analysis of the debt structure of Redcape.

Valuation of Redcape

For the purposes of the valuation, we have assumed the fair value of Redcape's borrowings (i.e. Senior Debt and Junior Debt) to be as per the management accounts as at 31 December 2011 of \$745.2 million. The increase from the 30 June 2011 position is attributable to the closure of the interest rate swap at \$69.6 million and additional accrued interest. The swap loss has been converted into Senior Debt under a variation to the Senior Facility Agreement and the liability associated with the swap loss will be extinguished as part of the Proposal.

In arriving at the fair value range of Redcape on an NTA basis, we have considered the following:

- The management accounts as at 31 December 2011 and the audited balance sheet of Redcape as at 30 June 2011.
- Any adjustments to the assets and liabilities of Redcape at 30 June 2011 that we considered necessary for the purposes of this Report (as discussed herein).
- Likely adjustments to the assets and liabilities to 31 December 2011 – (the latest available management accounts).
- The current financial status of Redcape subsequent to the Events of Default.
- Management costs that will continue to be incurred during the realisation period.
- We note that we have assumed that no material contingent liabilities not already disclosed, existed as at the date of this Independent Expert's Report.

6.4 NTA in a wind up of the business

Should administrators/receivers/liquidators be appointed in a wind up of the business, the estimated NTA of Redcape would be in the region of \$(146.7) million to \$(147.8) million, less favourable to the orderly realisation scenario. A summary of the calculation and broad assumptions underlying this valuation is presented in the table below:

Table 12: Wind up valuation summary

\$ in millions	Low value	High value
NTA of Redcape under orderly realisation scenario (6.3)	(154.2)	(39.4)
20% reduction in investment property values	(73.8)	(147.6)
Administrator/receiver/liquidator costs	(0.2)	(1.1)
Add back: Cash interest costs	39.0	19.5
Add back: Accrued interest (PIK)	42.5	20.8
NTA of Redcape	(146.7)	(147.8)
Total number of Securities on issue at year end (FY11)	162,452,601	162,452,601
NTA per Security (\$)	Nil	Nil

Source: PwCS analysis

The above indicative assessment is based on the following broad assumptions:

- A 20% reduction in investment property values, reflecting a forced sale environment based on our understanding of typical discounts to valuation in liquidation scenarios.
- Administrator/receiver/liquidator costs are assumed to be in the region of \$1 million to \$2 million. The calculation assumes \$2 million of costs, which is in excess of the corporate costs that would be expected to be incurred in an orderly realisation scenario.

Valuation of Redcape

- It is assumed a moratorium would be agreed with the Senior Lenders and Junior Lenders upon the appointment of administrators/receivers/liquidators and further interest cash costs and accrued interest would not be incurred during the wind up process. However, in the instance a moratorium is not agreed, this would further reduce the NTA of Redcape, negatively impacting the valuation per security.

To conclude, the valuation of Redcape under an orderly realisation of assets or a wind up of the business scenario, yields an underlying value per Security of \$nil. This is below the Scheme Consideration

6.5 NTA under an alternative capital raising

We have estimated the NTA of Redcape, assuming a successful alternative capital raising to achieve a target LVR of 50%, to be in the range of \$335.4 million and \$372.3 million. This equates to an underlying value per Redcape Security of between \$0.0142 and \$0.0216 after the significant dilution of existing Securityholders from new Securities issued.

Table 14: Alternative capital raising scenario valuation summary

\$ in millions	Low value	High value
Property, plant and equipment	0.9	0.9
Investment property	664.3	738.1
Working capital	20.3	20.3
Total Tangible Assets	685.5	759.3
Less: Corporate costs	(17.9)	(17.9)
Redcape Enterprise Value	667.6	741.4
Total debt – at 31 December 2011	(745.2)	(745.2)
Capital raising required to reduce LVR to 50%	413.0	376.1
Proforma debt at 50% LVR	(332.1)	(369.0)
NTA of Redcape	335.4	372.3
Total number of Securities on issue at year end	162,452,601	162,452,601
Capital raising – new issues	23,468,450,341	17,097,339,818
Total number of Securities after capital raising	23,630,902,942	17,259,792,419
NTA per Security (\$)	0.0142	0.0216
Diluted % ownership for existing Securityholders (FY11)	0.69%	0.94%

Source: 2011 Redcape Annual Report. PwCS analysis

The above assessment is based on the following assumptions:

- All assets and liabilities of Redcape, with the exception of property investments are assumed to be valued at their stated book values in the management balance sheet of Redcape at 31 December 2011.
- Investment property book values are assumed to be fully realisable in the high value range. The low value range includes a 10% reduction in total investment property values over the 31 December 2011 book values to reflect the risk of a reduction in price through market pressures.
- Redcape incurs head office costs in the management of the business. These costs are typically incorporated into a discounted cash flow or capitalisation of earnings approach. For the purposes of this valuation we have valued these costs using a capitalisation of earnings methodology. Capitalised corporate costs have been calculated at 0.24% of total asset value as per the FY11 audited accounts. A capitalisation rate of 10% has been assumed based upon recent market evidence of capitalisation rates within the pubs industry.

Valuation of Redcape

- Debt has been assumed at a LVR of 50% following a successful capital raising, which is consistent with the Senior Facility Agreement amortisation covenant. This reduces the total debt to \$330.8 million and \$367.5 million for the low and high value scenarios respectively from current debt at 31 December 2011 of \$745.6 million.
- A high and low offer Security price has been assumed. The low share price is assumed at a discount of 10% from the low share price of \$0.020 between 28 October 2011 and 31 January 2012. The high share price is assumed at a discount of 10% from the high share price of \$0.025 between 28 October 2011 and 14 February 2012. A 10% discount would be typical for such a capital raising (although a higher discount may be required in the current market). 2% of funds raised have been assumed to account for capital raising costs. This results in a discounted offer share price of \$0.0176 and \$0.0220 for the low and high share price respectively. We note the IPO on 2 August 2007 attracted a discount of approximately 6% at a time when the business was trading profitably.

We highlight a number of risks and limitations of the alternative capital raising scenario, which include:

- An alternative capital raising scenario would require the approval of the Consortium Group to be successful.
- Current high risk profile of Redcape. The business has been loss making in recent years and therefore, it would be unlikely there would be appetite to subscribe for new Securities.
- Illiquidity of Redcape securities as discussed in further detail in section 3.10.1.
- Redcape's inter-relationship with key tenant NLG. NLG is currently in receivership, which results in additional uncertainty for Redcape's future operations. This heightened risk is unlikely to support a successful capital raising in current market conditions.
- Significant dilution of shareholdings for existing shareholders to less than 1% of the expected after raising securities.
- Interest would continue to accrue during the capital raising process. This would further increase the current LVR and therefore, the funds required to successfully recapitalise the business to an appropriate level of gearing.

In the event of a successful capital raising to a target LVR of 50%, the underlying value per Redcape Security would range between \$0.0142 and \$0.0216. However, we note historically, businesses of this nature typically trade at a discount to NTA. For example we highlight the ALE Property Group, a listed property investment business in Australia is trading at a discount to 30 June 2011 NTA of 10%. Considering this we would expect Redcape's Securities to trade at or below the NTA price. Furthermore, we consider the likelihood of a successful capital raising to be remote.

Valuation of Redcape

6.6 Cross checks to the primary valuations

As a cross check to the primary valuation method above, we have considered the ASX closing market price of Redcape Securities and fluctuations since the initial Consortium offer announcement (25 May 2011), as presented in the table below:

Table 15: Security price summary

	Closing price (\$)	Premium/(discount) to Scheme Consideration	NTA per Security (\$) Management a/c	Premium/(discount) of closing price to NTA	Comment
25-May-11	0.205	(87.4%)	0.483	(57.5%)	Initial Consortium offer announcement
30-Jun-11	0.115	(77.5%)	0.326	(64.7%)	Year end, property valuation date
3-Oct-11	0.060	(56.8)%	0.169	(64.4%)	Events of Default announcement
7-Oct-11	0.048	(46.0)%	0.169	(71.6%)	NLG voluntary receivership
28-Oct-11	0.023	12.6%	0.133	(82.7%)	Last trading day prior to Consortium Scheme Proposal
31-Oct-11	0.023	12.6%	0.133	(82.7%)	Consortium Scheme offer announcement
23-Dec-11	0.023	12.6%	0.124	(81.5%)	Signing of SIA
31-Dec-11	0.024	7.9%	0.043	(41.1%)	Latest available financial information
14 Feb-12	0.025	3.6%	0.022	14.8%	

Source: Bloomberg

We note the following in assessing the recent share prices:

- The Scheme Consideration of \$0.0259 represents a 3.6% premium to the Security price at 14 February 2012 of \$0.025 and a 13% premium to Redcape Security prices of \$0.023 before the Exclusivity Undertaking (31 October 2011).
- We consider NLG's current financial position with the appointment of administrators and receivers to be a fundamental change to the operations of Redcape given the inter-relationships between the businesses. Therefore, the share price before 7 October 2011 (notification of the Events of Default) is not considered to be reflective of the share price going forward. We consider it would be unlikely the share price would return to similar levels to pre Events of Default (7 October 2011) in the short term.
- Both SIA announcements (25 May 2011 and 31 October 2011) have had a negative impact on the share price, despite the offer prices being greater than the current trading prices at the time.
- There has been a reduction in the NTA of Redcape as the PIK interest has increased debt levels against stable or reducing property values. This is reflected in the reduction in NTA per security since 25 May 2011, of \$0.483 to \$0.043 at 31 December 2011.

Further detailed analysis of the historical and recent movements in Redcape Securities is provided in section 3.10.

Based on the historical Security price being below the NTA of Redcape and the current financial position of Redcape, we do not envisage the Security price moving above the Scheme Consideration in the near term in the absence of a superior proposal.

7 *Evaluation of the Schemes*

7.1 *Fairness*

7.1.1 *Valuation comparison*

The following table summarises our assessment of the value per Security for each of the scenarios analysed compared to the Scheme Consideration being offered to Securityholders.

Table 16: Valuation summary

\$	Section	Low	High
Scheme Consideration	1.2.1	0.0259	0.0259
Assessed fair value per Security			
Going concern	6.2	Nil	Nil
Orderly realisation or Wind up	6.3 & 6.4	Nil	Nil
Alternative capital raising	6.5	0.0142	0.0216
Market price – 14 February 2012	6.6	0.0250	0.0250

Source: PwCS analysis, Bloomberg

7.1.2 *Control premium*

The Consideration of \$0.0259 per Security represents a 13% premium to the trading price of Securities prior the announcement of the proposal on 31 October 2011 and between 20% and 82% control premium over our estimate of the fair value per Security in the alternative capital raising scenario.

7.1.3 *Fairness conclusion*

The Scheme Consideration being offered is greater than all of our assessed values for Securities under each of the scenarios. Therefore, in our opinion, the Schemes are fair to the Securityholders, in the absence of a superior proposal.

7.2 *Reasonableness*

As provided in RG111.12: “An offer is ‘reasonable’ if it is fair.” As we have concluded that the terms of the Schemes are fair, we also consider them to be reasonable.

Consistent with RG111.20 as we have concluded that the terms of the Schemes are fair and reasonable we also conclude that they are in the best interests of Securityholders. The following sections set out other factors that Securityholders should consider in forming their views as to whether or not to vote in favour of the Schemes.

7.3 *Other factors*

7.3.1 *Transaction costs*

In the SIA, reimbursement costs of \$1.5 million are provided as a reasonable pre-estimate of the external advisory costs incurred by Redcape (including costs of advisers on a full indemnity basis) and Redcape's out-of-pocket expenses. We note, the majority of these costs either have been incurred at the date of this report or are payable regardless of whether the Schemes are approved by Securityholders or not.

In addition, a reimbursement fee of \$1.5 million (\$0.009 per security) may be incurred by Redcape should the Schemes not proceed because the Consortium terminates the Proposal due to:

- The Consortium validly terminating the SIA on the basis of the occurrence of a Redcape Prescribed Occurrence or if Redcape is in material breach of certain clauses of the SIA (namely, failure to take steps to implement the schemes in accordance with the SIA, failure to prepare the scheme booklet in

Evaluation of the Schemes

accordance with the SIA, a breach of representations in the SIA and a breach of the confidentiality obligations in the SIA).

- The Redcape Directors change, withdraw or modify their recommendation that Securityholders vote in favour of the Schemes or fail to vote their Securities in accordance with that recommendation.
- Redcape terminates the SIA on the basis of the recommendation of a Superior Proposal by the Redcape Board.
- A Redcape Prescribed Occurrence (as defined in section 1 of the SIA) occurs (excluding an Insolvency Event of Redcape, delisting of Redcape or de-stapling of Redcape's Securities).
- Any other event summarised at schedule 2 part 7 of the Scheme Booklet.

7.3.2 *Liquidity and certainty*

Securities have historically been very illiquid and Securityholders seeking to exit their investment in Redcape have had limited opportunities to sell their Securities on the ASX. The Schemes offer Securityholders certainty in the amount that they will receive as consideration and will provide the opportunity for 100% of existing Securityholders to exit their Security holding.

In addition, the consideration being offered for a Security under the Schemes is greater than that which Securities have been trading in the four day period prior to the announcement of the Schemes.

If the Schemes are approved, Securityholders will no longer be exposed to external risks such as movements in property prices, financiers' decisions in relation to secured debts owed and the Security price.

7.3.3 *Securityholders will no longer participate in possible future increases or decreases in the value of Redcape assets*

Our valuation of Redcape reflects assumptions in relation to the future trading performance of Redcape, the ability to realise value and the timing of this realisation from their property assets. The future performance, timing or value of its property assets may fall short of or exceed these expectations if the Schemes are not approved. Where the Schemes are approved by Securityholders, they will have no further interest in these assets and as such will not be exposed to the risks of underperformance or benefit from any over performance.

7.3.4 *Tax*

Section 7 of the Scheme Booklet provides a detailed discussion to Securityholders in relation to the Schemes if they are approved and implemented. In summary, we note the following tax implications outlined in the Scheme Booklet:

- The tax information provided applies to Australian tax resident Scheme Participants that hold their Securities on capital account
- The disposal of a Security under the Schemes would be treated for capital gains tax (CGT) purposes as separate disposals of a Share and a Unit
- A Scheme Participant will make a capital loss on disposal of a Share or Unit under the Schemes where the respective allocation of the Scheme Consideration from the disposal is less than their CGT cost base for the Share or Unit
- A Scheme Participant will make a capital gain on disposal of a Share or Unit under the Schemes where the respective allocation of the Scheme Consideration from the disposal exceeds their CGT cost base for the Share or Unit
- No stamp duty is forecast by Redcape to be payable by a Scheme Participant on disposal of their Securities under the Schemes.

Evaluation of the Schemes

Section 7 of the Scheme Booklet does not amount to specific taxation advice and Securityholders should seek their own professional advice regarding the individual tax consequences.

7.4 Alternative options

From discussions with management of Redcape, we have concluded that apart from the scenarios we have evaluated in our fairness opinion; being the continuation of Redcape as a going concern, the orderly realisation of assets or an alternative capital raising, the only other option to Redcape is a form of insolvency, either placing the Company and Trust into administration or being placed into receivership or liquidation. We have considered these options and have concluded that in any form of insolvency we would not expect Securityholders to receive any return of capital for their Securities (i.e. the value of a Security under any form of insolvency would be \$nil).

7.5 If the Schemes do not proceed

In the event that the Schemes are not approved and implemented, unless another alternative emerges and is implemented, Redcape will continue to operate in its existing form and its Securities will continue to be listed and traded on the ASX. If this were to occur we note:

- The Senior Lenders have issued default notices to Redcape under their various facilities and as such would be free to place the entities into receivership at any point in the future unless the covenant breaches are rectified.
- If the Secured Lenders accelerate the repayment of outstanding debt (\$745.6 million at 31 December 2011), the Redcape Board will need to consider its position with respect to its ability to continue to trade as a going concern and an administrator may be appointed to Redcape.
- As advised by management, penalty interest payable under the Facility Agreements resulting from the Events of Default are estimated to erode Redcape's net assets to \$nil by March 2012. This assumes there are no changes in the operations (revenue and costs) of the business, no change in asset valuations from the 31 December 2011 estimate and interest charges on borrowings are accrued in line with the terms of the Senior Debt and Junior Debt facilities.
- As noted below, we believe that, at least initially, in the event that the Schemes are not approved implemented the Security price may trade below current levels.

7.6 Security price in the absence of the Schemes

Redcape's Security price was negatively impacted by the announcement of the Schemes decreasing from \$0.023 to \$0.021 on 1 November 2011, the first trading day after the announcement. The market appears to consider there is a risk Redcape will pass into receivership in the instance the offer is not approved given it is currently trading at a significant discount to the Schemes offer price.

