



TOURISM & LEISURE LTD



APOLLO TOURISM & LEISURE LTD  
ACN 614 714 742

# Scheme Booklet

for a scheme of arrangement in relation to the proposed acquisition by *thl* Group (Australia) Pty. Ltd., a wholly-owned subsidiary of Tourism Holdings Rentals Limited, a foreign company registered in its original jurisdiction of New Zealand as Tourism Holdings Limited, of all of the ordinary shares in Apollo Tourism & Leisure Ltd not already owned by the Entities.

## VOTE IN FAVOUR

The ATL Directors unanimously recommend that you approve the Scheme by voting in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of ATL Voting Shareholders.

**This is an important document and requires your urgent attention.**

If you are in any doubt as to how to deal with this Scheme Booklet, please consult your legal, financial, taxation or other professional adviser. If, after reading this Scheme Booklet, you have any questions, please call the ATL Shareholder Information Line on 1300 396 584 (within Australia) or +61 3 9415 4151 (outside Australia) Monday to Friday between 8.30am and 5.00pm.

Please disregard this Scheme Booklet if you have recently sold all your ATL Shares or no longer hold any ATL Shares.

LEGAL ADVISER TO ATL



FINANCIAL ADVISER TO ATL





## Important Notices

### Nature of this booklet

This Scheme Booklet is important. **ATL** Voting Shareholders should carefully read this Scheme Booklet in its entirety before making a decision on how to vote on the Scheme.

The purpose of this Scheme Booklet is to explain the terms of the Scheme, the manner in which the Scheme will be considered and implemented (if all of the conditions to the relevant Scheme are satisfied or (if permitted) waived) and to provide such information as is prescribed or otherwise material for **ATL** Voting Shareholders when deciding how to vote on the Scheme. This document includes the explanatory statement required by section 412(1) of the Corporations Act in relation to the Scheme.

This Scheme Booklet is not a disclosure document required by Chapter 6D or Part 7.9 of the Corporations Act. Section 708(17) of the Corporations Act provides that an offer of securities does not require disclosure to investors if it is made under a compromise or arrangement under Part 5.1 of the Corporations Act and approved at a meeting held as a result of an order under section 411(1) or (1A) of the Corporations Act.

If you have sold all your **ATL** Shares or no longer hold any **ATL** Shares, please disregard this Scheme Booklet.

### Responsibility for information

**ATL** has been solely responsible for preparing the **ATL** Information. The information concerning **ATL** and the intentions, views and opinions of **ATL** and the **ATL** Directors contained in this Scheme Booklet has been prepared by **ATL** and is the responsibility of **ATL**. None of **thl**, its Related Bodies Corporate or their respective directors, officers, employees or advisers has verified any of the **ATL** Information, and none of them assumes any responsibility for the accuracy or completeness of any of the **ATL** information.

**thl** has been solely responsible for preparing the **thl** Information. The information concerning **thl** and the intentions, views and opinions of **thl** contained in this Scheme Booklet, has been prepared by **thl** and is the responsibility of **thl**. None of **ATL**, its Related Bodies Corporate, or their respective directors, officers, employees or advisers has verified any of the **thl** Information, and none of them assumes any responsibility for the accuracy or completeness of any of the **thl** Information.

The Independent Expert, Grant Thornton Corporate Finance Pty Ltd, has prepared the Independent Expert's Report and takes responsibility for that report. None of **ATL**, **thl** or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers takes any responsibility for the Independent Expert's Report. The Independent Expert's Report is set out in Annexure A.

The Investigating Accountant, BDO Audit Pty Ltd, has prepared the Independent Limited Assurance Report and takes responsibility for that report. None of **ATL**, **thl** or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers takes any responsibility for the Independent Limited Assurance Report. The Independent Limited Assurance Report is contained in Annexure B.

### Regulatory information and role of ASIC and ASX

This document includes the explanatory statement for the Scheme between **ATL** and the Scheme Shareholders for the purposes of section 412(1) of the Corporations Act. A copy of the Scheme is included in this Scheme Booklet as Annexure D.

A draft of this Scheme Booklet has been provided to ASIC in accordance with section 411(2) of the Corporations Act. It was then registered by ASIC under section 412(6) of the Corporations Act before being sent to **ATL** Voting Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Hearing. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire process of the Scheme.

If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A draft of this Scheme Booklet has also been provided to ASX for its review in accordance with the Listing Rules. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

## Forward looking statements

This Scheme Booklet contains both historical and forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements.

All forward looking statements in this Scheme Booklet reflect views only as at the date of this Scheme Booklet, and generally may be identified by the use of forward looking words such as “believe”, “aim”, “expect”, “anticipate”, “intending”, “foreseeing”, “likely”, “should”, “planned”, “may”, “estimate”, “potential”, or other similar words. Similarly, statements that describe **ATL**, **thl** or the Merged Group’s objectives, plans, goals or expectations are or may be forward looking statements. The statements contained in this Scheme Booklet about the impact that the Scheme may have on the results of **ATL** and/or **thl**’s operations and the advantages and disadvantages anticipated to result from the Scheme are also forward looking statements.

