

TIL Placement of Mandatory Convertible Notes

New Zealand freight and logistics company, TIL Logistics Group Limited (NZX: TLL), today announces the placement of \$8.2 million of mandatory convertible notes (“Notes”) to certain of TIL’s largest shareholders and other wholesale investors.

The net proceeds from the Notes will be used to repay bank debt. Together with cash of \$1.8 million, TLL will repay \$10 million of senior secured debt under its existing facilities.

Chair of TIL Logistics Group, Trevor Janes, commented: “The placement is of considerable value to TIL Logistics Group in assisting to reduce core debt. The placement also provides the opportunity to welcome new wholesale investors to the company”.

Summary of the Terms of the Notes:

Principal Amount and Maturity Date

- Each Note has a principal amount of \$50,000.
- The Notes have a maturity date of 30 April 2026 (“Maturity Date”).

Conversion

- On the Maturity Date, all outstanding Notes will be converted to ordinary shares in TIL (“Conversion”).
- Any holder of Notes (“Noteholder”) may elect to Convert its Notes prior to the Maturity Date by giving written notice to TIL, provided that no such notice may be given before 1 May 2023.
- On Conversion, TIL will issue a number of ordinary shares in TIL (“Shares”) (rounded to the nearest whole Share) calculated by dividing the principal amount of the relevant Note by an amount equal to 90% of the five-day VWAP of Shares. For this purpose, the five-day VWAP is the volume weighted average price of Shares on the NZX Main Board over the five NZX trading days before the date of Conversion.
- To permit compliance with the Takeovers Code, a Noteholder may, before Notes are Converted, elect that all or some of its Notes be satisfied by the issue of non-voting shares in TIL (“Non-voting Shares”), rather than Shares, on the basis of one Non-voting Share for each Share which would otherwise be issued. Non-voting Shares have the same rights and terms as, and rank equally in all respects with, Shares except that:
 - they will carry no voting rights (other than on a proposal that affects rights attaching to Non-voting Shares);
 - they will not be quoted on the NZX Main Board; and
 - they may be converted at the election of the holder into a Share (so long as the board of directors of TIL is of the opinion that such conversion would not cause a breach of any relevant law).
- TIL is not required to Convert any Notes if in the opinion of the board of directors of TIL such Conversion would cause a breach of any relevant law, including the Takeovers Code.
- The principal amount of Notes is not able to be repaid in cash, except on a liquidation of TIL subject to the subordination and ranking arrangements described below.

Interest

- Interest will be payable (subject to the below) on each Note at the rate of 5% per annum, payable by quarterly instalments.
- TIL may in certain limited circumstances determine that interest on Notes will not be paid in cash for a period of time, but will be added to the principal amount of Notes. TIL may make that election only if:
 - TIL would not, if interest were paid in cash, meet the solvency test in section 4 of the Companies Act 1993; or
 - an event of default or potential event of default is continuing, or would occur as a result of the payment of interest, in respect of any borrowed money of TIL.
- If and for so long as interest is being capitalised on the Notes, no dividend will be paid in respect of TIL's Shares.

Subordination, ranking and listing

- Notes are unsecured.
- All amounts payable in respect of Notes (including principal and interest) are subordinated to all other creditors of TIL, so that on a liquidation of TIL, those amounts rank after the claims of all other creditors of TIL, other than other Noteholders.
- Notes rank equally amongst themselves. Shares issued on Conversion will rank equally with all other Shares then on issue, except in respect of dividends or other benefits the record date for which falls before the date of Conversion.
- Notes are not guaranteed by any party (including subsidiaries of TIL).
- Notes will not be quoted on the NZX Main Board or any other stock exchange.

Transfer

- Notes are freely transferable, provided that TIL may decline to accept a transfer of any Notes if in the opinion of TIL, if that transfer is effected and those Notes are Converted, a breach of the Takeovers Code, the Overseas Investment Act, or any other law would occur.

Takeovers

TIL and Noteholders have the right to Convert if a takeover offer, takeover scheme or similar is effected in respect of TIL, and the bidder becomes entitled to acquire all of the Shares.

Voting

Notes are non-voting.

ENDS

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About TIL Logistics Group Limited (TLL)

TLL is one of the largest domestic freight and logistics businesses in New Zealand, with a nationwide network of branches, depots and warehouses. TLL's activities include transporting and warehousing freight throughout New Zealand and co-ordinating freight movements offshore with the assistance of international alliances. TLL also has a specialist road tanker division which is one of the largest operators in the New Zealand fuel delivery market.