If the Schemes are not approved and implemented we would expect that the Security price would remain at around its current levels or decrease further given the current financial position of Redcape. We further note that the price of a Security at 14 February 2012, was below the Scheme Consideration.

7.7 Likelihood of a superior offer

There was previous interest expressed by the current Consortium Group and there have been announcements of due diligence from other interested parties. However, none of which have resulted in formal proposals being received by Redcape. Considering the financial position of Redcape and the lack of offers since the initial Consortium Group approach, the Directors are of the opinion that an alternative offer is unlikely.

7.8 Conclusion

Having considered the various matters outlined in this Independent Expert's Report, in our opinion, the Schemes are fair and reasonable and in the best interests of Securityholders.

Appendices

Appendix A Statement of qualifications and declarations	40
Appendix B Sources of information	42
Appendix C Glossary	43

Appendix A Statement of qualifications and declarations

Qualifications

PwCS, which is wholly owned by PricewaterhouseCoopers (PwC), holds the appropriate Australian Financial Services License. PwCS has had extensive experience in providing corporate financial advice and in the preparation of Independent Expert's Reports. PwCS is a licensed dealer under the Corporations Act. The individual responsible for the preparation of this report is Mr Richard Stewart.

Mr Richard Stewart is a Fellow of the Financial Services Institute of Australasia (Senior), the Institute of Chartered Accountants and the Society of Certified Practising Accountants in Australia as well as a member of the Australian Institute of Company Directors. He is also an adjunct professor in Business Valuation at the University of Technology, Sydney. He holds a Bachelor of Economics and a Masters of Business Administration. Richard has 25 years experience with PwC, is a partner of PwC and an authorised representative of PwCS.

Declarations

Prior to accepting this engagement, we considered our independence with respect to Redcape with reference to ASIC Regulatory Guide 112 *Independence of Experts*. In our opinion, we are independent of Redcape and the outcome of the transaction. We note that PwCS are acting as the Voluntary Administrators to NLG, but given that NLG's rights are not affected by this proposal, we do not consider this a threat to our independence.

Neither PwCS nor PwC has any interest in the outcome of the Proposed Transaction. PwCS is entitled to receive a fee for the preparation of this Independent Expert's Report based on time spent at our normal hourly rates for this type of work and will be reimbursed for out of pocket expenses incurred. The fee payable to us is payable regardless of the outcome of the Proposed Transaction. In addition, we have been indemnified by Redcape in relation to any claim arising from or in connection with its reliance on information provided by Redcape. None of PwCS, PwC or Mr Stewart holds securities/units in Redcape and have not held any such beneficial interest in the previous two years.

Purpose of report

This Independent Expert's Report has been prepared at the request of the Directors of Redcape and should not be used for any other purpose. In particular, it is not intended that this Independent Expert's Report should serve any purpose other than an expression of our opinion on whether the Proposed Transaction is fair and reasonable and in the best interests of Securityholders. This Independent Expert's Report has been prepared solely for the benefit of the Directors of Redcape and for the benefit of the existing Securityholders. Neither the whole nor any part of this Independent Expert's Report nor any reference to it may be included in or attached to any document, circular, resolution, letter or statement without our prior written consent to the form and context in which it appears.

Special note regarding forward-looking statements and forecast financial information

Certain statements in this Independent Expert's Report may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of Redcape, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following:

- General economic conditions
- The future movements in interest rates and taxes
- The impact of terrorism and other related acts on broader economic conditions

Statement of qualifications and declarations

- Changes in laws, regulations or governmental policies or the interpretation of those laws or regulations to Redcape in particular
- Other factors referenced in this Independent Expert's Report.

Disclaimer and consents

In preparing this Independent Expert's Report, Redcape has indemnified PwCS, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by Redcape which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

In addition, Redcape has agreed that if it makes any claim against PwC or PwCS for loss as a result of a breach of our contract, and that loss is contributed to by its own actions, then liability for its loss will be apportioned and is appropriate having regard to the respective responsibility for the loss, and the amount Redcape may recover from PwCS will be reduced by the extent of its contribution to that loss.

APES 225 "Valuation Services"

This Independent Expert's Report has been prepared in accordance with APES 225 "Valuation Services".

Appendix B Sources of information

In preparing this Independent Expert's Report, we have had access to and relied upon the following major sources of information:

- ASX announcements for Redcape
- Australian Bureau of Statistics
- Bloomberg
- Capital IQ
- Discussions with the Management of Redcape
- IBISWorld Industry Reports
- Management financial forecast model for Redcape
- Other publicly available information including information from websites
- Redcape Group Limited's Annual Reports (audited) for the two years ended 30 June 2009 and 2010
- Redcape Property Fund's Half Yearly Reports (reviewed) for the two years ended 31 December 2009 and 2010
- The Scheme Booklet and SIA
- Redcape company website

We have not performed an audit, review or any other verification of the information presented to us. Accordingly, we express no opinion on the reliability of the information supplied to us.

Appendix C Glossary

Term	Description
AASB 140	AASB 140 Investment Property
ABS	Australian Bureau of Statistics
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691
Company	Redcape Property Fund Limited
Responsible Entity	The Trust Company (RE Services) Limited ABN 45 003 278 831 as responsible entity for the Redcape Property Trust
Consortium	Consortium BidTrust and Consortium BidCo
Consortium BidCo	The Regatta 3 Company Pte Ltd Registration No. 201117786H incorporated in Singapore
Consortium BidTrust	The Regatta 3 Company (Australia) Pty Ltd ACN 152 429 420 incorporated in New South Wales, as trustee for The Regatta No.2 Trust.
Consortium Group	Consortium and Consortium Investors
Consortium Investors	<ul style="list-style-type: none"> (a) Restamove Ireland Limited; (b) Maples Trustee Services (Cayman) Limited as responsible entity for the Public House Trust; and (c) Royal Bank of Canada Trust Company (Cayman) Limited as trustee for York Global Finance 40 Unit Trust.
Consortium Lender	<ul style="list-style-type: none"> (a) Goldman Sachs (Asia) Finance; (b) Varde Investment Partners, L.P.; (c) York Credit Opportunities Fund, L.P.; (d) York Credit Opportunities Master Fund, L.P. (e) York Asian Opportunities Investments Master Fund, L.P
Corporations Act	the <i>Corporations Act 2001(Cth)</i> .
Court	the Supreme Court of New South Wales or any other court of competent jurisdiction under the Corporations Act nominated by Redcape.
Deed Poll	the document in the form in Schedule 3 of the Scheme Booklet which has been executed by the Consortium
Events of Default	<ul style="list-style-type: none"> (a) the occurrence of an event of default under clause 17.1(t) or a Review Event under clause 18.1(b) of: <ul style="list-style-type: none"> (i) the Senior Facility Agreement (ii) the Junior Facility Agreement, due to the appointment of Receivers and Administrators to National Leisure & Gaming Limited ACN 113 373 461 (b) any event of default that has occurred or will occur prior to 30 May 2012 under clauses 17.1(a)(i) or 17.1(a)(ii) of the Senior Facility Agreement due to a breach of: <ul style="list-style-type: none"> (i) clause 16.9(a) of the Senior Facility Agreement (ii) clause 10 of the Senior Facility Agreement, (by reason of Redcape failing to make the required amortisation repayment

Glossary

Term	Description
	under clause 16.9(a) of the Senior Facility Agreement.
FIRB	The Foreign Investment Review Board.
FSG	PwCS's Financial Service Guide attached as Part B
FYxx	Fiscal year ended/ending 30 June 20xx
GFC	Global Financial Crisis
Hedley Group	Hedley Leisure & Gaming Property Trust and Hedley Leisure & Gaming Property Partners Limited
HLG	Hedley Leisure & Gaming Property Fund
Implementation Agreement for Schemes and Recapitalisation	Means the scheme implementation agreement between the Company, Redcape, Manager and Consortium dated 23 December 2011, a summary of which is provided in Schedule 2 of the Scheme Booklet
IPO	Initial Public Offering
Junior Debt	The 'Amount Outstanding' (as that term is defined in the Junior Facility Agreement) and all interest, fees and other amounts which are owed by Redcape to the Junior Lenders (which includes, for the avoidance of doubt, all amounts in the nature of interest and fees that have been capitalised under terms of the Junior Facility Agreement)
Junior Facility Agreement	The agreement entitled 'Junior Syndicated Facility Agreement' dated on or around 29 June 2010 between, inter alia, the Company (as borrower), Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (as agent), and the entities named in part 4 of Schedule 1 of that agreement (as participants) as amended from time to time and related security documents
Junior Lender	The entities named in part 4 of Schedule 1 of the Junior Facility Agreement (including any substitutes or assigns)
LHG	Laundy Hotel Group
LVR	Loan to value ratio
Management	The management team of Redcape
Manager	Redcape Services Pty Limited ACN 138 297 775
NLG	National Leisure & Gaming Limited
NTA	Net tangible assets
PIK	Payment in kind
Proposal or Proposed Transaction	The Schemes and the Recapitalisation
PwC	PricewaterhouseCoopers
PwCS	PricewaterhouseCoopers Securities Ltd
Recapitalisation	The issue of the Recapitalisation Units pursuant to the Subscription Agreement to Consortium BidTrust in consideration for the Recapitalisation Consideration which will be applied by Redcape as provided for by the Subscription agreement.
Redcape and Redcape Group	Company as responsible entity of the Trust, Redcape and its Subsidiaries, including the Manager

Glossary

Term	Description
Redcape Board or Redcape Directors or Directors	The board of directors of RPF and Company as constituted from time to time (or any committee of the board of directors of RPF and Company constituted to consider the Schemes on behalf of Redcape)
Registered Owner	Redcape Property Services Pty Ltd
RG111	ASIC Regulatory Guide 111 – Content of expert's report
RTD	Ready To Drink
s606	Section 606 of the Corporations Act
s611	Section 611 of the Corporations Act
Schemes	Share Scheme and Trust Scheme
Scheme Consideration or Consideration	In respect of each Security held by a Scheme Participant on the Record Date, \$0.0259 cash, allocated as to: (a) \$0.0001 for one Share (b) \$0.0258 for one Unit
Security	One Share in Company and one Unit in Trust
Securityholder	Each person who is registered in the Register as a holder of a Security
Secured Lenders	The Senior Lenders and Junior Lenders
Senior Debt	The 'Amount Outstanding' (as that term is defined in the Senior Facility Agreement) and all interest, fees and other amounts which are owed by Redcape to the Senior Lenders (which includes, for the avoidance of doubt, all amounts in the nature of interest and fees that have been capitalised under terms of Senior Facility Agreement)
Senior Facility Agreement	The agreement entitled 'Senior Syndicated Facility Agreement' dated on or around 30 June 2010 between, inter alia, the Company (as borrower), Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (as agent), and the entities named in part 4 of Schedule 1 of that agreement (as participants) as amended from time to time (including an amending letter dated on or about the date of the SIA) and related security documents.
Senior Lenders	The entities named in part 4 of Schedule 1 of the Senior Facility Agreement (including any substitutes or assigns)
Share Scheme	The scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Redcape and the Shareholders, the form of which is contained in Schedule 4, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Consortium and Redcape
SIA	The Implementation Agreement for Schemes and Recapitalisation, a summary of which is at Schedule 2 of the Scheme Booklet
Trust	The Redcape Property Trust ARSN 125 526 016
Trust Scheme	An arrangement under which Consortium acquires all of the Units from Unitholders facilitated by amendments to the Trust Constitution as set out in the Supplemental Deed, subject to the requisite Unitholders approval
Valuer	Large multinational property sales, valuation and management firm
VWAP	Volume Weighted Asset Price



Part B – Financial services guide

PRICEWATERHOUSECOOPERS SECURITIES LTD FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 14 February 2012

1 About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (PwCS) has been engaged by Redcape Property Fund Limited and the Trust Company (RE Services) Limited (Redcape) to provide a report in the form of an Independent Expert's Report in relation to the Proposal for inclusion in the Scheme Booklet dated on or around 16 February 2012.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4 General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

***PricewaterhouseCoopers, Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial, Services Licence No 244572,
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au***

5 **Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwCS to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to approximately \$170,000.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6 **Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to the issuer of a financial product and PwCS may provide financial services to the issuer of a financial product in the ordinary course of its business.

7 **Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8 **Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Richard Stewart
Darling Park Tower 2,
201 Sussex Street,
GPO BOX 2650,
SYDNEY NSW 1171

pwc.com.au

Schedule 2 – Summary of Implementation Agreement for Schemes and Recapitalisation

1. Overview

This summary sets out the key terms of the Implementation Agreement for Schemes and Recapitalisation (**SIA**) dated 23 December 2011 and entered into between RPF, Redcape, Manager and Consortium.

The SIA sets out the terms and conditions on which Consortium agrees to acquire (through the Consortium) all of the stapled Securities issued by Redcape pursuant to:

- (a) a Corporations Act scheme of arrangement in relation to RPF; and
- (b) a trust scheme in relation to the Trust.

A copy of the SIA has been lodged with the ASX and is available on Redcape's website of www.redcape.com.au and the ASX website www.asx.com.au

A copy will be sent free of charge to any Securityholder who requests a copy before the Effective Date. Requests may be made to the Securityholder information line on 1300 553 874 (within Australia) or + 61 3 9415 4318 (outside Australia) Monday to Friday between 9am and 7pm (Sydney time).

Terms used in this summary have the same meaning as in the Glossary section of this Scheme Booklet unless otherwise defined in this summary or the context requires otherwise.

2. Scheme Conditions

The SIA is subject to the following conditions precedent being satisfied, or, where applicable, waived on or before 8am on the Second Court Date unless otherwise specified:

- (a) **Regulatory Approvals:**
 - (i) **(ASIC and ASX)** ASIC and ASX to issue or provide such consents or approvals as are necessary to implement the Schemes;
 - (ii) **(FIRB):** Consortium receiving a notice from the Treasurer that there is no objection to the acquisition of the Scheme Securities by Consortium or the statutory period has elapsed;
 - (iii) **(Regulatory Authorities):** all other approvals of a Regulatory Authority which are necessary to implement the Schemes are obtained;
- (b) **(Consortium Recapitalisation and Scheme Deed Poll)** prior to despatch of the Explanatory Booklet, Consortium executes the Subscription Agreement and Scheme Deed Poll;
- (c) **(Conditions precedent to Subscription Agreement)** any condition precedent (other than a condition requiring Court approval of the Schemes) to the Subscription Agreement is satisfied or waived;
- (d) **(No Redcape Material Adverse Change)** a Redcape Material Adverse Change has not occurred between the date of the SIA and 5.00pm on the Business Day immediately prior to the Second Court Date;

- (e) **(No Redcape Prescribed Occurrence)** a Redcape Prescribed Occurrence has not occurred between the date of the SIA and 5:00pm on the Business Day immediately prior to the Second Court Date;
- (f) **(No Consortium Prescribed Occurrence)** a Consortium Prescribed Occurrence has not occurred between the date of the SIA and 5:00pm on the Business Day immediately prior to the Second Court Date;
- (g) **(No change of Redcape Board recommendation)** between the date of the SIA and the date of the Scheme Meetings, the Directors of Redcape have not changed, qualified or withdrawn their unanimous recommendation to Securityholders to vote in favour of the Schemes;
- (h) **(Redcape Warranties)** the warranties given by Redcape being true and correct on the date of the SIA and at 5.00pm on the Business Day immediately before the Second Court Date;
- (i) **(Consortium Warranties)** the warranties given by Consortium being true and correct on the date of the SIA and at 5.00pm on the Business Day immediately before the Second Court Date;
- (j) **(Shareholder approval of Share Scheme)** the Share Scheme is approved by Shareholders at the Share Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act;
- (k) **(Unitholder approval of Trust Scheme)** Unitholders approve the Trust Scheme Resolutions at the Trust Scheme Meeting by the requisite majorities under the Corporations Act (subject to any exemption or modification granted by ASIC);
- (l) **(Court approval of Schemes)** the Schemes are approved by the Court in accordance with section 411(4)(b) of the Corporations Act and by granting the Judicial Advice;
- (m) **(No termination)** the SIA has not been terminated;
- (n) **(Change in law)** there is no change in law which materially adversely impacts on, the implementation of the Schemes or the completion of any transaction contemplated by the Schemes;
- (o) **(Restraining orders)** no injunction or other legal restraint prohibiting the Schemes is in effect;
- (p) **(Conditions precedent under Refinancing Facility)** all conditions precedent under the Refinancing Facility are either satisfied or waived (other than the condition precedent referred to in clause 3.1(l) of the Implementation Agreement for Schemes and Recapitalisation and the obligation by Redcape pursuant to clauses 5.1(q), 5.1(r) and 5.1(s) of Implementation Agreement for Schemes and Recapitalisation relating to the Schemes becoming Effective); and
- (q) **(Availability of drawdown under Refinancing Facility)** the lenders under the Refinancing Facility have confirmed to Redcape and the Consortium by 8:00am on the Second Court Date that an amount of no less than \$412.5 million will be available for drawdown by Redcape under the Refinancing Facility on the Implementation Date.