**ATL** Voting Shareholders should be aware that there are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of **ATL** or **thl** to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements or that could cause the future conduct, results, performance or achievements to be materially different from historical conduct, results, performance or achievements. These risks, uncertainties, assumptions and other important factors include, among other things, the risks set out in section 10 of this Scheme Booklet.

None of **ATL**, **thl**, or any of their respective Related Bodies Corporate, directors, officers, employees or advisers, or any person named in this Scheme Booklet with their consent, or otherwise involved in the preparation of this Scheme Booklet, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur.

**ATL** Voting Shareholders are cautioned about relying on any such forward looking statements. All subsequent written and oral forward-looking statements attributable to **ATL**, **thl**, or any of their respective Related Bodies Corporate, directors, officers, employees or advisers or any person acting on their behalf are qualified by this cautionary statement.

The forward looking statements in this Scheme Booklet reflect views held only as at the date of this Scheme Booklet. Subject to any continuing obligations under applicable law or the ASX Listing Rules, **ATL**, **thl**, their Related Bodies Corporate and their respective directors and officers disclaim any obligation to update any forward looking statements after the date of this Scheme Booklet, to reflect any change in expectations in relation to those statements or change in events, conditions or circumstances on which a statement is based.

## Not investment advice

The information contained in this Scheme Booklet does not take into account the investment objectives, financial situation or particular needs of any individual **ATL** Voting Shareholder or any other person. Before making any investment decision in relation to the Scheme, you should consider, with or without the assistance of an independent securities or other adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances. Neither **ATL** nor **thl** are licensed to provide financial product advice. No cooling-off period applies to the issue of **thl** Consideration Shares to Scheme Shareholders under the Scheme.

## Not an offer

This Scheme Booklet does not constitute or contain an offer to **ATL** Shareholders, or a solicitation of an offer from **ATL** Shareholders, in any jurisdiction.

## Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia, New Zealand and the United Kingdom may be restricted by law or regulation in such other jurisdictions. Persons outside Australia, New Zealand or the United Kingdom who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. **ATL** disclaims all liabilities to such persons.

**ATL** Voting Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of jurisdictions other than Australia. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside Australia.

If you are a Foreign Scheme Shareholder, you will not be entitled to receive *thl* Consideration Shares. *thl* Consideration Shares that would otherwise be issued to you under the Scheme will be issued to a nominee of *thl* to be sold on NZX, with the net sale proceeds to be paid to you.

### **New Zealand**

This Scheme Booklet is not a New Zealand product disclosure statement or other disclosure document and has not been registered, filed with or approved by any New Zealand Governmental Agency under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). In offering *thl* Consideration Shares under the Scheme in New Zealand, *thl* is relying on the exclusion contained in clause 19 of Schedule 1 to the Financial Markets Conduct Act 2013 and accordingly, this Scheme Booklet may not contain all the information that a product disclosure statement or other disclosure document is required to contain under New Zealand law. **ATL** Voting Shareholders resident in New Zealand should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the Scheme.

### **United Kingdom**

Neither this Scheme Booklet nor any other document relating to the Scheme has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the *thl* Consideration Shares.

This Scheme Booklet does not constitute an offer of transferable securities to the public within the meaning of Regulation (EU) 2017/1129 (**UK Prospectus Regulation**) or the FSMA. Accordingly, this document does not constitute a prospectus for the purposes of the UK Prospectus Regulation or the FSMA.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue of *thl* Consideration Shares or sale of the **ATL** Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to **ATL** or *thl*.

In the United Kingdom, this Scheme Booklet is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document.

### **Important notice associated with court order**

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved the Scheme Booklet for distribution to the Scheme Shareholders does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how **ATL** Voting Shareholders should vote (on this matter, members must reach their own decision); or
- has or will approve the terms of the Scheme; or
- has prepared, or is responsible for the content of, the Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

### **Notice of scheme meeting**

The Notice of Scheme Meeting is set out in Annexure F.

## Notice of second court hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any **ATL** Shareholder may appear at the Second Court Hearing, which is currently expected to be held at 10.00am on Thursday, 28 April 2022 at the Supreme Court of Queensland (Brisbane Registry). Information on attending the Second Court Hearing, including the scheduled date of the hearing, will be released on ASX in due course if the Scheme is approved by **ATL** Voting Shareholders at the Scheme Meeting.

Any **ATL** Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on **ATL** a notice of appearance in the prescribed form together with any affidavit that the **ATL** Shareholder proposes to rely on.

The notice of appearance and affidavit must be served on **ATL** at its address for service at least one day before the Second Court Hearing. The postal address for service is c/- Hamilton Locke, Level 28, 123 Eagle Street, Brisbane, Queensland 4000 and should be copied to [benny.sham@hamiltonlocke.com.au](mailto:benny.sham@hamiltonlocke.com.au).