3. Redcape's Obligations

Redcape must take all steps reasonably necessary to implement the Schemes including:

- (a) **(Re-financing)** take any action reasonably requested by the Consortium in relation to the Refinancing Facility or that is otherwise reasonably required to refinance or repay all Senior Debt and Junior Debt and to effect the Recapitalisation;

- (b) **(Court direction and advice)** apply to the Court for:
 - (i) orders under section 411(1) of the Corporations Act directing Redcape to convene the Share Scheme Meeting to consider the Share Scheme; and
 - (ii) the First Judicial Advice;
- (c) **(section 411(17)(b) statements)** apply to ASIC for the production of a statement in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Share Scheme;
- (d) **(Refund Scheme Consideration)** if the Scheme Consideration has been provided to Redcape pursuant to the terms of the Schemes and if the Schemes do not become Effective or this agreement is otherwise terminated, Redcape must immediately return to the return to the Consortium the amount deposited with Redcape in accordance with clause 4.3(a) of the Share Scheme.
- (e) **(Court approval of Share Scheme)** if Shareholders approve the Share Scheme, apply to the Court for orders approving the Share Scheme;
- (f) **(Second Judicial Advice)** if Unitholders approve the Trust Scheme Resolutions at the Trust Scheme Meeting, apply to the Court for the Second Judicial Advice;
- (g) **(Supplemental Deed)** conditional on the passing of the Trust Scheme Resolutions, execute the Supplemental Deed;
- (h) **(lodge copy of Court orders)** if the Court approves the Share Scheme, lodge with ASIC an office copy of the orders of the Court approving the Share Scheme on the day such office copy is received or the following Business Day;
- (i) **(lodge copy of Supplemental Deed)** if the Court gives the Second Judicial Advice, and on the same day as Redcape lodges an office copy of the orders of the Court approving the Share Scheme, lodge with ASIC a copy of the executed Supplemental Deed;
- (j) **(location of Register)** if the Register is not already located in Victoria, ensure that the Register is moved to Victoria prior to the Implementation Date;
- (k) **(registration)** if the Court makes orders under section 411(4) of the Corporations Act approving the Share Scheme and gives the Second Judicial Advice:
 - (i) register all transfers of Securities to Consortium as soon as practicable after the Implementation Date;
 - (ii) close the Register as at the Record Date to determine the identity of the Scheme Participants and their entitlements to the Scheme Consideration;
 - (iii) execute proper instruments of transfer of and effect and register the transfer of the Securities in accordance with the Schemes; and
 - (iv) do all other things contemplated by or necessary to give effect to the Schemes and the orders of the Court.
- (l) **(Ordinary course of business):** Redcape must conduct its business in the usual and ordinary course.

4. Consortium's Obligations

Consortium must take all steps reasonably necessary to assist Redcape to implement the Schemes including:

- (a) **(Consortium Information)** provide to Redcape all information regarding Consortium and the Consortium Investors, the arrangements Consortium has in place to fund the Scheme

Consideration and Recapitalisation Consideration and Consortium's intentions with respect to the assets, business and employees of the Manager and RPF as required by law for inclusion in the Scheme Booklet, which information must not be misleading or deceptive in any material respect (whether by omission or otherwise) and be updated by all such further or new material information which may arise after the Scheme Booklet has been despatched;

- (b) **(Representation)** procure that it is represented at the Court hearings;
- (c) **(Subscription Agreement and Scheme Deed Poll)** prior to despatch of the Scheme Booklet execute the Subscription Agreement and Scheme Deed Poll and deliver the same to Redcape; and
- (d) **(Scheme Consideration)** as soon as the Schemes become Effective, provide the Scheme Consideration in accordance with the Schemes prior to the Implementation Date.

5. Scheme Consideration

Consortium has undertaken to Redcape (in its own right and as trustee on behalf of the Scheme Participants) that, if the Schemes become Effective, in consideration for the transfer to Consortium of each Security held by a Scheme Participant under the terms of the Schemes, Consortium will accept that transfer and procure the payment to a trust account operated by Redcape of an amount in cleared funds equal to the aggregate amount of the Scheme Consideration for all Scheme Participants, before the Business Day prior to the Second Court Date in accordance with the terms of the Schemes.

The Scheme Consideration is, in respect of each Security held by a Scheme Participant on the Record Date, \$0.0259 cash, allocated as to:

- (a) \$0.0001 for one Share; and
- (b) \$0.0258 for one Unit.

6. End Date

If the Schemes are not implemented on or before 30 May 2011, either the Consortium or Redcape is able to terminate the SIA, in which case, the Schemes will not become Effective.

7. Redcape Board reconstitution

On the Implementation Date and following the payment of the Scheme Consideration all non executive directors of Redcape must resign and the nominees of Consortium will be appointed as directors of Redcape.

8. Termination Rights

The SIA may be terminated on the End Date if the conditions precedent have not been satisfied by then or in certain circumstances at any time prior to 8.00 am on the Second Court Date, namely:

- (a) by Redcape giving written notice to Consortium, if Consortium is in material breach of various clauses of the SIA;
- (b) by Consortium giving written notice to Redcape, if Redcape is in material breach of any of various clauses of the SIA;
- (c) by a party giving the other party written notice if any of the Resolutions submitted to the Scheme Meetings in respect of the Schemes are not approved by the required majorities;

- (d) by Consortium giving Redcape written notice if, prior to the Scheme Meetings, any member of the Redcape Board withdraws their recommendation of the Schemes or makes a public statement indicating that they no longer support the Schemes;
- (e) by a party by giving the other party written notice, in circumstances where:
 - (i) a Competing Proposal is publicly announced after the date of the SIA;
 - (ii) the Competing Proposal is a Superior Proposal; and
 - (iii) the Redcape Board publicly announces that the Superior Proposal is recommended by the majority of the Redcape Board, having first complied with its obligations under the SIA;
- (f) by a party by giving the other party written notice if the Court refuses to make any order directing Redcape to convene either of the Scheme Meetings or refuses to make any order approving either of the Schemes;
- (g) by Consortium if a Redcape Prescribed Occurrence occurs;
- (h) by Consortium if a Redcape Material Adverse Change occurs;
- (i) by a party if the Schemes have not become Effective before 30 May 2011; or
- (j) by a party if any of the Conditions Precedent in the SIA have not been met.

9. Exclusivity

During the Exclusivity Period, Redcape and its Representatives must not directly or indirectly solicit, invite, facilitate, encourage or initiate any Competing Proposal or any negotiations or discussions with any third party in relation to a Competing Proposal, or communicate any intention to do any of those things.

However these restrictions do not apply if the Redcape Board determines that where there is a written Competing Proposal, that Competing Proposal is a Superior Proposal or may reasonably be expected to lead to, a Superior Proposal AND after receiving written legal advice from Redcape's legal advisors, that failing to respond to the Competing Proposal is likely to constitute a breach of its directors' fiduciary or statutory obligations.

10. Reimbursement of costs

Under the SIA, the Consortium agrees to pay to Redcape \$1,500,000 (inclusive of GST) (**Redcape Costs**), if the Schemes do not proceed because Redcape validly terminates the SIA in accordance with certain clauses of the SIA.

Redcape agrees to pay to Consortium \$1,500,000 (inclusive of GST) (**Consortium Costs**), if the Schemes do not proceed because:

- (i) Consortium validly terminates the SIA in accordance with certain clauses of the SIA provided that the sum shall not be payable in relation to the following subparagraphs of a Redcape Prescribed Occurrence: (i), (r) or (u) (ie an Insolvency Event of Redcape, delisting of Redcape and de-stapling of Redcape's Securities};
or
- (ii) either party validly terminates the SIA as a result of a Superior Proposal.

Each party acknowledges and agrees that the Consortium Costs represents a reasonable pre-estimate of the external advisory costs incurred by Consortium (including costs of advisers on a full indemnity basis) and Consortium's out-of-pocket expenses.

11. Summary of Subscription Agreement

The Subscription Agreement provides that on Implementation Date, Consortium BidTrust will subscribe for units in the Redcape Trust at a price of \$0.0259 per Unit for a maximum amount of \$234,767,930, in order to recapitalise Redcape (**Recapitalisation Consideration**).

The Recapitalisation Consideration will be used to refinance Redcape's Senior Debt and Junior Debt, recapitalise Redcape and to provide Redcape with additional cash funds for working capital.

12. Summary of Accession Deed

The parties acknowledge in the SIA that The Regatta 3 Company (Australia) Pty Ltd, as the trustee of the Regatta No.2 Trust, may resign as trustee and be replaced by a new trustee or responsible entity on or prior to the Implementation Date provided that prior to its resignation the new trustee or responsible entity has executed:

- (a) a Deed of Accession to the SIA (a copy of which appear in Schedule 7) agreeing to be bound by the SIA; and
- (b) a deed of accession in respect of all other agreements contemplated by the SIA which have been entered into by The Regatta 3 Company (Australia) Pty Ltd,

as if it had originally been named as a party under the agreements.

Schedule 3 – Deed Poll

Deed Poll

Schemes of arrangement of Redcape Property Group

The Regatta 3 Company (Australia) Pty Ltd as trustee for The
Regatta No.2 Trust (**Consortium BidTrust**)

The Regatta 3 Company Pte Ltd (**Consortium BidCo**)

In favour of:

Each **Scheme Participant**

MinterEllison

L A W Y E R S

AURORA PLACE, 88 PHILLIP STREET, SYDNEY NSW 2000, DX 117 SYDNEY
TEL: +61 2 9921 8888 FAX: +61 2 9921 8123
www.minterellison.com

Details

Date

Deed poll by

Name **The Regatta 3 Company (Australia) Pty Ltd as trustee for The Regatta No.2 Trust**
 ACN 152 429 420
 Short form name **Consortium BidTrust**
 Notice details Level 32, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000
 Facsimile: 0011 1 212 300 1301, 0011 65 6579 0801, 0011 852 2978 6010
 Attention: Wyatt Wachtel, Ali Haroon and Devin Chanmugam

Name **The Regatta 3 Company Pte Ltd**
 Registration No. 201117786H
 Short form name **Consortium BidCo**
 Notice details 8 Cross Street
 #11-00
 PWC Building
 Singapore (04824)
 Facsimile: 0011 1 212 300 1301, 0011 65 6579 0801, 0011 852 2978 6010
 Attention: Wyatt Wachtel, Ali Haroon and Devin Chanmugam

In favour of

Name **Each Scheme Participant**

Background

- A On 23 December 2011 the Redcape Group and Consortium entered into the Implementation Agreement for Schemes and Recapitalisation.
- B Under the Implementation Agreement for Schemes and Recapitalisation, Consortium has agreed, subject to the satisfaction or waiver of certain conditions, to execute this deed poll.
- C Consortium is entering into this deed poll to covenant in favour of each Scheme Participant to perform the Consortium's obligations under this deed and the Schemes, including the provision of Scheme Consideration pursuant to the Schemes.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

Terms used in this deed poll have the same meaning as in the Implementation Agreement for Schemes and Recapitalisation unless otherwise defined in this deed or the context requires otherwise.

Consortium means

- (a) Consortium BidTrust; and
- (b) Consortium BidCo.

Company means The Trust Company (RE Services) Limited as responsible entity for the Redcape Property Trust ABN 45 003 278 831.

Excluded Scheme Participant means:

- (a) Consortium;
- (b) any Securityholder who holds a Security on behalf of, or for the benefit of, Consortium or any of Consortium's Related Bodies Corporate.

Excluded Share means any Share held by an Excluded Scheme Participant.

Excluded Unit means any Unit held by an Excluded Scheme Participant.

Implementation Agreement for Schemes and Recapitalisation means the agreement of that name dated 23 December 2011 executed by Consortium, RPF, Manager and Company (in its capacity as responsible entity of the Trust).

Manager means Redcape Services Pty Limited ACN 138 297 775.

Redcape and Redcape Group means:

- (a) Company as responsible entity of the Trust; and
- (b) RPF and its Subsidiaries, including the Manager.

RPF means Redcape Property Fund Limited ABN 44 124 753 733.

Share means one fully paid ordinary share issued in the capital of RPF.

Scheme Participant means each person who is a Securityholder at 7pm (Sydney time) on the Record Date (other than an Excluded Scheme Participant).

Security means:

- (a) one Share; and
- (b) one Unit,

each of which is stapled to each another.

Securityholder means each person who is registered in the Register as a holder of a Security.

The Regatta No.2 Trust the trust established by deed poll dated on or around 30 November 2011 made by Consortium BidTrust.

Trust means the Redcape Property Trust ARSN 125 526 016.

Trust Constitution means the constitution establishing the Trust dated 2 February 1982, as amended from time to time.

Unit means one fully paid ordinary unit in the Trust.

1.2 Interpretation

This deed poll is to be interpreted according to corresponding rules to those set out in clause 1.2 of the Implementation Agreement for Schemes and Recapitalisation except that references to 'this agreement' in clause 1.2 will be taken as being references to 'this deed poll'.

1.3 Nature of deed poll

Consortium acknowledges that this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though those persons are not party to this deed poll.

2. Conditions Precedent and Termination

2.1 Conditions Precedent

The obligations of Consortium under clause 3 are conditional on, and subject to, the Schemes becoming Effective.

2.2 Termination

The obligations of Consortium under this deed poll to Scheme Participants will automatically terminate, and the terms of this deed poll will be of no further force or effect, if the Implementation Agreement for Schemes and Recapitalisation is terminated or the Schemes do not become Effective in accordance with its terms prior to the occurrence of the Effective Date for the Schemes.

2.3 Consequences of Termination

If the obligations of Consortium under this deed poll are terminated under clause 2.2 then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Consortium is released from its obligations to further perform this deed poll except those obligations contained in clause 12; and
- (b) Scheme Participants retain the rights they have against Consortium in respect of any breach of this deed poll by Consortium which occurred before termination of this deed poll.

3. Compliance with Schemes Obligations

3.1 Timing and Procedures

Subject to clause 2, in consideration for the transfer of their Securities to Consortium or its nominee in accordance with the Schemes, Consortium covenants in favour of each Scheme Participant to do, and to procure that the Consortium nominee does, all those things that Consortium or its nominee are required to do under the Schemes or which the Schemes contemplate will be done by Consortium or its nominee, including the provision of the Scheme Consideration in accordance with the terms of the Schemes.

4. Warranties

Consortium represents and warrants in respect of itself that:

- (a) **incorporation:** it is a corporation validly existing under the laws of its place of incorporation;
- (b) **corporate power:** it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **corporate authorisations:** it has taken all necessary corporate action to authorise the entry into of this deed poll and has taken or, if the conditions precedent referred to in clause 2.1 are satisfied or waived, will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **binding obligations:** this deed poll is valid and binding upon it;
- (e) **solvency:** it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets;
- (f) **regulatory action:** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed poll; and
- (g) **no default:** this deed poll does not conflict with or result in the breach of or default under any provision of its constitution, any material term or provision of any material agreement or any writ, order or injunction, judgement, law, rule, regulation or instrument to which it is party or subject or of which it is bound.

5. Accession

The parties acknowledge that The Regatta 3 Company (Australia) Pty Ltd, as the trustee of the Regatta No.2 Trust may resign as trustee and be replaced by a third party responsible entity on or prior to the Implementation Date provided that prior to or contemporaneously with such resignation that trustee or new responsible entity has entered into and duly executed and delivered to Redcape a Deed of Accession to this agreement agreeing to be bound by this agreement as if it had originally been named as a party to this agreement.

6. Continuing Obligations

This deed poll is irrevocable and remains in full force and effect until Consortium has completely performed its obligations under this deed poll or the earlier termination of this deed poll under clause 2.

7. Further assurances

Consortium will do all things and execute all deeds, instruments, transfers or other documents as may be necessary to give full effect to the provisions of this deed poll and the transactions contemplated by it.