It is possible that, because of restrictions imposed in response to the COVID-19 pandemic, the Second Court Hearing will be conducted by remote access technology, including via a dedicated video conferencing service or telephone conferencing service. An **ATL** Shareholder seeking to attend the Second Court Hearing should review the Court list (available at [www.courts.qld.gov.au/daily-law-lists/daily-law-lists](http://www.courts.qld.gov.au/daily-law-lists/daily-law-lists)) for details of the hearing and how such hearing can be attended. The Court list is usually available by 6.00pm the day before a scheduled hearing.

Any update or change to the date or arrangements for the conduct of the Second Court Hearing will be announced on the ASX ([www.asx.com.au](http://www.asx.com.au)) and will also be notified on **ATL**'s website ([www.apollotourism.com](http://www.apollotourism.com)).

## Implied value

Scheme Shareholders will receive their Scheme Consideration as **thl** Consideration Shares. Any reference to the implied value of the Scheme Consideration should not be taken as an indication that the implied value is fixed. The implied value of the Scheme Consideration will vary with the market price of **thl** Consideration Shares and the NZD:AUD exchange rate.

If you are a Foreign Scheme Shareholder, this also applies to the **thl** Consideration Shares which will be issued to a nominee of **thl** and sold on NZX by the nominee. Any cash remitted to you from the sale proceeds will depend on the market price of **thl** Consideration Shares at the time of sale by **thl**'s nominee and will be less any applicable taxes, brokerage and other charges incurred by **thl** or the nominee in connection with the sale.

## Tax implications of the scheme

If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme Shareholders which may include tax being payable on any gain on disposal of **ATL** Shares.

For further detail about the general Australian and certain New Zealand tax consequences of the Scheme, refer to section 11 of this Scheme Booklet. The tax treatment may vary depending on the nature and characteristics of each **ATL** Voting Shareholder and their specific circumstances. Accordingly, **ATL** Voting Shareholders should seek professional tax advice in relation to their particular circumstances.

## Privacy

**ATL**, **thl** and their respective registries may need to collect personal information in connection with the Scheme.

The personal information may include the names, contact details and details of holdings of **ATL** Voting Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist **ATL** and **thl** to conduct the Scheme Meeting and implement the Scheme.

The information may be disclosed to **ATL**, **thl**, and their respective Related Bodies Corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider, whether in Australia or overseas, to the extent necessary to promote and effect the Scheme.

**ATL** Shareholders 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. **ATL** Shareholders may contact the Share Registry if they wish to exercise these rights.

If the information outlined above is not collected, **ATL** may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. **ATL** Voting Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined above.

### Right to inspect share register

**ATL** Shareholders have the right to inspect the Share Register which contains the name and address of each **ATL** Shareholder and certain other prescribed details relating to **ATL** Shareholders, without charge.

**ATL** Shareholders also have the right to request a copy of the Share Register upon payment of a fee (if any) up to a prescribed amount.

**ATL** Shareholders have these rights by virtue of section 173 of the Corporations Act.

### Past performance

References to the past financial performance of **ATL** and *thl* are not a reliable indicator of future performance.

### External websites

Unless expressly stated otherwise, the content of **ATL**'s website and *thl*'s website does not form part of this Scheme Booklet and **ATL** Voting Shareholders should not rely on any such content.

### Defined terms

Capitalised terms used in this Scheme Booklet (other than in the Annexures which accompany this Scheme Booklet) are defined in the Glossary in section 13 of this Scheme Booklet or otherwise in the sections in which they are used.

Section 13 of this Scheme Booklet also sets out rules of interpretation which apply to this Scheme Booklet.

### Financial amounts

All financial amounts in this Scheme Booklet in relation to **ATL** are expressed in Australian currency, unless otherwise stated. All financial amounts in this Scheme Booklet in relation to *thl* and the Merged Group are expressed in New Zealand currency, unless otherwise stated.

### Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this document.

### Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculations may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Scheme Booklet due to the effect of rounding.

### Time

A reference to time in this Scheme Booklet is a reference to Australian Eastern Daylight Time until 3 April 2022 and thereafter to Australian Eastern Standard Time, unless otherwise indicated.

### Date of this scheme booklet

This Scheme Booklet is dated Monday, 21 February 2022.

## Key dates and times

EVENT	DATE
First Court Hearing at which the Court made orders convening the Scheme Meeting	Friday, 18 February 2022
Date of this Scheme Booklet	Monday, 21 February 2022
Deadline for receipt by the Share Registry of Proxy Forms, powers of attorney or appointments of corporate representatives for the Scheme Meeting	10.00am on Monday, 18 April 2022
Time and date for determining eligibility to vote at the Scheme Meeting ( <b>Voting Entitlement Time</b> )	7.00pm on Monday, 18 April 2022
Scheme Meeting	10.00am on Wednesday, 20 April 2022
<i>If the Scheme is approved by the Requisite Majority of ATL Voting Shareholders, the indicative timetable for implementing the Scheme is as set out below and ATL will confirm the proposed dates to ASX and on its website (<a href="http://www.apollotourism.com">www.apollotourism.com</a>) in due course.</i>	
<b>Second Court Date:</b> Second Court Hearing for approval of the Scheme	10.00am on Thursday, 28 April 2022
<b>Effective Date</b> The date on which the Scheme becomes Effective and is binding on ATL Voting Shareholders Lodgement by ATL with ASIC of the Court orders approving the Scheme and lodgement of announcement to ASX Last day of trading in ATL Shares on the ASX	Friday, 29 April 2022
Suspension of trading of ATL Shares on ASX	4.00pm on Friday, 29 April 2022
<b>Scheme Record Date:</b> Time and date for determining entitlements to the Scheme Consideration	7.00pm on Tuesday, 3 May 2022
<b>Implementation Date:</b> Issue of Scheme Consideration to Scheme Shareholders	Tuesday, 10 May 2022
Commencement of trading of <i>thl</i> Consideration Shares on the NZX on a normal settlement basis	Wednesday, 11 May 2022
Admission of <i>thl</i> to the official list of ASX as a foreign exempt listing	Wednesday, 11 May 2022
Commencement of trading of <i>thl</i> Consideration Shares on the ASX on a normal settlement basis	Wednesday, 11 May 2022 or as soon as reasonably practicable thereafter

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court, ASIC, ASX, NZX and any other relevant government agency, and any other conditions to the Scheme having been satisfied or, if applicable, waived. Any changes to the above timetable will be announced on ASX and notified on ATL's website at [www.apollotourism.com](http://www.apollotourism.com).



## What you should do

### Step 1: Read this Scheme Booklet

This is an important document and requires your immediate attention. It contains information that is material to **ATL** Voting Shareholders in making a decision on whether or not to vote in favour of the Scheme.

You should read this Scheme Booklet in its entirety, including the Independent Expert's Report, before making a decision on how to vote in relation to the Scheme.

If you are in any doubt as to what you should do with this Scheme Booklet, please consult your legal, financial, tax or other professional adviser. If you have any additional questions about the Scheme or the Scheme Booklet, please contact the **ATL** Shareholder Information Line on 1300 396 584 (within Australia) or +61 3 9415 4151 (outside Australia) on Monday to Friday between 8.30am and 5.00pm.

### Step 2: Vote at the Scheme Meeting

If you are registered as an **ATL** Voting Shareholder by the Share Registry at the Voting Entitlement Time, which is 7.00pm on Monday, 18 April 2022, you will be entitled to vote at the Scheme Meeting.

If you are entitled to vote at the Scheme Meeting, it is very important that you vote. This is because the Scheme must be passed by a majority in number (more than 50%) of **ATL** Voting Shareholders who are present and voting at the Scheme Meeting, in person or by proxy, attorney or corporate representative, and at least 75% of the votes cast at the Scheme Meeting.

In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation. The Scheme Meeting will be held at 10.00am on Wednesday, 20 April 2022 at Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Queensland 4000 and also via **ATL's** online meeting platform at <https://meetnow.global/MXDSZKR>, as set out in the Notice of Scheme Meeting in Annexure F. **ATL** Voting Shareholders and their proxies, attorneys and corporate representatives may attend the Scheme Meeting either in person or via **ATL's** online meeting platform.

Given current uncertainty and to minimise health risks created by the COVID-19 pandemic, **ATL** strongly encourages **ATL** Voting Shareholders to consider lodging a directed proxy or attending the meeting virtually, rather than attending the physical meeting in person. However, **ATL** Voting Shareholders that wish to attend the physical meeting in person should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to lockdowns or border closures that may from time to time be imposed in response to the COVID-19 global pandemic. Any change will be announced by **ATL** via the ASX. **ATL** Voting Shareholders that wish to attend in person are also strongly encouraged to contact the **ATL** Shareholder Information Line no later than 7 days prior to the date of the Scheme Meeting to inform **ATL** of their intention to attend the Scheme Meeting in person and to provide their contact details (email address or mobile telephone number or both) so that representatives of **ATL** can notify them of any changes to the protocols for attending the physical Scheme Meeting in person.

You should note that the Scheme is subject to the Scheme Conditions, so the Scheme may not proceed even if the Scheme is approved by **ATL** Voting Shareholders at the Scheme Meeting.

Please refer to the explanatory notes in the Notice of Scheme Meeting at Annexure F for a summary of voting procedures for the Scheme Meeting.