8. Notices

- (a) A notice, consent or other communication (**Notice**) under this deed poll is only effective if it is:
 - (i) in writing, signed by or on behalf of the person giving it;

- (ii) addressed to the person to whom it is to be given (or, in the case of Consortium (and as relevant) to the Process Agent); and
- (iii) either:
 - (A) delivered or sent by pre-paid mail to that person's address; or
 - (B) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full.
- (b) A Notice that complies with this clause 8 is regarded as given and received:
 - (i) if it is delivered or sent by fax:
 - (A) by 5.00pm (local time in the place of receipt) on a Business Day - on that day; or
 - (B) after 5.00pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day - on the next Business Day; and
 - (ii) if it is sent by mail:
 - (A) within Australia - 3 Business Days after posting; or
 - (B) to or from a place outside Australia - 7 Business Days after posting.
- (c) Consortium's notice details are as set out in the Details section of this deed poll.
- (d) Consortium hereby appoints Arnold Bloch Leibler (facsimile number: +61 3 9916 9522; attention: Ben Mahoney) as its agent for service of legal proceedings in Australia arising under, or in connection with, this deed poll (**Process Agent**).
- (e) Consortium represents and warrants in favour of each Scheme Participant that the Process Agent (including any replacement) is duly authorised to receive on behalf of Consortium all notices of legal proceedings arising under, or in connection with, this deed poll.
- (f) Consortium must not remove the Process Agent before the Implementation Date without giving at least ten days notice in writing of such removal to Redcape Group and appointing a replacement Process Agent, or materially alter the Process Agent's powers (including those of any replacement) under this paragraph (d).

9. Remedies cumulative

The rights, powers and remedies provided to Consortium and the Scheme Participants in this deed poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity.

10. Variation

A provision in this deed poll may only be varied by Consortium if:

- (a) the variation is agreed to by the Redcape Group, which agreement the Redcape Group may give or withhold without reference to or approval by any Shareholder or Unitholder being required; and
- (b) the Court indicates that the amendment would not of itself, preclude approval of the Share Scheme or provision of the First Judicial Advice or Second Judicial Advice.

Consortium will enter into a further deed poll in favour of the Scheme Participants giving effect to any such amendment.

11. No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

12. Costs and stamp duty

All stamp duty that may be payable on or in connection with this deed poll and any instrument effected by, executed under or pursuant to this deed poll must be borne by Consortium. Consortium indemnifies each Scheme Participant on demand against any liability for any such stamp duty and related costs and fines.

13. Assignment

Subject to clause 5, the rights and obligations of Consortium and each Scheme Participant under this deed poll are personal. They cannot be assigned, encumbered or otherwise dealt with and neither Consortium or any Scheme Participant may attempt, or purport, to do so without the prior written consent of Redcape Group and Consortium.

14. Governing law and jurisdiction

This deed poll is governed by the laws of New South Wales. Consortium submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this deed poll.

Schedule 4 – Share Scheme of Arrangement

Scheme of Arrangement for Shares in Redcape Property Fund Limited

This scheme of arrangement is made pursuant to section 411 of the Corporations Act

Between

Redcape Property Fund Limited ABN 44 124 753 733 (RPF)

and

Each person registered as a holder of any fully paid ordinary Shares in RPF as at the Record Date (other than Excluded Scheme Participants)

1. Definitions and interpretation

1.1 Defined terms

The following definitions apply unless the context requires otherwise.

Aggregate Scheme Consideration means the Scheme Consideration multiplied by the total number of Securities held by Scheme Participants.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market conducted by it.

ASX Listing Rules means the official listing rules of ASX.

Business Day means a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales or Melbourne, Australia.

CHESS means the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

Company means The Trust Company (RE Services) Limited ABN 45 003 278 831 as responsible entity for the Redcape Property Trust ABN 45 003 278 831.

Conditions Precedent means the conditions precedent set out in clause 3.1 of the Implementation Agreement for Schemes and Recapitalisation.

Consortium means:

- (a) Consortium BidTrust; and
- (b) Consortium BidCo.

Consortium BidCo means The Regatta 3 Company Pte Ltd registration number 201117786H.

Consortium BidTrust means The Regatta 3 Company (Australia) Pty Ltd ACN 152 429 420 as trustee for The Regatta No.2 Trust.

Control has the meaning given in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of New South Wales.

Court Order means the order of the Court approving this Share Scheme under section 411(4)(b) of the Corporations Act.

Deed Poll means the deed poll dated [] executed by Consortium in favour of Scheme Participants.

Effective means, when used in relation to the Schemes, all of the following events taking place:

- (a) the order of the Court made under section 411(4)(b) in relation to the Share Scheme coming into effect pursuant to section 411(10) of the Corporations Act; and
- (b) the Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act.

Effective Date means the date on which the Schemes become Effective.

End Date means 30 May 2012 or such other date as agreed by the parties.

Excluded Scheme Participant means:

- (a) Consortium;
- (b) any Securityholder who holds a Security on behalf of, or for the benefit of, Consortium or any of Consortium's Related Bodies Corporate.

Explanatory Statements means:

- (a) each statement pursuant to section 412 of the Corporations Act which has been, or will be, registered by ASIC in relation to the Share Scheme; and
- (b) each explanatory statement to be sent to Unitholders in relation to the Trust Scheme explaining the effect of the Trust Scheme and setting out the information that is material to the making of a decision by Unitholders whether or not to vote in favour of the Trust Scheme,

copies of which will be included in the Scheme Booklet.

Implementation Agreement for Schemes and Recapitalisation means the agreement of that name dated 23 December 2011 executed by Consortium, RPF, Manager, Company (in its capacity as responsible entity of the Trust).

Implementation Date means the fifth Business Day following the Record Date or such later Business Day as the parties may agree.

Independent Expert means the independent expert to be appointed by Redcape to prepare the Independent Expert's Report.

Independent Expert's Report means the report prepared by the Independent Expert to be provided to Securityholders on whether, in the opinion of the Independent Expert, the Schemes are fair and reasonable and in the best interests of Securityholders.

Manager means Redcape Services Pty Limited ACN 138 297 775.

Notices of Meeting means:

- (a) the notice convening the Share Scheme Meeting; and
 - (b) the notice convening the Trust Scheme Meeting,
- together with the proxy forms for those meetings.

Record Date means:

- (a) 7pm (Sydney time) on the fifth Business Day following the Effective Date; or
- (b) such later date as Redcape and Consortium may agree in writing.

Redcape and Redcape Group means:

- (a) Company as responsible entity of the Trust; and
- (b) RPF and its Subsidiaries, including the Manager.

Registered Address means, in relation to a Shareholder, the address of the Shareholder as recorded in the Register.

Register means the Security register of Redcape kept pursuant to the Corporations Act.

Registry means Computershare Investor Services Pty Limited.

Related Entity or **Related Body Corporate** means in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is controlled by that party.

RPF means Redcape Property Fund Limited ABN 44 124 753 733.

RPF Constitution means the constitution of RPF (as amended from time to time).

Scheme Booklet means the information to be despatched to all Securityholders in connection with the Schemes, including:

- (a) the Share Scheme;
- (b) the Trust Scheme and Supplemental Deed;
- (c) the Deed Poll;
- (d) the Explanatory Statement;
- (e) an independent expert's report prepared by the Independent Expert;
- (f) the Notices of Meeting; and
- (g) the Subscription Deed.

Scheme Consideration means, in respect of each Security held by a Scheme Participant on the Record Date, \$0.0259 cash, allocated as to:

- (a) \$0.0001 for one Share; and
- (b) \$0.0258 for one Unit.

Scheme Participant means each person who is a Securityholder at 7pm (Sydney time) on the Record Date (other than an Excluded Scheme Participant) and who participates in both:

- (a) the Share Scheme; and
- (b) the Trust Scheme,

by virtue of being a Scheme Shareholder and a Scheme Unitholder.

Scheme Share means each Share held by a Scheme Shareholder.

Scheme Shareholder means each Shareholder as at 7pm (Sydney time) on the Record Date other than an Excluded Scheme Participant.

Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of their Securities for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all Securities.

Scheme Unitholder means each person who is a Unitholder as at 7pm (Sydney time) on the Record Date other than an Excluded Scheme Participant.

Scheme Units means all of the Units on issue as at the Record Date other than any Units held by an Excluded Scheme Participant.

Schemes means the:

- (a) Share Scheme; and
- (b) Trust Scheme.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving this Share Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

Security means:

- (a) one Scheme Share; and
- (b) one Scheme Unit,

each of which are stapled to one another.

Securityholder means each person who is registered in the Register as a holder of a Security.

Share means one fully paid ordinary share issued in the capital of RPF.

Shareholder means a person who is registered in the Register as the holder of any Share.

Share Scheme Meeting means the meeting of the Shareholders convened by the Court in relation to the Share Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

Share Scheme means this scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between RPF and the Shareholders, the form of which is contained in this document, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Consortium and Redcape.

Stapling Deed means the stapling deed between Company and RPF dated 25 June 2007.

Supplemental Deed means the deed poll under which Redcape will amend the Trust Constitution, the form of which is contained in the Scheme Booklet, with any alterations or conditions approved in writing by Consortium and Redcape.

The Regatta No.2 Trust the trust established by deed poll dated on or around 30 November 2011 made by Consortium BidTrust.

Trust means the Redcape Property Trust ARSN 125 526 016.

Trust Constitution means the constitution establishing the Trust dated 2 February 1982, as amended from time to time.

Trust Scheme means an arrangement under which Consortium acquires all of the Units from Unitholders facilitated by amendments to the Trust Constitution as set out in the Supplemental Deed, subject to the requisite Unitholders approval.

Trust Scheme Meeting means the meeting of the Unitholders convened by Redcape pursuant to clause 27.1 of the Trust Constitution to consider the Trust Scheme Resolutions and includes any adjournment of that meeting.

Trust Scheme Resolutions means resolutions of the Unitholders to approve the Trust Scheme including, without limitation:

- (a) a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition of all the Units by Consortium;
- (b) a resolution for the purposes of section 601GC(2) to approve amendments to the Trust Constitution as set out in the Supplemental Deed; and
- (c) a resolution to provide for the unstapling of Units from Shares on the Implementation Date, pursuant to clause 20.4 of the Trust Constitution.

Unit means one fully paid ordinary unit in the Trust.

Unitholder means each person who is registered in the Register as the holder of Units.

1.2 Interpretation

In this Share Scheme, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Share Scheme, and a reference to this Share Scheme includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, \$A, dollar or \$ is to Australian currency;
- (f) a reference to time is to Sydney, Australia time;
- (g) a reference to a party is to a party to this Scheme, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (k) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;

- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (n) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and
- (o) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2. Preliminary

2.1 Redcape

- (a) RPF is a public company limited by shares, incorporated in Australia and registered in Victoria and is a company limited by shares.
- (b) The Trust is a registered managed investment scheme.
- (c) Company is the responsible entity of the Trust. The Company is a proprietary company limited by shares, incorporated in Australia and registered in New South Wales.
- (d) The Shares are stapled to Units on a one-for-one basis.
- (e) RPF and Trust are admitted to the official list of ASX and the stapled Securities are officially quoted on the financial market conducted by ASX.
- (f) As at 23 December 2011:
 - (i) 162,452,601 Shares; and
 - (ii) 162,452,601 Units
 stapled together were on issue.
- (g) Manager is a proprietary company limited by shares, incorporated in Australia and registered in Victoria. The Manager provides management services to the Company and RPF in respect of the business of Redcape.

2.2 Consortium

- (a) Consortium BidTrust is The Regatta 3 Company (Australia) Pty Ltd as trustee for The Regatta No.2 Trust.
- (b) Consortium BidCo is The Regatta 3 Company Pte Ltd.

2.3 Supporting documents

- (a) Redcape and Consortium have agreed, by executing the Implementation Agreement for Schemes and Recapitalisation, to propose and implement the terms of and to perform their respective obligations under:
 - (i) this Share Scheme; and
 - (ii) the Trust Scheme.

- (b) Consortium has executed a Deed Poll pursuant to which Consortium has covenanted in favour of each Scheme Participant to do all those things Consortium is required to do under the Schemes or which the Schemes contemplate will be done by Consortium or Consortium BidCo or Consortium BidTrust, including the provision of the Scheme Consideration in accordance with the terms of the Schemes.
- (c) If the Schemes become Effective, Redcape undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Consortium on behalf of and as agent and attorney for Scheme Shareholders and Scheme Unitholders.

3. Conditions precedent

- (a) This Share Scheme is conditional on:
 - (i) all of the Conditions Precedent having been satisfied or waived (other than those conditions precedent which cannot be waived) in accordance with the terms of the Implementation Agreement for Schemes and Recapitalisation;
 - (ii) the Implementation Agreement for Schemes and Recapitalisation having not been terminated as at 8am on the Second Court Date; and
 - (iii) such other conditions imposed by the Court under section 411(6) of the Corporations Act as are acceptable to Consortium and Redcape.
- (b) The fulfilment of each condition in clause 3(a) is a condition precedent to the binding effect of this Share Scheme.
- (c) On the Second Court Date, Redcape must provide to the Court a certificate confirming whether or not all the conditions precedent to the Share Scheme have been satisfied or waived other than the condition in clause 3.1(n) of the Implementation Agreement for Schemes and Recapitalisation.
- (d) The Schemes will lapse and be of no further force or effect if the Effective Date has not occurred on or before:
 - (i) the End Date; or
 - (ii) such later date as the Court, with the consent of Consortium and Redcape, may order.
- (e) Without limiting any rights under the Implementation Agreement, in the event that the Implementation Agreement is terminated in accordance with its terms before 8am on the Second Court Date or if the Schemes do not become Effective on or before the End Date, Consortium is released from:
 - (i) any further obligation to take steps to implement this Share Scheme; and
 - (ii) any liability with respect to this Share Scheme.

4. The Share Scheme

4.1 Effect of Share Scheme

- (a) If the Schemes become Effective then:
 - (i) in consideration of the transfer of the Securities to Consortium in accordance with clause 4.1(a)(ii), RPF will procure Consortium to provide the Scheme Consideration to each Scheme Participant on the Implementation Date in accordance with the terms of the Schemes;

- (ii) all Securities will be de-stapled such that they can be dealt with separately;
- (iii) on the Implementation Date and following de-stapling, all of the Securities held by Scheme Participants on the Record Date will be acquired simultaneously by Consortium as follows:
 - (A) Consortium BidTrust will acquire each Unit held by a Scheme Participant; and
 - (B) Consortium BidCo will acquire each Share held by a Scheme Participant.
- (iv) RPF will enter the name of Consortium BidCo in the Register as the holder of all Scheme Shares in accordance with the terms of the Share Scheme simultaneously with the Company entering the name of Consortium BidTrust in the Register as the holder of all Scheme Units in accordance with the terms of the Trust Scheme;
- (v) Consortium will provide the Aggregate Scheme Consideration to Redcape in accordance with clause 4.3 and in accordance with the provisions of the Schemes;
- (vi) the Share Scheme will (and each Scheme Shareholder irrevocably acknowledges that it will) bind:
 - (A) RPF;
 - (B) Company; and
 - (C) all Scheme Shareholders, including those who do not attend the Share Scheme Meeting, those who do not vote at that meeting and those who vote against this Share Scheme at that meeting; and
- (vii) the Schemes will override the RPF Constitution and the Trust Constitution, to the extent of any inconsistency.

4.2 Procedural matters

- (a) If the Court makes the Court Order, Redcape will lodge with ASIC office copies of that order as soon as practicable and by no later than 5pm on the first Business Day after the date on which the Court Order is made.
- (b) Subject to clause 3, this Share Scheme will come into effect on the Effective Date.
- (c) On or before 12 noon on the Implementation Date, in consideration for the transfer to Consortium of the Scheme Shares and Scheme Units, Consortium must pay the Aggregate Scheme Consideration in the manner required by clause 4.3.
- (d) On the Implementation Date, subject to Consortium paying the Aggregate Scheme Consideration in accordance with clause 4.3 and Consortium providing RPF with written confirmation of that payment:
 - (i) all of the Scheme Shares together with all rights and entitlements attaching to the Scheme Shares as at that time will be transferred to Consortium BidCo without the need for any further act by any Scheme Shareholder (other than acts performed by RPF (or its directors or officers) as attorney or agent of the Scheme Shareholders under clause 7.2 or otherwise) simultaneously with the transfer of all of the Scheme Units under the Trust Scheme respectively; and
 - (ii) RPF will procure the delivery to Consortium BidCo of transfers of all the Scheme Shares duly completed and executed on behalf of the Scheme Shareholders in the

form of Scheme Transfers which transfer all of the Scheme Shares to Consortium BidCo.

- (e) Consortium BidCo must immediately execute the transfers referred to in clause 4.2(d)(ii) as transferee and deliver the Scheme Transfers to RPF for registration.
- (f) RPF must, immediately following receipt of the transfers under clause 4.2(e) (in the form of Scheme Transfers in respect of the Scheme Shares), enter the name and address of Consortium BidCo in the Register in respect of all the Scheme Shares.

4.3 Scheme Consideration

- (a) The obligations of Consortium to pay the Aggregate Scheme Consideration will be satisfied by Consortium before 12 noon on the Business Day before the Second Court Date, depositing into an account in the name of the RPF and Company an amount equal to:
 - (i) the Aggregate Scheme Consideration; plus
 - (ii) 1 cent for each Scheme Participant (in respect of their entire holding of Securities) as the aggregate amount payable to each Scheme Participant will be rounded up to the nearest whole cent.
- (b) If the Schemes do not become Effective or the Implementation Deed is terminated, then Redcape must immediately return to Consortium the amount deposited in accordance with clause 4.3(a).
- (c) RPF and Company shall procure that such amount referred to in clause 4.3(a) be held by RPF and Company on trust for the Scheme Participants (except that any interest on the amount will be for the account of Consortium) for the purpose of sending the Aggregate Scheme Consideration to the Scheme Participants within five Business Days of the Implementation Date by either:
 - (i) dispatching or procuring the dispatch to each Scheme Participant by pre-paid post to their Registered Address a cheque in Australian currency drawn on an Australian bank in the name of that Scheme Participant for an amount (rounded up to the nearest whole cent) equal to; or
 - (ii) where the Scheme Participant has nominated (by written notice to Redcape on or before the Record Date) a bank account with an Australian financial institution for the purpose of payment of the Scheme Consideration, then by depositing directly to that bank account, an amount (rounded up to the nearest whole cent) equal to, the number of Securities held by that Scheme Participant multiplied by the Scheme Consideration for that Security.
- (d) In the case of joint holders of Securities:
 - (i) a cheque shall be payable and forwarded in the names of those joint holders; or
 - (ii) where the joint holders have nominated a bank account under clause 4.3(c)(ii) above, the amount shall be deposited directly to the nominated bank account of the joint holders.
- (e) In the case of a notice having been given to RPF, Company or the Registry of an order made by a court of competent jurisdiction:
 - (i) which requires payment to a third party of a sum in respect of Securities held by a particular Scheme Participant, which would otherwise be payable to the particular Scheme Participant in accordance with paragraph (b) above, then RPF and Company shall procure that payment is made in accordance with that order; or

- (ii) which would prevent RPF or Company from despatching payment to any particular Scheme Participant in accordance with paragraph (b) above, RPF shall procure that RPF, Company or Registry retains an amount, in Australian dollars, equal to the number of Securities held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with (a) above is permitted by law.

5. Dealings in Shares

- (a) For the purpose of establishing the persons who are Scheme Shareholders, dealings in Shares will only be recognised if:
 - (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Shares by the Record Date; and
 - (ii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry by the Record Date.
- (b) RPF will register registrable transfers or transmission applications of the kind referred to in clause 5(a)(ii) by, or as soon as practicable after, the Record Date. The persons shown in the Register, and the number of Shares shown as being held by them, after registration of those transfers and transmission applications will be taken to be the Shareholders, and the number of Shares held by them, on the Record Date.
- (c) RPF will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Shares received after the Record Date (or received prior to the Record Date not in registrable form).
- (d) RPF will maintain or procure the maintenance of the Register in accordance with this clause 5. The Register immediately after registration of registrable transfers or transmission applications of the kind referred to in clause 5(a)(ii) will solely determine the persons who are Scheme Shareholders and their entitlements to the Scheme Consideration.
- (e) From the Record Date and until registration of Consortium BidCo in respect of all Scheme Shares under clause 4.2(f), no Shareholder may deal with Shares in any way except as set out in this Share Scheme and any attempt to do so will have no effect.
- (f) On or before 9.00 am on the Implementation Date, Redcape must give to Consortium details of the names and addresses shown in the Register of all Scheme Shareholders and of the number of Scheme Shares held by each of them on the Record Date by giving Consortium details of the names and addresses shown in the Register of all Scheme Shareholders and of the number of Scheme Shares held by each of them on the Record Date.

6. Quotation of Stapled Securities

- (a) It is expected that the suspension of trading in the Securities on ASX will occur from the close of trading on the Effective Date.
- (b) Within 2 Business Days after the Implementation Date, RPF and Company will apply for termination of the official quotation on ASX of the Securities and apply to have RPF and Trust removed from the official list of ASX with effect from the time and date agreed by Consortium, Company and RPF.

7. General

7.1 Alterations and conditions

If the Court proposes to approve this Share Scheme subject to alterations or conditions, RPF may, by its counsel or solicitors but subject to the prior written approval of Consortium, consent on behalf of all Scheme Shareholders to those alterations or conditions.

7.2 Covenants by RPF and Scheme Shareholders

- (a) Each Scheme Shareholder and RPF must do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the Share Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder:
 - (i) agrees to the transfer of all of their Scheme Shares to Consortium BidCo in accordance with this Share Scheme;
 - (ii) agrees to the modification or variation (if any) of the rights attaching to their Scheme Shares arising from this Share Scheme;
 - (iii) without the need for any further act, irrevocably appoints RPF and each of its directors and officers, jointly and severally, as that Scheme Shareholder's attorney and agent for the purpose of executing any document or doing any other act necessary to give full effect to this Share Scheme and the transactions contemplated by it; and
 - (iv) consents to RPF doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Share Scheme and the transactions contemplated by it, including (without limitation) a proper instrument of transfer of its Scheme Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all Scheme Shares.
- (c) From the Effective Date until RPF registers Consortium BidCo as the holder of all Scheme Shares in the Register, each Scheme Shareholder is deemed to have appointed RPF as its attorney and agent (and directed RPF in such capacity) to appoint the Chairman of Consortium BidCo (or other nominee of Consortium BidCo) as its sole proxy and, where applicable, corporate representative to attend shareholder meetings of RPF, exercise the votes attaching to the Scheme Shares of which they are the registered holder and sign any Shareholders' resolution, and no Scheme Shareholder may attend or vote at any of those meetings or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to this clause 7.2(c). Redcape undertakes in favour of each Scheme Shareholder that it will appoint the Chairman of Consortium BidCo (or other nominee of Consortium BidCo) as the Scheme Shareholder's proxy or, where applicable, corporate representative in accordance with this clause 7.2(c).

7.3 Status of Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred to Consortium BidCo will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) The Scheme Shareholders are deemed to have represented and warranted to RPF in its own right and on behalf of Consortium BidCo that all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred to Consortium BidCo under this Share Scheme will, at the date they are transferred to

Consortium BidCo, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind (other than that they must be transferred together with the other securities comprising a Security) and that they have full power and capacity to sell and to transfer such Scheme Shares (including any rights and entitlements attaching to those securities).

- (c) Consortium BidCo will be beneficially entitled to the Scheme Shares transferred to it under this Share Scheme pending registration by RPF of the name and address of Consortium BidCo in the Register as the holder of the Scheme Shares.

7.4 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this Share Scheme is sent by post to RPF, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at RPF's registered office.

7.5 Further assurances

RPF must do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Share Scheme and the transactions contemplated by it.

7.6 Costs

Consortium will pay its share of the costs of this Share Scheme in accordance with the Implementation Agreement for Schemes and Recapitalisation. Consortium will pay any stamp duty payable in relation to the transfer by Scheme Participants of the Securities to Consortium and any other matter required to be done to implement the Schemes.

7.7 Proper law

The proper law of this Share Scheme is the law of New South Wales.

Schedule 5 – Supplemental Deed (Unit Scheme of Arrangement)

Supplemental Deed

Redcape Property Trust

ARSN 125 526 016

The Trust Company (RE Services) Limited ABN 45 003 278
831 as responsible entity for the Redcape Property Trust
ARSN 125 526 016 (**Company**)

MinterEllison

SYI-19581v1

L A W Y E R S

AURORA PLACE, 88 PHILLIP STREET, SYDNEY NSW 2000, DX 117 SYDNEY
TEL: +61 2 9921 8888 FAX: +61 2 9921 8123
www.minterellison.com

Details

Date

Parties

Name	The Trust Company (RE Services) Limited as responsible entity for the Redcape Property Trust
ABN	45 003 278 831
Short form name	Company
Notice details	Level 15, 20 Bond Street, Sydney NSW 2000 Facsimile No: 61 2 8295 8656 Attention: Alexander Pampel / Ramesh Selva Email: APampel@thetrustcompany.com.au

Background

- A The Company is:
- (i) a public company limited by shares, incorporated in Australia and registered in New South Wales; and
 - (ii) the responsible entity of Redcape Property Trust ARSN 125 526 016 (**Trust**) established under a deed dated 2 February 1982, as amended (**Trust Constitution**).
- B The Trust has been registered by the Australian Securities and Investments Commission (**ASIC**) as a managed investment scheme pursuant to section 601EB of the *Corporations Act 2001* (Cth) (**Corporations Act**).
- C Units are stapled to Shares on a one-for-one basis and the Stapled Securities are officially quoted on ASX.
- D As at the date of this deed, 162,452,601 Stapled Securities were on issue, comprised of:
- (i) 162,452,601 Units; and
 - (ii) 162,452,601 Shares.
- E Consortium comprises:
- (i) The Regatta 3 Company (Australia) Pty Ltd as trustee for The Regatta No.2 Trust (**Consortium BidTrust**).
 - (ii) The Regatta 3 Company Pte Ltd (**Consortium BidCo**).
- F Consortium, RPF, Manager, Company (in its capacity as responsible entity of the Trust), on 23 December 2011, entered into a document titled Implementation Agreement for Schemes and Recapitalisation to propose and implement:
- (i) the Trust Scheme; and
 - (ii) the Share Scheme.
- G The Trust Constitution must be amended to facilitate the Trust Scheme.

- H Clause 21 of the Trust Constitution provides that, without limitation to any other provision in the Trust Constitution, or the Corporations Act, no Stapling Provision may be deleted, or amended without the approval of a special resolution of the holders of Units that are Stapled.
- I Clause 19.2 of the Trust Constitution provides that the Company may, in accordance with the Corporations Act, by supplemental deed modify, add to or delete from, the Trust Constitution.
- J Section 601GC(1) of the Corporations Act provides that the constitution of a registered scheme may be modified, repealed or replaced with a new constitution:
- (i) by special resolution of the members of the scheme; or
 - (ii) by the responsible entity if it reasonably considers that the change will not adversely affect members' rights.
- K At a meeting held on [] 2012 convened in accordance with the Corporations Act and the Trust Constitution, Unitholders approved the Trust Scheme Resolutions, including a special resolution to make the amendments to the Trust Constitution contained in this deed.
- L Pursuant to section 601GC(2) of the Corporations Act, the Company will lodge a copy of this deed with ASIC to give effect to the Trust Scheme Resolutions. The amendments to the Trust Constitution as contained in this deed will take effect when such lodgement has been made with ASIC.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

Terms used in this deed have the same meaning as in the Trust Constitution unless otherwise defined in this deed or the context requires otherwise.

Company means The Trust Company (RE Services) Limited ABN 45 003 278 831 as responsible entity for the Redcape Property Trust ARSN 125 526 016.

Commencement Date means the later of:

- (a) the date on which a copy of this supplemental deed is lodged with ASIC; and
- (b) the Effective Date as defined in the Implementation Agreement for Schemes and Recapitalisation.

Effective Date means the date as defined in the Implementation Agreement for Schemes and Recapitalisation.

Implementation Agreement for Schemes and Recapitalisation means the agreement of that name dated 23 December 2011 executed by Consortium, RPF, Manager, Company (in its capacity as responsible entity of the Trust).

Trust means the Redcape Property Trust ARSN 125 526 016.

Trust Constitution means the constitution establishing the Trust dated 2 February 1982, as amended from time to time.

1.2 Deed supplemental to Trust Constitution

This deed is supplemental to the Trust Constitution.

1.3 Interpretation

Clause 1.2 of the Trust Deed applies to this deed as if set out in this deed.

1.4 No redeclaration

The Company declares that it is not, by this deed:

- (a) resettling or redeclaring the Trust; or
- (b) causing the transfer, vesting or accruing of property in any person.

2. Lodgement with ASIC

The Company will lodge a copy of this deed with ASIC on the same day as RPF lodges with ASIC an office copy of the order of the court approving the Share Scheme under section 411(4)(b) of the Corporations Act.

3. Amendments to the Trust Deed

With effect on and from the Commencement Date, the Trust Deed is amended as follows:

- (a) in clause 1.1, by inserting the following definitions in alphabetical order:

Accounting Income of the Trust means net accounting income calculated in accordance with generally accepted accounting principles for the Distribution Period excluding unrealised amounts.

Aggregate Scheme Consideration means the Scheme Consideration multiplied by the total number of Securities held by Scheme Participants.

CHESS means the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

Company means The Trust Company (RE Services) Limited ABN 45 003 278 831 as responsible entity for the Redcape Property Trust ARSN 125 526 016.

Conditions Precedent means the conditions precedent set out in clause 3.1 of the Implementation Agreement for Schemes and Recapitalisation.

Consortium means:

- (a) Consortium BidTrust; and
- (b) Consortium BidCo.

Consortium BidCo means The Regatta 3 Company Pte Ltd registration number 201117786H.

Consortium BidTrust means The Regatta 3 Company (Australia) Pty Ltd ACN 152 429 420 as trustee for The Regatta No.2 Trust.

Control has the meaning given in section 50AA of the Corporations Act.

Court means the Supreme Court of New South Wales.

Deed Poll means the deed poll dated [] executed by Consortium in favour of Scheme Participants.

Effective means, when used in relation to the Schemes, all of the following events taking place:

- (a) the order of the Court made under section 411(4)(b) in relation to the Share Scheme coming into effect pursuant to section 411(10) of the Corporations Act; and
- (b) the Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act.

Effective Date means the date on which the Schemes become Effective.

Excluded Scheme Participant means:

- (a) Consortium;
- (b) any Securityholder who holds a Security on behalf of, or for the benefit of, Consortium or any of Consortium's Related Bodies Corporate.

Explanatory Statement means:

- (a) each statement pursuant to section 412 of the Corporations Act which has been, or will be, registered by ASIC in relation to the Share Scheme; and
- (b) each explanatory statement to be sent to Unitholders in relation to the Trust Scheme explaining the effect of the Trust Scheme and setting out the information that is material to the making of a decision by Unitholders whether or not to vote in favour of the Trust Scheme,

copies of which will be included in the Scheme Booklet.

Implementation Agreement for Schemes and Recapitalisation means the agreement of that name dated 23 December 2011 executed by Consortium, RPF, Manager, Company (in its capacity as responsible entity of the Trust).

Implementation Date means the fifth Business Day following the Record Date or such later Business Day as the parties may agree.

Independent Expert means the independent expert to be appointed by Redcape to prepare the Independent Expert's Report.

Independent Expert's Report means the report prepared by the Independent Expert to be provided to Securityholders on whether, in the opinion of the Independent Expert, the Schemes are fair and reasonable and in the best interests of Securityholders.

Net Income means the amount determined by the Responsible Entity (or caused to be determined) as the "net income" for each financial year in accordance with subsection 95(1) of the Tax Act, but does not include the grossed up amount in respect of any franking or other tax credit provided for under the Tax Act.

Notices of Meeting means:

- (a) the notice convening the Share Scheme Meeting; and
- (b) the notice convening the Trust Scheme Meeting,

together with the proxy forms for those meetings.

Record Date means:

- (a) 7pm (Sydney time) on the fifth Business Day following the Effective Date; or
- (b) such later date as Redcape and Consortium may agree in writing.

Redcape means:

- (a) RPF;
- (b) the Trust; and
- (c) Company as responsible entity of the Trust.

Register means the Security register of Redcape kept pursuant to the Corporations Act.

Registry means Computershare Investor Services Pty Limited.

Related Entity or Related Body Corporate means in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is controlled by that party.

RPF means Redcape Property Fund Limited ABN 44 124 753 733.

Scheme Booklet means the information to be despatched to all Securityholders in connection with the Schemes, including:

- (a) the Share Scheme;
- (b) the Trust Scheme and Supplemental Deed;
- (c) the Deed Poll;
- (d) the Explanatory Statement;
- (e) an independent expert's report prepared by the Independent Expert;
- (f) the Notices of Meeting; and

(g) the Subscription Deed.

Scheme Consideration means, in respect of each Security held by a Scheme Participant on the Record Date, \$0.0259 cash, allocated as to:

- (a) \$0.0001 for one Share; and
- (b) \$0.0258 for one Unit.

Scheme Participant means each person who is a Securityholder at 7pm (Sydney time) on the Record Date (other than an Excluded Scheme Participant) and who participates in both:

- (a) the Share Scheme; and
- (b) the Trust Scheme,

by virtue of being a Scheme Shareholder and a Scheme Unitholder.

Scheme Share means each Share held by a Scheme Shareholder.