## Key reasons to vote for and against the Scheme

### Reasons to vote in favour of the Scheme

- ✓ The **ATL** Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the **ATL** Voting Shareholders.
- ✓ The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of **ATL** Voting Shareholders, in the absence of a Superior Proposal.
- ✓ The Scheme has support from **ATL**'s major shareholder group, the Touchet Shareholders.
- ✓ The Scheme Consideration represents an attractive premium to the recent trading prices of **ATL** Shares.
- ✓ The Proposed Transaction brings two highly complementary businesses together to create a diversified, leading RV travel company across Australia, New Zealand, North America, the United Kingdom and Europe.
- ✓ The Proposed Transaction is expected to create significant cost synergies not otherwise available to the standalone entities.
- ✓ The Merged Group is expected to be financially stronger than **ATL** on a standalone basis. The **ATL** Directors believe this will likely result in a faster recovery from COVID-19, improved ability to weather any ongoing effects from the pandemic including supply chain disruptions, and capability to take advantage of near term growth opportunities.
- ✓ The Scheme was considered by **ATL** Directors to be more favourable than **ATL** remaining as a standalone entity.
- ✓ No Superior Proposal has emerged since the announcement of the Scheme.
- ✓ If the Scheme does not proceed, and no Superior Proposal emerges, the price of **ATL** Shares may fall in the near-term.
- ✓ The Merged Group will have an experienced and complementary board and management team with extensive experience and proven track record operating across Australia, New Zealand, the United Kingdom, Europe and North America.
- ✓ **thl** will apply to be admitted to the official list of ASX in addition to its existing NZX listing and, if that application is successful and the Scheme becomes Effective, Scheme Shareholders will be able to trade their **thl** Consideration Shares on the ASX and NZX.
- ✓ No brokerage will be payable by you for the transfer of your **ATL** Shares under the Scheme.

Reasons why you might decide to vote in favour of the Scheme are set out in more detail in section 4 of this Scheme Booklet.

### Potential reasons to vote against the Scheme

- ✗ You may believe there is potential for a Superior Proposal to be made in the foreseeable future.
- ✗ You may disagree with the **ATL** Directors' unanimous recommendation or the Independent Expert's conclusion.
- ✗ You may wish to maintain your current investment profile and exposure to a business with **ATL**'s specific characteristics.
- ✗ The future value of the **thl** Consideration Shares after the Scheme is implemented will move with market and investor sentiment and as such is considered uncertain.
- ✗ You may be worried about specific risks associated with **thl**'s business or the future value of **thl** Consideration Shares after the Scheme is implemented.
- ✗ The tax consequences of the Scheme may not suit your current financial situation.
- ✗ The Scheme may be subject to Scheme Conditions that you consider unacceptable.

Reasons why you might decide not to vote in favour of the Scheme are set out in more detail in section 4 of this Scheme Booklet.

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## Letter from the Chairman of ATL

### Dear ATL Shareholder,

On behalf of the **ATL** Directors, I am pleased to provide you with this Scheme Booklet that contains information that you will need to consider in relation to the proposed merger of Apollo Tourism & Leisure Ltd (**ATL**) with Tourism Holdings Limited (*thl*), a company listed on New Zealand's Exchange (**NZX**) through *thl* Group (Australia) Pty. Ltd. (*thl* Acquirer), a wholly-owned Subsidiary of *thl*.

On 10 December 2021, **ATL** and *thl* announced that they had entered into a Scheme Implementation Deed under which *thl* Acquirer will acquire all **ATL** Shares not already owned by the *thl* Entities by way of a scheme of arrangement between **ATL** and its shareholders (**Scheme**).

Your directors believe the merger of **ATL** and *thl* will create a leading global RV group that will be better placed to navigate the ongoing uncertainties in tourism, leisure and supply chains caused by the COVID-19 pandemic. We expect the merger will deliver meaningful synergies for both **ATL** and *thl* Shareholders. We also believe that the merger will provide a stronger financial platform to deliver an earnings recovery post-pandemic more quickly than would be possible for **ATL** stand-alone.

### Overview of the Scheme

Under the Scheme, all **ATL** Shareholders (other than the *thl* Entities) as at the Scheme Record Date (**Scheme Shareholders**) will be entitled to be issued 1 *thl* Consideration Share in exchange for every 3.680818 **ATL** Shares held by them on the Scheme Record Date (**Scheme Consideration**). Following implementation of the Scheme, and based on the capital structure of *thl* and **ATL** at the Last Practicable Date, Scheme Shareholders will together own approximately 25% of *thl* Shares on issue, with existing *thl* Shareholders owning the remaining approximately 75% (except that Foreign Scheme Shareholders will not receive *thl* Consideration Shares and will instead receive the net proceeds from the sale of the *thl* Consideration Shares that would otherwise have been issued to them, as set out in section 6.6).

Any entitlements to a fraction of a *thl* Consideration Share arising under the calculation of Scheme Consideration will be rounded to the nearest *thl* Consideration Share (and if the fractional entitlement would include one-half of a *thl* Consideration Share, the entitlement will be rounded up).