Scheme Shareholder means each Shareholder as at 7pm (Sydney time) on the Record Date other than an Excluded Scheme Participant.

Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of their Securities for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all Securities.

Scheme Unitholder means each person who is a Unitholder as at 5:00pm on the Record Date other than an Excluded Scheme Participant.

Scheme Units means all of the Units on issue as at the Record Date other than any Units held by an Excluded Scheme Participant.

Schemes means the:

- (a) Share Scheme; and
- (b) Trust Scheme.

Security means:

- (a) one Scheme Share; and
- (b) one Scheme Unit,

each of which are stapled to one another.

Securityholder means each person who is registered in the Register as a holder of a Security.

Share means one fully paid ordinary share issued in the capital of RPF.

Shareholder means a person who is registered in the Register as the holder of any Share.

Share Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between RPF and the Shareholders, the form of which is contained in the Scheme Booklet, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Consortium and Redcape.

Share Scheme Meeting means the meeting of the Shareholders convened by the Court in relation to the Share Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

Supplemental Deed means the deed poll dated [] under which the Trust Constitution is amended.

The Regatta No.2 Trust the trust established by deed poll dated on or about 30 November 2011 made by Consortium BidTrust.

Trust means the Redcape Property Trust ARSN 125 526 016.

Trust Constitution means the constitution establishing the Trust dated 2 February 1982, as amended from time to time.

Trust Scheme means an arrangement under which Consortium BidTrust acquires all of the Units from Unitholders facilitated by amendments to the Trust Constitution as set out in the Supplemental Deed, subject to the requisite Unitholders approval.

Trust Scheme Meeting means the meeting of the Unitholders convened by Redcape pursuant to clause 27.1 of the Trust Constitution to consider the Trust Scheme Resolutions.

Trust Scheme Resolutions means resolutions of the Unitholders to approve the Trust Scheme including:

- (a) a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition of all the Units by Consortium BidTrust; and
- (b) a resolution for the purposes of section 601GC(1) to approve amendments to the Trust Constitution as set out in the Supplemental Deed to facilitate the Trust Scheme; and
- (c) a resolution to provide for the unstapling of Units from Shares on the Implementation Date, pursuant to clause 20.4 of the Trust Constitution.

Unit means one fully paid ordinary unit in the Trust.

Unitholder means each person who is registered in the Register as the holder of Units.

- (b) by deleting clause 6 and inserting a new clause 6 as set out below:

6 Interim Distribution and Cash Realisation

6.1 Distributable Income

- (a) The Trustee may determine the Distributable Income for each Distribution Period by way of a standing determination of principles for calculating the Distributable Income, the application of which is capable of independent verification, and may change the principles from time to time.
- (b) Unless the Trustee determines otherwise, the Distributable Income of the Trust for a Financial Year is the greater of:
- (A) Accounting Income of the Trust;
 - (B) Net Income; and
 - (C) \$1.
- (c) For the avoidance of doubt, the preparation of the Accounts in accordance with the Accounting Standards of itself is not to be regarded as a determination of the method for calculating the Distributable Income of the Trust pursuant to this clause.

6.2 Present entitlement

- (a) Each Unit Holder on the Register at close of business on a Distribution Date is presently and absolutely entitled to a share of the Distributable Income for that Distribution Period pro rata to the number of Units they respectively hold as at that time. This entitlement will be satisfied by distributions made during and at the end of the Distribution Period and may be satisfied by distributions from different categories and sources of income as determined by the Trustee in accordance with the Tax Act.
- (b) A person who has at any time during a Financial Year been a Unit Holder is presently entitled, as at midnight on the last day of the Financial Year, to the Distributable Income for that Financial Year, in the proportion that distributions of Distributable Income made or allocated to the Unit Holder during that Financial Year bear to the sum of all distributions of Distributable Income made to all persons who were Unit Holders at any time during that Financial Year.

6.3 Distributions of capital

- (a) The Responsible Entity may determine to distribute capital to Unit Holders in addition to any other distributions to be made to Unit Holders in respect of a Distribution Period.
- (b) Each Unit Holder on the Register at close of business on the date determined by the Trustee is entitled to a share of the distribution of capital, pro rata to the number of Units they respectively hold as at that time.

6.4 Reinvestment

- (a) A Unit Holder may elect in writing to have some or all of any distribution for a Distribution Period reinvested to acquire Units on such terms and in such manner as the Trustee determines. The Unit Holder must make the election at least one

month before the Distribution Date, or within such as other period as the Trustee permits.

- (b) Where reinvestment applies, the Unit Holder is taken to have applied for and been issued Units on the first Business Day after the Distribution Date.

6.5 Determination whether capital or income

The question of whether an amount is capital or income is to be determined by the Trustee in its absolute discretion.

- (c) by inserting a new clause 47 as set out below:

47 Trust Scheme

47.1 Dealings in Units

- (a) For the purpose of establishing the persons who are Scheme Unitholders, dealings in Units will only be recognised if:
- (i) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as the holder of the relevant Units by the Record Date; and
 - (ii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry by the Record Date.
- (b) The Company will register registrable transfers or transmission applications of the kind referred to in clause 47.1(a)(ii) by, or as soon as practicable after, the Record Date. The persons shown in the Register, and the number of Units shown as being held by them, after registration of those transfers and transmission applications will be taken to be the Scheme Unitholders, and the number of Units held by them, on the Record Date.
- (c) The Company will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Units received after the Record Date (or received prior to the Record Date not in registrable form).
- (d) The Company will maintain or procure the maintenance of the Register in accordance with this clause 47.1. The Register immediately after registration of registrable transfers or transmission applications of the kind referred to in clause 47.1(a)(ii) will solely determine the persons who are Scheme Unitholders and their entitlements to the Scheme Consideration.
- (e) From the Record Date and until registration of Consortium BidTrust in respect of all Scheme Units under clause 47.3(c), no Scheme Unitholder may deal with Units in any way except as set out in this clause 47 and any attempt to do so will have no effect.
- (f) On or before 9am on the Implementation Date, the Company must give to Consortium BidTrust details of the names and addresses shown in the Register of all Scheme Unitholders and of the number of Scheme Units held by each of them on the Record Date by giving Consortium BidTrust details of the names and addresses shown in the Register of all Scheme Unitholders and of the number of Scheme Units held by each of them on the Record Date.

47.2 Scheme Consideration

- (a) On or before 12noon on the Implementation Date, in consideration for the transfer of the Scheme Units and Scheme Shares to Consortium, Consortium must satisfy

its obligations to pay the Aggregate Scheme Consideration in respect of the Scheme Securities by complying with its obligations under clauses 4.2(c) and 4.3 of the Share Scheme.

47.3 Transfers to Consortium BidTrust

- (a) On or before 12noon on the Implementation Date, subject to Consortium satisfying its obligations to pay the Aggregate Scheme Consideration in the manner contemplated by clause 47.2 and providing the Company with written confirmation of that payment:
- (i) all of the Scheme Units together with all rights and entitlements attaching to the Scheme Units as at that time will be transferred to Consortium BidTrust or its nominee without the need for any further act by any Scheme Unitholder (other than acts performed by the Company (or its directors or officers) as attorney or agent of the Scheme Unitholders under clause 47.4 or otherwise) and must be transferred to Consortium BidTrust simultaneously with the transfer of all of the Scheme Shares to Consortium BidCo under the Share Scheme; and
 - (ii) the Company will procure the delivery to Consortium BidTrust of transfers of all the Scheme Units to Consortium BidTrust duly completed and executed on behalf of the Scheme Unitholders in the form of Scheme Transfers which transfer all of the Scheme Units to Consortium BidTrust.
- (b) Consortium BidTrust must immediately execute the transfers referred to in clause 47.3(a)(ii) as transferee and deliver the Scheme Transfers to the Company for registration.
- (c) The Company must, immediately following receipt of the transfers under clause 47.3(b) (in the form of Scheme Transfers in respect of the Scheme Securities), enter the name and address of Consortium BidTrust in the Register in respect of all the Scheme Units.

47.4 Covenants by Company and Unitholders

- (a) Each Scheme Unitholder and the Company must do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the Trust Scheme and the transactions contemplated by it.
- (b) Each Scheme Unitholder:
- (i) agrees to the transfer of all of their Scheme Units to Consortium BidTrust in accordance with this clause 47;
 - (ii) agrees to the modification or variation (if any) of the rights attaching to their Scheme Units arising from this clause 47;
 - (iii) without the need for any further act, irrevocably appoints the Company and each of its directors and officers, jointly and severally, as that Scheme Unitholder's attorney and agent for the purpose of executing any document or doing any other act necessary to give full effect to the Trust Scheme, this clause 47, and the transactions contemplated by them;
 - (iv) consents to the Company doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the Trust Scheme, this clause 47 and the transactions contemplated by them; and

- (v) appoints the Company to enforce the Deed Poll against Consortium on behalf of and as agent and attorney for the Scheme Unitholders.
- (c) From the Effective Date until the Company registers Consortium BidTrust as the holder of all Scheme Units in the Register, each Scheme Unitholder is deemed to have appointed the Company as its attorney and agent (and directed the Company in such capacity) to appoint the Chairman of Consortium BidTrust (or other nominee of Consortium BidTrust) as its sole proxy and, where applicable, corporate representative to attend unitholder meetings of the Trust, exercise the votes attaching to the Scheme Units of which they are the registered holder and sign any Unitholders' resolution, and no Scheme Unitholder may attend or vote at any of those meetings or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to this clause 47.4(c). The Company undertakes in favour of each Scheme Unitholder that it will appoint the Chairman of Consortium BidTrust (or other nominee of Consortium BidTrust) as the Scheme Unitholder's proxy or, where applicable, corporate representative in accordance with this clause 47.4(c).

47.5 Status of Scheme Units

- (a) To the extent permitted by law, the Scheme Units (including all rights and entitlements attaching to the Scheme Unit) transferred to Consortium BidTrust will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) The Scheme Unitholders are deemed to have represented and warranted to the Company in its own right and on behalf of Consortium that all their Scheme Units (including any rights and entitlements attaching to those Units) which are transferred to Consortium BidTrust under this clause 47 will, at the date of the transfer of them to Consortium BidTrust, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind not referred to in this Trust Deed, and that they have full power and capacity to sell and to transfer their Scheme Units (including any rights and entitlements attaching to those Units).
- (c) Consortium BidTrust will be beneficially entitled to the Scheme Units transferred to it under this clause 47 pending registration by the Company of the name and address of Consortium BidTrust in the Register as the holder of the Scheme Units.

47.6 Effect of clause 47

This clause 47:

- (a) binds the Company and all Scheme Unitholders, including those who do not attend the Trust Scheme Meeting, those who do not vote at that meeting and those who vote against the Trust Scheme Resolutions at that meeting; and
- (b) subject only to clause 1.5, overrides the other provisions of this deed (including clause 1.6) to the extent of any inconsistency.

47.7 Quotation of Securities

Within 2 Business Days after the Implementation Date, RPF and Company will apply for termination of the official quotation on ASX of the Securities and apply

to have RPF and Trust removed from the official list of ASX with effect from the time agreed by Consortium, Company and RPF.

47.8 Company's limitation of liability

Subject to the *Corporations Act*, the Company will not have any liability of any nature whatsoever beyond the assets of the Trust to Unitholders arising, directly or indirectly, from the Company doing or refraining from doing any act (including the execution of a document), matter or thing pursuant to or in connection with the implementation of the Unit Scheme.

47.9 Amendment of this clause 47

The Company may amend the terms of this clause 47 if such amendment is not inconsistent with the approval given by Unitholders at the Trust Scheme Meeting and such amendment does not adversely affect the rights of the Unitholders whose Units are to be transferred under the Trust Scheme, and this clause 47 will apply as amended.

4. Governing law

This deed will be governed by the laws of the State of New South Wales.

Signing page

EXECUTED as a deed poll.

Executed for and on behalf of The Trust Company (RE Services) Limited as responsible entity for Redcape Property Trust by its attorneys under power of attorney dated 30 July 2010, registered book 4597 no 37, who state they have received no notice of revocation of the power of attorney:

Signature of group A authorised person

←

Signature of group A/B authorised person

←

Name of group A authorised person

Name of group A/B authorised person

Schedule 6 – Subscription Agreement

Subscription Agreement

Redcape Property Fund Limited (**RPF**)

The Trust Company (RE Services) Limited as responsible
entity for Redcape Property Trust (**Company**)

The Regatta 3 Company (Australia) Pty Ltd as trustee for
The Regatta No.2 Trust (**Consortium BidTrust**)

MinterEllison

L A W Y E E R S

AURORA PLACE, 88 PHILLIP STREET, SYDNEY NSW 2000, DX 117 SYDNEY
TEL: +61 2 9921 8888 FAX: +61 2 9921 8123
www.minterellison.com

Subscription Agreement

Details	4
Agreed terms	6
1. Defined terms	6
1.1 Defined terms	6
1.2 Interpretation	6
1.3 Headings	7
2. Conditions Precedent and Termination	7
2.1 Conditions Precedent	7
2.2 Termination	7
3. Subscription for Units	7
3.1 Actions on the Effective Date	7
3.2 Actions by Company	7
3.3 Conditions of issue	8
4. Accession	8
5. Warranties	8
5.1 Mutual warranties	8
5.2 Consortium BidTrust's Warranties	8
6. Application of funds	9
7. Continuing Obligations	9
8. Further assurances	9
9. Notices	9
10. GST	10
10.1 Interpretation	10
10.2 GST gross up	10
10.3 Reimbursements	10
10.4 Tax invoice	11
11. Remedies cumulative	11
12. Variation	11
13. No waiver	11
14. Costs and stamp duty	11
15. Assignment	11
16. Governing law and jurisdiction	11
17. Miscellaneous	11
17.1 Counterparts	11
17.2 Further action	12
17.3 Severability	12
17.4 Waiver	12
17.5 Limitation of Liability	12

Signing page

14

Details

Date

Parties

Name **The Trust Company (RE Services) Limited
as responsible entity for the Redcape Property Trust**
 ABN 45 003 278 831
 Short form name **Company**
 Notice details Level 15, 20 Bond Street, Sydney NSW 2000
 Facsimile No: 61 2 8295 8656
 Attention: Alexander Pampel / Ramesh Selva
 Email: APampel@thetrustcompany.com.au

Name **Redcape Property Fund Limited**
 ABN 44 124 753 733
 Short form name **RPF**
 Notice details Ground Floor, 312 St Kilda Road, Melbourne, Vic 3004
 Facsimile No:
 Attention: Peter Armstrong / Colin Henson / David Charles
 Email: parmstrong@redcape.com.au
 Email: colinhenson@ozemail.com.au
 Email: dcharles@redcape.com.au

Name **The Regatta 3 Company (Australia) Pty Ltd as trustee for The Regatta
No.2 Trust**
 ACN 152 429 420
 Short form name **Consortium BidTrust**
 Notice details Level 32, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000
 Facsimile No: 0011 1 212 300 1301, 0011 65 6579 0801, 0011 852 2978 6010
 Attention: Wyatt Wachtel, Ali Haroon and Devin Chanmugam

Background

- A On 23 December 2011 the Redcape Group and Consortium entered into the Implementation Agreement for Schemes and Recapitalisation.
- B Under the Implementation Agreement for Schemes and Recapitalisation, Consortium has agreed, subject to the satisfaction or waiver of certain conditions, to execute this agreement.
- C On the Implementation Date, following de-stapling of the Securities and registration of Consortium BidTrust as the registered holder of the Units and Consortium BidCo as the registered holder of the Shares, the recapitalisation shall involve the issue by Company of Recapitalisation Units to Consortium BidTrust in consideration for the Recapitalisation Consideration and the

proceeds of drawdown under the Refinancing Facility, which shall be applied immediately by Redcape as follows:

- (i) in full and final satisfaction of all Senior Debt outstanding on the Implementation Date; and
- (ii) to pay all other transaction costs, fees and expenses in relation to the Schemes, the Refinancing Facility and the Recapitalisation; and
- (iii) to retain sufficient funds to satisfy the ongoing working capital requirements of the business of Redcape,

as contemplated under clause 5.3(b) of the Implementation Agreement for Schemes and Recapitalisation; and

- D Consortium BidTrust has agreed to subscribe for Units in the Trust on the terms and conditions of this agreement.

Agreed terms

1. Defined terms

1.1 Defined terms

In this document:

Terms used in this agreement have the same meaning as in the Implementation Agreement for Schemes and Recapitalisation unless otherwise defined in this agreement or the context requires otherwise.

Consortium means:

- (a) Consortium BidTrust; and
- (b) Consortium BidCo.

Implementation Agreement for Schemes and Recapitalisation means the agreement of that name dated 23 December 2011 executed by Consortium, RPF, Manager, Company (in its capacity as responsible entity of the Trust).

Redcape means:

- (a) Company as responsible entity of the Trust; and
- (b) RPF.

Unit Certificate means a certificate issued by Company evidencing that the person named in the certificate is the holder of the number of Units shown on the certificate.

The Regatta No.2 Trust the trust established by deed poll dated on or around 30 November 2011 made by Consortium BidTrust.

1.2 Interpretation

In this agreement, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this agreement, and a reference to this agreement includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (f) a reference to time is to Sydney, Australia time;
- (g) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;

- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (k) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (n) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and
- (o) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2. Conditions Precedent and Termination

2.1 Conditions Precedent

The obligations of Consortium BidTrust under clause 3 are conditional on, and subject to, the Schemes becoming Effective.

2.2 Termination

The obligations of Consortium BidTrust under this agreement to Company will automatically terminate, and the terms of this agreement will be of no further force or effect, if the Implementation Agreement for Schemes and Recapitalisation is terminated or the Schemes do not become Effective in accordance with its terms prior to the occurrence of the Effective Date for the Schemes.

3. Subscription for Units

3.1 Actions on the Effective Date

Subject to clause 2, Consortium BidTrust covenants in favour of Company to pay to Company the Recapitalisation Consideration for the Recapitalisation Units on the Implementation Date.

3.2 Actions by Company

Company must:

- (a) on the Implementation Date and after receipt of the Recapitalisation Consideration, issue the Recapitalisation Units to Consortium BidTrust; and
- (b) within five days after receiving the Recapitalisation Consideration, issue a Unit Certificate for the Recapitalisation Units to Consortium BidTrust.

3.3 Conditions of issue

The Recapitalisation Units will be issued subject to the Trust Constitution.

4. Accession

The parties acknowledge that The Regatta 3 Company (Australia) Pty Ltd, as the trustee of the Regatta No.2 Trust may resign as trustee and be replaced by a third party responsible entity on or prior to the Implementation Date provided that prior to or contemporaneously with such resignation that trustee or new responsible entity has entered into and duly executed and delivered to Redcape a Deed of Accession to this agreement agreeing to be bound by this agreement as if it had originally been named as a party to this agreement.

5. Warranties

5.1 Mutual warranties

Each party warrants to each other party, at the date of this agreement, that:

- (a) it has the power and authority to enter into and perform its obligations under this agreement;
- (b) the execution, delivery and performance of this agreement by it will constitute legal, valid and binding obligations of it, enforceable in accordance with its terms;
- (c) no meeting has been convened, resolution proposed, petition presented or order made for the winding up of it and no receiver, receiver and manager, provisional liquidator, liquidator or other officer of a court has been appointed in relation to any of its assets and no mortgagee has taken or attempted or indicated in any manner any intention to take possession of any of its assets; and
- (d) the execution, delivery and performance of this agreement will not violate:
 - (i) any legislation or rule of law or regulation, authorisation, consent or any order or decree of any governmental authority;
 - (ii) its constitution or any legislation, rules or other document constituting that party or governing its activities; or
 - (iii) any instrument to which it is a party or which is binding on it or any of its assets, and will not result in the creation or imposition of any encumbrance or restriction of any nature on any of its assets.

5.2 Consortium BidTrust's Warranties

Consortium BidTrust represents and warrants in respect of itself that:

- (a) **professional investor:** at all times the Consortium BidTrust is a person or body referred to sections 708(11) or 708(12) of the Corporations Act and a 'wholesale client' under section 761G of the Corporations Act;
- (b) **incorporation:** it is a corporation validly existing under the laws of its place of incorporation;
- (c) **corporate power:** it has the corporate power to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement;
- (d) **corporate authorisations:** it has taken all necessary corporate action to authorise the entry into of this agreement and has taken or, if the conditions precedent referred to in clause 2.1 are satisfied or waived, will take all necessary corporate action to authorise the

performance of this agreement and to carry out the transactions contemplated by this agreement;

- (e) **binding obligations:** this agreement is valid and binding upon it;
- (f) **solvency:** it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets;
- (g) **regulatory action:** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this agreement; and
- (h) **no default:** this agreement does not conflict with or result in the breach of or default under any provision of its constitution, any material term or provision of any material agreement or any writ, order or injunction, judgement, law, rule, regulation or instrument to which it is party or subject or of which it is bound.

6. Application of funds

On the Implementation Date, after receipt of the Recapitalisation Consideration from Consortium BidTrust and the issue of Recapitalisation Units in accordance with clause 3.2(a), the Recapitalisation Consideration and the proceeds of drawdown under the Refinancing Facility shall be applied by Redcape as follows:

- (i) in full and final satisfaction of all Senior Debt outstanding on the Implementation Date (and for the avoidance of doubt, this does not include any amounts drawn under the Refinancing Facility); and
- (ii) to pay all other transaction costs, fees and expenses in relation to the Schemes, the Refinancing Facility and the Recapitalisation; and
- (iii) to retain sufficient funds to satisfy the ongoing working capital requirements of the business of Redcape.

7. Continuing Obligations

This agreement is irrevocable and remains in full force and effect until Consortium BidTrust has completely performed its obligations under this agreement or the earlier termination of this agreement under clause 2.

8. Further assurances

Consortium BidTrust will do all things and execute all deeds, instruments, transfers or other documents as may be necessary to give full effect to the provisions of this agreement and the transactions contemplated by it.

9. Notices

- (a) A notice, consent or other communication (**Notice**) under this agreement is only effective if it is:
 - (i) in writing, signed by or on behalf of the person giving it, or, where transmitted by email, sent by a person duly authorised by the person giving it;

- (ii) addressed to the person to whom it is to be given (or, in the case of Consortium (and as relevant) to the Process Agent); and
- (iii) either:
 - (A) delivered or sent by pre-paid mail to that person's address;
 - (B) sent by email to that person's email address; or
 - (C) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full.
- (b) A Notice that complies with this clause 9 is regarded as given and received:
 - (i) if it is delivered or sent by fax or email:
 - (A) by 5.00pm (local time in the place of receipt) on a Business Day - on that day; or
 - (B) after 5.00pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day - on the next Business Day; and
 - (ii) if it is sent by mail:
 - (A) within Australia - 3 Business Days after posting; or
 - (B) to or from a place outside Australia - 7 Business Days after posting.
- (c) Consortium BidTrust's notice details are as set out in the Details section of this agreement.
- (d) Consortium BidTrust hereby appoints Arnold Bloch Leibler (facsimile number: +61 3 9916 9522; attention: Ben Mahoney) as its agent for service of legal proceedings in Australia arising under, or in connection with, this agreement (**Process Agent**).
- (e) Consortium BidTrust represents and warrants in favour of Redcape that the Process Agent (including any replacement) is duly authorised to receive on behalf of Consortium BidTrust all notices of legal proceedings arising under, or in connection with, this agreement.
- (f) Consortium BidTrust must not remove the Process Agent before the Implementation Date without giving at least ten days notice in writing of such removal to Redcape and appointing a replacement Process Agent, or materially alter the Process Agent's powers (including those of any replacement) under this paragraph (d).

10. GST

10.1 Interpretation

In this clause 10, a word or expression defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that Act.

10.2 GST gross up

If a party makes a supply under or in connection with this agreement in respect of which GST is payable, the consideration for the supply but for the application of this clause 10.2 (**GST exclusive consideration**) is increased by an amount equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.

10.3 Reimbursements

If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by any input tax credit the other party is entitled to for the loss, cost or expense, and then increased in accordance with clause 10.2.

10.4 Tax invoice

A party need not make a payment for a taxable supply made under or in connection with this agreement until it receives a tax invoice for the supply to which the payment relates.

11. Remedies cumulative

The rights, powers and remedies provided to Consortium BidTrust and Company in this agreement are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity.

12. Variation

A provision in this agreement may only be varied in writing by Consortium BidTrust and Redcape if:

- (a) the variation is agreed to by Redcape at its discretion, which agreement Redcape may give or withhold without reference to or approval by any Unitholder being required; and
- (b) the Court indicates that the amendment would not of itself, preclude approval of the Schemes or provision of the First Judicial Advice or Second Judicial Advice.

13. No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

14. Costs and stamp duty

All stamp duty that may be payable on or in connection with this agreement and any instrument effected by, executed under or pursuant to this agreement must be borne by Consortium BidTrust. Consortium BidTrust indemnifies each Scheme Participant on demand against any liability for any such stamp duty and related costs and fines.

15. Assignment

Subject to clause 4, the rights and obligations of Consortium BidTrust and Redcape under this agreement are personal. They cannot be assigned, encumbered or otherwise dealt with and neither Consortium BidTrust or Redcape may attempt, or purport, to do so without the prior written consent of Redcape and Consortium BidTrust.

16. Governing law and jurisdiction

This agreement is governed by the laws of New South Wales. Consortium submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this agreement.

17. Miscellaneous

17.1 Counterparts

This agreement may be executed in counterparts. All executed counterparts constitute one document.

17.2 Further action

Each party must do everything reasonably necessary (including executing documents) to give full effect to this agreement and any transactions contemplated by it.

17.3 Severability

A term or part of a term of this agreement that is illegal or unenforceable may be severed from this agreement and the remaining terms or parts of the term of this agreement continue in force.

17.4 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

17.5 Limitation of Liability

This limitation of the Company's liability applies despite any other provisions of this agreement and extends to all Obligations of the Company in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this agreement.

- (a) The Company enters into this document as responsible entity of the Trust and in no other capacity.
- (b) The parties other than the Company acknowledge that the Company incurs the Obligations solely in its capacity as responsible entity of the Trust and that the Company will cease to have any obligation under this document if the Company ceases for any reason to be responsible entity of the Trust.
- (c) Subject to subclause 17.5(g), the Company will not be liable to pay or satisfy any Obligations except out of the Assets against which it is actually indemnified in respect of any liability incurred by it as responsible entity of the Trust.
- (d) Subject to subclause 17.5(g), the parties other than the Company may enforce their rights against the Company arising from non-performance of the Obligations only to the extent of the Company's right of indemnity out of the Assets of the Trust.
- (e) Subject to subclause 17.5(g), if any party other than the Company does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
 - (i) bringing proceedings against the Company in its personal capacity; or
 - (ii) applying to have the Company put into administration or wound up or applying to have a receiver or similar person appointed to the Company or proving in the administration or winding up of the Company.
- (f) Subject to subclause 17.5(g), the parties other than the Company waive their rights and release the Company from any personal liability whatsoever, in respect of any loss or damage:
 - (i) which they may suffer as a result of any:
 - (A) breach by the Company of any of its Obligations; or
 - (B) non-performance by the Company of the Obligations; and
 - (ii) which cannot be paid or satisfied out of the Assets of which the Company is entitled to be indemnified in respect of any liability incurred by it as responsible entity of the Trust.

- (g) The parties other than the Company acknowledge that the whole of this agreement is subject to this clause 17.5 and the Company shall in no circumstances be required to satisfy any liability of the Company arising under, or for non-performance or breach of any Obligations under or in respect of, this agreement or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than the Assets of the Trust under the Company's control and in its possession as and when they are available to the Company to be applied in exoneration for such liability **PROVIDED THAT** if the liability of the Company is not fully satisfied out of the Assets of the Trust as referred to in this clause 17.5, the Company will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the Assets of the Trust have been reduced by reasons of fraud, negligence or breach of trust by the Company in the performance of the Company's duties as responsible entity of the Trust.
- (h) The parties agree that no act or omission of the Company (including any related failure to satisfy any Obligations) will constitute fraud, negligence or wilful default of the Company for the purposes of this clause 17.5 to the extent to which the act or omission was caused or contributed to by any failure of any entity (other than the Company) or person to fulfil its obligations relating to the Trust or by any other act or omission of the any other entity (other than the Company) or person.
- (i) No attorney, agent or other person appointed in accordance with this document has authority to act on behalf of the Company in a way which exposes the Company to any personal liability (except in accordance with the provisions of clause 17.5, and no act or omission of such a person will be considered fraud, negligence or wilful default of the Company for the purposes of this clause 17.5).
- (j) In this clause, the term:
- (i) **'Obligations'** means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Company under or in respect of this document; and
 - (ii) **'Assets'** includes all assets, property and rights real and personal of any value whatsoever.

Signing page

EXECUTED as an agreement.

Executed by The Regatta 3 Company (Australia) Pty Ltd as trustee for The Regatta No.2 Trust:

Secretary/director

Name (print)



Director

Name (print)



Executed by Redcape Property Fund Limited

Signature of director

Full name (print)

Usual address (print)



Signature of director/company secretary
(Please delete as applicable)

Full name (print)

Usual address (print)



Executed for and on behalf of The Trust Company (RE Services) Limited as responsible entity for Redcape Property Trust by its attorneys under power of attorney dated 30 July 2010, registered book 4597 no 37, who state they have received no notice of revocation of the power of attorney:

Signature of group A authorised person

Name of group A authorised person

Position of group A authorised person



Signature of group A/B authorised person

Name of group A/B authorised person

Position of group A/B authorised person



Schedule 7- Deed of Accession

ACCESSION DEED

THIS DEED POLL is made on

BY

[NEW RE]
as responsible entity for THE REGATTA NO.2 TRUST
ACN [insert]
of [address]
(**'New Party'**)

IN FAVOUR OF

THE TRUST COMPANY (RE SERVICES) LIMITED
as responsible entity for the REDCAPE PROPERTY TRUST
ABN 45 003 278 831
of Level 15, 20 Bond Street, Sydney NSW 2000
(**"Company"**)

and

REDCAPE SERVICES PTY LIMITED
ACN 138 297 775
of Ground Floor, 312 St Kilda Road, Melbourne, Vic 3004
(**"Manager"**)

and

REDCAPE PROPERTY FUND LIMITED
ABN 44 124 753 733
of Ground Floor, 312 St Kilda Road, Melbourne, Vic 3004
(**"RPF"**)

and

THE REGATTA 3 COMPANY (AUSTRALIA) PTY LTD
as trustee for THE REGATTA NO.2 TRUST
ACN 152 429 420
of Level 32, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000
(**"Consortium BidTrust"**)

and

THE REGATTA 3 COMPANY PTE LTD
Registration No. 201117786H
of 8 Cross Street, #11-00, PWC Building, Singapore (04824)
(**"Consortium BidCo"**)

BACKGROUND

- A Company, Manager, RPF, Consortium BidTrust and Consortium BidCo are parties to the Scheme Implementation Agreement.
- B Consortium BidTrust and Consortium BidCo are parties to the Scheme Deed Poll.
- C Company, Manager and Consortium BidTrust are parties to the Subscription Agreement.
- D On the Accession Date, the New Party will replace Consortium BidTrust.
- E The New Party hereby accedes to the Agreements and agrees to be bound by their terms.

AGREED TERMS

1 Defined terms & interpretation

1.1 Definitions

In this document:

“**Accession Date**” means the date on which all parties have executed this document.

“**Agreements**” means:

- (a) the Scheme Implementation Agreement dated 23 December 2011 between Company, Manager, RPF, Consortium BidTrust and Consortium BidCo;
- (b) the Scheme Deed Poll dated [] executed by Consortium BidTrust and Consortium BidCo; and
- (c) the Subscription Agreement dated [] between Company, Manager, RPF, Consortium BidTrust and Consortium BidCo

“**Effective Date**” means the respective date of each of the Agreements.

“**Trust**” means The Regatta No.2 Trust.

1.2 Interpretation

In this document:

- (a) the singular includes the plural and vice versa;
- (b) terms defined in the Scheme Implementation Agreement have the same meanings when used in this document unless otherwise defined in this document; and
- (c) clause 1 of the Scheme Implementation Agreement is incorporated in, and applies to, this document as if set out in full with any necessary amendments.

2 Accession

2.1 Accession

On and from the Accession Date:

- (a) New Party agrees to become a party to and be bound by the Agreements and will exercise the rights, and assume the obligations, of Consortium BidTrust under each Agreement;
 - (b) each other party to this document (in respect of any Agreement to which it is a party) agrees with each other and with New Party that New Party will become bound by the Agreements as if it were a party to the Agreements;
 - (c) New Party acquires all rights and benefits as a party to the Agreements, and agrees to comply with and be bound by all present and future obligations as a party to those Agreements; and
 - (d) New Party agrees to do all things that a party under each Agreement is required to procure or do in connection with it becoming a party to those Agreements,
- as if it had been party to each Agreement as and from the Effective Date.

2.2 Confirmations

On and from the Effective Date:

- (a) the parties confirm that all references to the Agreements shall be construed as references to the Agreements as amended by this deed;
- (b) the Agreements shall be read and construed as if references to Consortium BidTrust are references to New Party.