### ATL Directors' recommendation

After carefully considering the expected advantages and potential disadvantages of the Scheme, each of the **ATL** Directors considers the Scheme to be in the best interests of **ATL** Shareholders (other than the *thl* Entities) (**ATL Voting Shareholders**) and recommends that **ATL** Voting Shareholders vote in favour of the Scheme, in each case in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of **ATL** Voting Shareholders. Subject to these same qualifications, each **ATL** Director intends to vote, or procure the voting of, any **ATL** Shares in which he or she has a Relevant Interest in favour of the Scheme. As at the Last Practicable Date, the **ATL** Directors hold in aggregate a Relevant Interest in approximately 53.73% of all **ATL** Shares on issue.

If any proposal is received from third parties in the context of a control transaction (or any other transaction), the **ATL** Directors will carefully consider that proposal to determine whether it is a Superior Proposal in the best interests of **ATL** Voting Shareholders, taking into account a range of relevant factors. As at the date of this Scheme Booklet, no Superior Proposal has emerged and the **ATL** Directors are not aware of any Superior Proposal that is likely to emerge.

### Independent Expert

The **ATL** Directors have also commissioned an Independent Expert, Grant Thornton Corporate Finance Pty Ltd, to prepare the Independent Expert's Report in relation to the Scheme.

**The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of **ATL** Voting Shareholders, in the absence of a Superior Proposal. The Independent Expert has assessed the fair market value of **ATL** Shares on a control basis at between A\$0.709 and A\$0.859 per **ATL** Share and the fair market value of the Scheme Consideration on a minority basis at between A\$0.753 and A\$0.913 per **ATL** Share.**

**The Independent Experts assessment of the fair market value of the Scheme Consideration on a minority basis falls within or above the Independent Expert's assessed fair market valuation range of ATL Shares on a control basis, with the Scheme Consideration valuation at the low-end and high-end above the valuation of ATL Shares at the low-end and high-end.**

A copy of the Independent Expert's Report is contained in Annexure A of this Scheme Booklet.

## **Scheme Meeting**

Your vote is important. The Scheme can only be implemented if it is approved by:

- a majority in number (more than 50%) of **ATL** Voting Shareholders who are present and voting, in person or by proxy, attorney or corporate representative, at the Scheme Meeting; and
- at least 75% of the votes cast at the Scheme Meeting by **ATL** Voting Shareholders,

and if it is subsequently approved by the Court at the Second Court Hearing.

In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation. The Scheme Meeting will be held at 10.00am on Wednesday, 20 April 2022 at Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Queensland 4000 and also via **ATL's** online meeting platform at <https://meetnow.global/MXDSZKR>. You may vote by attending in person or online through **ATL's** online meeting platform, or by appointing a proxy, attorney or corporate representative to attend the Scheme Meeting to vote on your behalf. Further information on how to vote using each of these methods is contained in the explanatory notes of the Notice of Scheme Meeting in Annexure F.

You should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to any Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any such changes will be announced by **ATL** to ASX.

Should you wish to appoint a proxy to vote on your behalf, please complete and sign the personalised Proxy Form accompanying this Scheme Booklet and return it to the Share Registry by no later than **10.00am on Monday, 18 April 2022**.

I strongly encourage you to carefully consider all the information set out in this Scheme Booklet when deciding whether to vote in favour of the Scheme.

If you require any further information in relation to the Scheme, please call the **ATL** Shareholder Information Line on 1300 396 584 (within Australia) or +61 3 9415 4151 (outside Australia) on Monday to Friday between 8.30am and 5.00pm.

On behalf of the **ATL** Directors, I would like to take this opportunity to thank you in advance for your ongoing support of **ATL**. The **ATL** Directors believe that the proposed merger of **ATL** and *thl* through the Scheme makes strong commercial and strategic sense and is in the best interests of **ATL** Voting Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of **ATL** Voting Shareholders. We encourage you to vote in favour of the Scheme and look forward to your participation in the Scheme Meeting.

Yours sincerely,



**Sophie Mitchell**

Non-Executive Chairman

*Apollo Tourism & Leisure Ltd*

## Letter from the Chairman of *thl*

### Dear ATL Shareholders,

On behalf of the *thl* Directors and the management team of *thl*, we are pleased to have collaborated with **ATL** to deliver this Scheme Booklet which provides important information in relation to the proposed merger of Apollo Tourism & Leisure Ltd (**ATL**) and Tourism Holdings Limited (*thl*).

As a Merged Group, I believe we will be able to better manage market uncertainty over the next phase, through the realisation of the substantial cost synergies we see available today, as well as improved fleet efficiency as the fleet is rebuilt in the coming period. This positions us to face a longer than expected recovery period, should that eventuate, with greater financial stability than either company would have as a standalone business.

We will also operate more globally and establish ourselves as a true global commercial RV rental leader with businesses in the United States, Canada, Europe and the United Kingdom, in addition to the Australasian operations, and supported by a strong manufacturing capability and retail vehicle sales in Australia and New Zealand.