3 Acknowledgment

New Party represents and warrants that:

- (a) if has received a copy of, and approved, the Agreements, together with all other documents and information it requires in connection with this document, before signing this document;
- (b) it has the full power and authority to enter into and to perform its obligations under this deed and the Agreements;
- (c) the execution, delivery and performance by it of this deed and the Agreements does not and will not violate in any respect any provision of:
 - (i) any law, regulation, authorisation, ruling, consent, judgment, order or decree of any government agency; or
 - (ii) its constituent documents,and does not and will not result in a breach or default in any material respect under any agreement binding it; and
- (d) any authorisations required in connection with the execution, delivery and performance by it and the validity and enforceability against it of this deed have been obtained or effected and are in full force, and there has been no material default by it in the performance of any of the terms and conditions of any of those authorisations.

4 Notices and other communications

The details of New Party for the purposes of the Agreements is specified in the 'Parties' section of this document.

5 Governing law and jurisdiction

This document is governed by the laws of New South Wales and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that State.

6 Counterparts

This document may be executed in any number of counterparts and all counterparts taken together will constitute one and the same instrument.

7 Limitation of Liability

This limitation of the New Party's liability applies despite any other provisions of this document and extends to all Obligations of the New Party in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this document.

- (a) The New Party enters into this document as responsible entity of the Trust and in no other capacity.
- (b) The parties other than the New Party acknowledge that the New Party incurs the Obligations solely in its capacity as responsible entity of the Trust and that the New Party will cease to have any obligation under this document if the New Party ceases for any reason to be responsible entity of the Trust.
- (c) Subject to subclause 7(g), the New Party will not be liable to pay or satisfy any Obligations except out of the Assets against which it is actually indemnified in respect of any liability incurred by it as responsible entity of the Trust.
- (d) Subject to subclause 7(g), the parties other than the New Party may enforce their rights against the New Party arising from non-performance of the Obligations only to the extent of the New Party's right of indemnity out of the Assets of the Trust.
- (e) Subject to subclause 7(g), if any party other than the New Party does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
 - (i) bringing proceedings against the New Party in its personal capacity; or
 - (ii) applying to have the New Party put into administration or wound up or applying to have a receiver or similar person appointed to the New Party or proving in the administration or winding up of the New Party.
- (f) Subject to subclause 7(g), the parties other than the New Party waive their rights and release the New Party from any personal liability whatsoever, in respect of any loss or damage:
 - (i) which they may suffer as a result of any:
 - (A) breach by the New Party of any of its Obligations; or

- (B) non-performance by the New Party of the Obligations; and
- (ii) which cannot be paid or satisfied out of the Assets of which the New Party is entitled to be indemnified in respect of any liability incurred by it as responsible entity of the Trust.
- (g) The parties other than the New Party acknowledge that the whole of this document is subject to this clause 7 and the New Party shall in no circumstances be required to satisfy any liability of the New Party arising under, or for non-performance or breach of any Obligations under or in respect of, this document or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than the Assets of the Trust under the New Party's control and in its possession as and when they are available to the New Party to be applied in exoneration for such liability PROVIDED THAT if the liability of the New Party is not fully satisfied out of the Assets of the Trust as referred to in this clause 7, the New Party will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the Assets of the Trust have been reduced by reasons of fraud, negligence or breach of trust by the New Party in the performance of the New Party's duties as responsible entity of the Trust.
- (h) The parties agree that no act or omission of the New Party (including any related failure to satisfy any Obligations) will constitute fraud, negligence or wilful default of the New Party for the purposes of this clause 7 to the extent to which the act or omission was caused or contributed to by any failure of any entity (other than the New Party) or person to fulfil its obligations relating to the Trust or by any other act or omission of the any other entity (other than the New Party) or person.
- (i) No attorney, agent or other person appointed in accordance with this document has authority to act on behalf of the New Party in a way which exposes the New Party to any personal liability (except in accordance with the provisions of clause 7, and no act or omission of such a person will be considered fraud, negligence or wilful default of the New Party for the purposes of this clause 7).
- (j) In this clause, the term:
 - (i) 'Obligations' means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the New Party under or in respect of this document; and
 - (ii) 'Assets' includes all assets, property and rights real and personal of any value whatsoever.

EXECUTED as a DEED

Executed by [New RE] as responsible entity for The Regatta No.2 Trust:

Secretary/director



Director



Name (print)

Name (print)

Schedule 8 - Notice of Share Scheme Meeting

Redcape Property Fund Limited ABN 44 124 753 733

Notice is hereby given that by an order of the Court made on 24 February 2012 pursuant to section 411(1) of the Corporations Act 2001 (Corporations Act) a meeting of the holders of ordinary shares in Redcape Property Fund Limited ABN 44 124 753 733 (**RPF**) will be held:

Location: Gateway Theatre, Ground Floor, 312 St Kilda Road, Melbourne, Victoria, 3004

Date: 30 March 2012

Time: 12 noon

The Supreme Court of New South Wales (**Court**) has also directed that Colin Henson act as Chairman of the meeting, or failing him Peter Armstrong, and has directed the Chairman to report the result of the meeting to the Court if the resolution is approved.

Business of the meeting - Resolution

Resolution 1 – Share Scheme Resolution

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

That, subject to and conditional on:

- (a) *the Share Scheme being approved by the Court under section 411(4)(b) of the Corporations Act (with or without modification as approved by the Court) and an office copy of the order of the Court approving the Share Scheme being lodged with the Australian Securities and Investments Commission; and*
- (b) *the Unitholders passing the Trust Scheme Resolutions and the Court confirming that The Trust Company (RE Services) Limited as responsible entity for the Redcape Property Trust would be justified in acting upon the Trust Scheme Resolutions and in doing all things and taking all necessary steps to put the Trust Scheme into effect; and*
- (c) *Resolution 2 in this Notice of Share Scheme Meeting being passed,*

pursuant to and in accordance with section 411 of the Corporations Act, the members agree to the arrangement proposed between Redcape Property Fund Limited and the holders of its fully paid ordinary shares, designated the 'Share Scheme', the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Share Scheme Meeting forms part), with or without modification as approved by the Court.'

Resolution 2 - De-stapling Resolution

To consider and if thought fit, to pass the following resolution as a special resolution:

That, subject to and conditional on resolution 1 in this notice of Share Scheme Meeting being passed, the de-stapling of the shares in Redcape Property Fund Limited from the units in Redcape Property Trust on the Implementation Date, pursuant to clause 25 of the constitution of Redcape Property Fund Limited, is approved for all purposes'.

Explanatory Statement

To enable you to make an informed decision on the Resolution, further information on the Share Scheme is set out in the Scheme Booklet, of which this Notice of Share Scheme Meeting forms part. Terms used in this Notice of Share Scheme Meeting have the same meaning as set out in the Glossary in section 10 of the Scheme Booklet.

These notes should be read in conjunction with the Notice of Share Scheme Meeting and Scheme Booklet.

Majority required

Resolution 1: In accordance with section 411(4)(a)(ii) of the Corporations Act, Resolution 1 must be approved by:

- (a) a majority in number of the holders of Shares present and voting (either in person, by proxy or attorney or in the case of a corporate holder, by duly appointed corporate representative) at the Scheme Meeting; and
- (b) at least 75% of the votes cast on the Resolution.

Resolution 2: In accordance with the terms of the RPF Constitution, Resolution 2 must be approved as a special resolution passed by more than 75% of the total number of votes cast on the resolution at the Share Scheme Meeting by Shareholders entitled to vote on the resolution (that is, excluding any votes by Consortium or its associates).

Entitlement to vote

The Court has ordered that, for the purposes of the Scheme Meeting, Shares will be taken to be held by the persons who are registered as members at 1pm (Sydney time) on 28 March 2012. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Share Scheme Meeting.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy or attorney to attend and vote for you. Shareholders, their proxies, attorneys or representatives (including representatives or corporate proxies) wishing to vote in person should attend the Share Scheme Meeting and bring a form of personal identification (such as a driver's license).

Jointly held Shares

If the Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the register will be counted.

Corporate shareholders

To vote at the meeting (other than by proxy or attorney), a corporation that is a Shareholder must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

Voting by proxy

A Shareholder entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. A proxy need not be a holder of Shares. If you are entitled to cast two or more votes at the Share Scheme Meeting you may appoint up to two proxies to attend and act for you at the meeting. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes (disregarding fractions).

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Share Scheme Meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of RPF or the address listed below no less than 48 hours prior to the commencement of the Share Scheme Meeting.

Voting by attorney

Powers of attorney must be received by the Registry, or at the registered office, by no later than 1pm on 28 March 2012 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

An attorney will be admitted to the Share Scheme Meeting and given a voting card upon providing at the point of entry to the Share Scheme Meeting written evidence of their appointment, of their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a Shareholder from attending in person and voting at the Share Scheme Meeting if the Shareholder is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms, powers of attorney and authorities should be sent to RPF at the address specified on the enclosed reply paid envelope or to the address or facsimile specified below:

Post: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001

Facsimile: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Shareholders may contact the Registry at the above address or on phone 1300 552 270 (within Australia) or +61 3 9415 4000 (outside Australia) with any queries.

Court approval

If the Resolutions are approved at the Share Scheme Meeting and the Trust Scheme Meeting by the requisite majorities, the implementation of the Schemes (with or without modification) will be subject, among other things, to the subsequent approval of the Court.

RPF and The Trust Company (RE Services) Limited as responsible entity for the Redcape Property Trust intends to apply to the Court for orders to give effect to the Schemes if the Resolutions are so approved.

Schedule 9 – Notice of Trust Scheme Meeting

Redcape Property Trust ARSN 125 526 016

Notice is hereby given that a meeting of holders of units in the Redcape Property Trust (**Trust**) as confirmed by an order of the Court made on 24 February 2012 pursuant to section 63 of the Trustee Act 1925 (NSW) will be held:

Location: Gateway Theatre, Ground Floor, 312 St Kilda Road, Melbourne, Victoria, 3004

Date: 30 March 2012

Time: 12 noon or as soon after as the Share Scheme Meeting is concluded or adjourned.

Colin Henson will act as Chairman of the meeting or failing him, Peter Armstrong.

Business of the meeting – Special Resolution

Resolution 1 – Trust Deed Amendment Resolution:

To consider, and if thought fit, to pass the following resolution, as a special resolution, in accordance with section 601GC(1)(a) of the Corporations Act:

That, subject to and conditional on:

(d) *the Share Scheme being approved by the Court under section 411(4)(b) of the Corporations Act (with or without modification as approved by the Court) and an office copy of the order of the Court approving the Share Scheme being lodged with the Australian Securities and Investments Commission (ASIC); and*

(e) *Resolution 2, 3 and 4 in this Notice of Trust Scheme Meeting being passed, the Constitution of the Trust be amended with effect on and from the Effective Date as set out in the Supplemental Deed for the purpose of giving effect to the Trust Scheme and the responsible entity of Trust be authorised to execute and lodge with ASIC a copy of the Supplemental Deed.'*

Resolution 2 – Acquisition Resolution:

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

That, subject to, and conditional on:

(a) *the Share Scheme being approved by the Court under section 411(4)(b) of the Corporations Act (with or without modification as approved by the Court) and an office copy of the order of the Court approving the Share Scheme being lodged with the Australian Securities and Investments Commission (ASIC); and*

(b) *Resolution 1, 3 and 4 in this Notice of Trust Scheme Meeting being passed and an executed copy of the Supplemental Deed being lodged ASIC at the same time as the office copy of the orders of the Court approving the Share Scheme are lodged with ASIC,*

the Trust Scheme (as described in the Scheme Booklet of which this Notice of Trust Scheme Meeting forms part) be approved and, in particular, the acquisition by Consortium of a relevant interest in all the Trust Units existing as at the Scheme Record Date pursuant to the Trust Scheme be approved for the purposes of Item 7 section 611 of the Corporations Act 2001'.

Resolution 3 – De-stapling Resolution:

To consider and if thought fit, to pass the following resolution as a special resolution:

That, subject to and conditional on Resolutions 1, 2 and 4 in this Notice of Trust Scheme Meeting being passed, the de-stapling of the Trust's units from the shares in Redcape Property Fund

Limited on the Implementation Date pursuant to clause 21 of the Trust Constitution is approved for all purposes'.

Resolution 4 – Approval for issue of units to Consortium Bid Trust

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That, subject to and conditional on resolutions 1, 2 and 3 in this Notice of Trust Scheme Meeting being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given to the responsible entity of the Trust to issue up to 9,064,398,842 fully paid units in the Trust at an issue price of \$0.0259 per unit to The Regatta 3 Company (Australia) Pty Ltd as trustee for the Regatta Trust on the Implementation Date on the terms and conditions set out in the Scheme Booklet'.

Explanatory Statement

To enable you to make an informed decision on the Resolutions, further information on the Trust Scheme is set out in the Scheme Booklet, of which this Notice of Trust Scheme Meeting forms part. Terms used in this Notice of Trust Scheme Meeting have the same meaning as set out in the Glossary in section 10 of the Scheme Booklet.

These notes should be read in conjunction with the Notice of Trust Scheme Meeting and Scheme Booklet.

Majority required

Resolution 1 will not be passed unless at least 75% of the votes entitled to be, and are, cast on the resolution are in favour of the resolution.

Resolution 2 will not be passed unless more than 50% of the votes entitled to be, and are, cast on the resolution are in favour of the resolution.

Resolution 3 will not be passed unless more than 75% of the votes entitled to be, and are, cast on the resolution are in favour of the resolution.

Resolution 4 will not be passed unless more than 50% of the votes entitled to be, and are, cast on the resolution are in favour of the resolution.

Entitlement to vote

The responsible entity of Trust has determined that for the purposes of the Trust Scheme Meeting, Trust Units will be taken to be held by the persons who are registered as members at 1pm (Sydney time) on 28 March 2012. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Trust Scheme Meeting.

Voting Exclusions

Any votes cast in favour of Resolutions 1, 2, 3 and 4 by Consortium and its associates will be disregarded.

In accordance with section 253E of the Corporations Act, the responsible entity of Trust and its associates are not entitled to vote their interest on any resolution at a meeting of Trust Unitholders if they have an interest in the resolution or matter other than as a Unitholder.

In respect of Resolution 4, all votes will be disregarded by Consortium or any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy or attorney to attend and vote for you. Trust Unitholders, their proxies, attorneys or representatives (including representatives or corporate proxies) wishing to vote in person should attend the Trust Scheme Meeting and bring a form of personal identification (such as a driver's license).

Jointly held Shares

If the Trust Units are jointly held, only one of the joint shareholders is entitled to vote. If more than one unitholder votes in respect of jointly held shares, only the vote of the unitholder whose name appears first in the register will be counted.

Corporate Unitholders

To vote at the meeting (other than by proxy or attorney), a corporation that is a Trust Unitholder must appoint a person to act as its representative. The appointment must comply with section 253B of the Corporations Act. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

Voting by proxy

A Trust Unitholder entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. A proxy need not be a holder of Trust Units. If you are entitled to cast two or more votes at the Trust Scheme Meeting you may appoint up to two proxies to attend and act for you at the meeting. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes (disregarding fractions).

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Trust Scheme Meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of Redcape or the address listed below no less than 48 hours prior to the commencement of the Trust Scheme Meeting.

Voting by attorney

Powers of attorney must be received by the Registry, or at the registered office, by no later than 1pm on 28 March 2012 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

An attorney will be admitted to the Trust Scheme Meeting and given a voting card upon providing at the point of entry to the Trust Scheme Meeting written evidence of their appointment, of their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a Unitholder from attending in person and voting at the Trust Scheme Meeting if the Unitholder is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms, powers of attorney and authorities should be sent to the Registry at the address specified on the enclosed reply paid envelope or to the address or facsimile specified below:

Post: Computershare Investor Services Pty Limited GPO Box 242, Melbourne Victoria 3001

Facsimile: 1800 783 447 (within Australia) or + 61 3 9473 2555 (outside Australia)

Unitholders may contact the Registry at the above address or on 1300 552 270 (within Australia) or +61 3 9415 4000 (outside Australia) with any queries.

Judicial Advice

If the Resolutions are approved at the Trust Scheme Meeting by the requisite majorities, the implementation of the Trust Scheme will be subject, among other things, to the subsequent confirmation by the Court, under section 63 of the *Trustee Act 1925* (NSW) that, Redcape would be justified in acting

upon the Resolutions and in doing all things and taking all necessary steps to put the Trust Scheme into effect.

Redcape intends to apply to the Court on behalf of the responsible entity of the Trust for orders to give effect to the Trust Scheme if the Resolutions are so approved.