It has been encouraging to see that there is a strong cultural fit between both *thl* and **ATL**, and that **ATL** shares our commitment to being a business that focuses on multiple stakeholder impacts and benefits. The fleet synergies proposed from this merger demonstrates the strong linkage between the environmental and commercial benefits of this transaction, and the ability the Merged Group will have to do more, and deliver more, with fewer resources and less environmental impact.

The COVID-19 pandemic has changed the face of tourism globally, for a period at least. It has been a challenging period for all in tourism. However, the proposed merger of *thl* and **ATL** will provide both groups of shareholders with the benefits of the expected recovery with the knowledge that the Merged Group has the ability to execute on material cost synergies that aren't available to either party without this merger.

This Scheme Booklet includes a profile of the Merged Group and *thl's* intentions for the Merged Group. On behalf of the board of *thl*, I encourage you to read this Scheme Booklet carefully and vote in favour of the Scheme at the Scheme Meeting to be held at 10.00am on Wednesday, 20 April 2022 at Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Queensland 4000 and also via **ATL's** online meeting platform at <https://meetnow.global/MXDSZKR>

I am excited by the opportunities that lie ahead for the Merged Group and I look forward to welcoming you as a *thl* Shareholder following successful implementation of the Scheme.

Yours sincerely



**Rob Campbell**

Chairman

*Tourism Holdings Limited*

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SECTION 1

# Overview of the Scheme





## 1.1 Background

On 10 December 2021, **ATL** announced that it, **thl** and **thl** Acquirer had signed a Scheme Implementation Deed under which it is proposed that **thl**, through its wholly-owned Subsidiary, **thl** Acquirer, will acquire all **ATL** Shares not already owned by it or its Subsidiaries by way of a scheme of arrangement between **ATL** and Scheme Shareholders.

If the Scheme is approved by the Requisite Majority of **ATL** Voting Shareholders and the Court, and all other Scheme Conditions relevant to the Scheme are satisfied or waived (as applicable), **ATL** will become a wholly-owned Subsidiary of **thl**. **thl** will apply to be admitted to the official list of ASX as an ASX foreign exempt listing in addition to its existing listing on NZX. If **thl's** ASX listing application is successful and subject to the Scheme becoming Effective, in addition to being able to be traded on NZX, on the business day following the Implementation Date, the **thl** Consideration Shares will be able to be traded on the ASX on the same date (currently expected to be Wednesday, 11 May 2022) or as soon as reasonably practicable thereafter.

**ATL** Voting Shareholders should note that admission of **thl** to ASX as an ASX foreign exempt listing is a Scheme Condition, however that condition may be waived if agreed to by **thl** and **ATL**.

If the Scheme is not approved, then the Scheme will not proceed and **ATL** will continue as a standalone entity listed on the ASX.

## 1.2 What will you receive?

### (a) Scheme Consideration

Under the Scheme, Scheme Shareholders (other than Foreign Scheme Shareholders) will be issued 1 **thl** Consideration Share for every 3.680818 **ATL** Shares held on the Scheme Record Date.

See section 6 of this Scheme Booklet for a more detailed explanation of the Scheme Consideration.

### (b) Foreign Scheme Shareholders

A Scheme Shareholder will be a Foreign Scheme Shareholder if, as at the Scheme Record Date, their address, as shown in the Share Register, is located outside of Australia, New Zealand, the United Kingdom and their respective external territories or any other jurisdictions as may be agreed in writing by **ATL** and **thl**, unless **thl** determines that it is lawful and not unduly onerous and not unduly impracticable to issue that Scheme Shareholder with **thl** Consideration Shares when the Scheme becomes Effective and it is lawful for that Scheme Shareholder to participate in the Scheme by the law of the relevant place outside Australia, New Zealand, the United Kingdom or any other jurisdictions as may be agreed in writing by **ATL** and **thl**.

Foreign Scheme Shareholders will not be entitled to receive **thl** Consideration Shares. **thl** Consideration Shares that would otherwise be issued to these shareholders under the Scheme will be issued to a nominee of **thl** to be sold on NZX, with the net sale proceeds to be paid to the Foreign Scheme Shareholder.

More details on Foreign Scheme Shareholders are set out in section 6.6 of this Scheme Booklet.

## 1.3 Scheme Conditions

Implementation of the Scheme is subject to a number of Scheme Conditions which must be satisfied or waived (where capable of waiver) before the Scheme can be implemented.

The Scheme Conditions are set out in full in clause 3.1 of the Scheme Implementation Deed. They are summarised in detail in section 5.3 of this Scheme Booklet.

If a Scheme Condition in the Scheme Implementation Deed is not satisfied or waived by its Relevant Date, or if a circumstance occurs that is reasonably likely to result in a Scheme Condition not being capable of being satisfied, or if the Scheme has not become Effective by the End Date, then **ATL** and **thl** must consult in good faith with a view to determining whether:

- the Scheme may proceed by way of alternative means or methods;
- to extend the relevant time or date for satisfaction of the Scheme Condition;

- 
- to change the date of the application to be made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties;
- to extend the End Date; or
- do all, or any combination of, the above matters.

If **ATL** and **thl** are unable to reach agreement within 10 Business Days of the date on which they both become aware that the Scheme Condition has become incapable of being satisfied (or, if earlier, by the Delivery Time on the Second Court Date), then, unless the Scheme Condition is waived (where capable of waiver):

- if the Scheme Condition is for the benefit of both of **ATL** and **thl**, either of them may terminate the Scheme Implementation Deed;
- if the Scheme Condition is for the sole benefit of **ATL**, **ATL** may terminate the Scheme Implementation Deed; or
- if the Scheme Condition is for the sole benefit of **thl**, **thl** may terminate the Scheme Implementation Deed.

#### 1.4 What is the Independent Expert's conclusion?

The **ATL** Directors engaged Grant Thornton Corporate Finance Pty Ltd as the Independent Expert to consider, and prepare a report on, whether the Scheme is in the best interests of the **ATL** Voting Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and that the Scheme is in the best interests of the **ATL** Voting Shareholders, in the absence of a Superior Proposal.

The Independent Expert's Report is contained in Annexure A.

#### 1.5 What do the **ATL** Directors recommend?

For the reasons set out in this Scheme Booklet, each **ATL** Director considers the Scheme to be in the best interests of **ATL** Voting Shareholders and recommends that **ATL** Voting Shareholders vote in favour of the Scheme, in each case in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of **ATL** Voting Shareholders. Subject to these same qualifications, each **ATL** Director intends to vote, or procure the voting of, any **ATL** Shares in which he or she has a Relevant Interest in favour of the Scheme. As at the Last Practicable Date, the **ATL** Directors hold in aggregate a Relevant Interest in approximately 53.73% of all **ATL** Shares on issue.

#### 1.6 Effect of the Scheme

If the Scheme becomes Effective and is implemented:

- each Scheme Shareholder will receive the Scheme Consideration (except in the case of Foreign Scheme Shareholders where the Scheme Consideration will be provided to a nominee of **thl**);
- **thl** Acquirer will acquire all of the **ATL** Shares (other than those held by the **thl** Entities) and **ATL** will become a wholly-owned Subsidiary of **thl**; and
- **ATL** will be delisted from the ASX.

If the Scheme becomes Effective, it will bind all Scheme Shareholders, regardless of whether they were present at the Scheme Meeting, voted at the Scheme Meeting or voted against the Scheme.

A copy of the Scheme is provided as Annexure D.

#### 1.7 Steps for implementing the Scheme

There are various steps that need to be taken to implement the Scheme, which are described in section 5.2 of this Scheme Booklet.

#### 1.8 Entitlement to vote

Each **ATL** Voting Shareholder who is registered on the Share Register as the holder of an **ATL** Share at the Voting Entitlement Time may vote at the Scheme Meeting.

More details about voting are set out in section 3 of this Scheme Booklet.

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## 1.9 When will the Scheme Meeting be held?

The Scheme Meeting to consider the Scheme will be held at 10.00am on Wednesday, 20 April 2022 at Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Queensland 4000 and also via **ATL's** online meeting platform at <https://meetnow.global/MXDSZKR>.

In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation.

Further details about the Scheme Meeting are set out in the Notice of Scheme Meeting contained in Annexure F.

You should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to any Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any such changes will be announced by **ATL** to ASX.

## 1.10 Exclusivity arrangements

There are various exclusivity arrangements that have been agreed to by **ATL** in relation to the Scheme in favour of **thl**, which are summarised in sections 5.6, 5.7 and 5.8 of this Scheme Booklet.

## 1.11 Tax considerations

A summary of the general Australian and certain New Zealand taxation implications of the Scheme for Scheme Shareholders is set out in section 11 of this Scheme Booklet. The information is general in nature and not taxation advice.

Your decision regarding how to vote on the Scheme should be made only after consultation with your financial, legal or other professional adviser based on your own investment objectives, financial situation, taxation position and particular needs.

## 1.12 Existing Scheme Shareholder instructions

Except to the extent prohibited by law, all binding instructions or notifications given by a Scheme Shareholder to **ATL** or the Share Registry in relation to **ATL** Shares (including any email addresses, instructions relating to communications from **ATL**, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from **ATL**) will, from the Implementation Date, be deemed (except to the extent determined by **thl** in its absolute discretion) by reason of the Scheme to be made by each Scheme Shareholder to **thl** and will be accepted by **thl** in respect of the **thl** Shares issued to the Scheme Shareholder, until that instruction or notification is revoked or amended in writing addressed to the **thl** Registry.

## 1.13 What is the current status of the Scheme and next steps?

As described elsewhere in this section, the Scheme must be approved by the Requisite Majority of **ATL** Voting Shareholders and by the Court and the Scheme Conditions must be satisfied or waived.

As at the date of this Scheme Booklet, **thl**, **ATL** and the **ATL** Directors are not aware of any reasons why the Scheme Conditions will not be satisfied or the Scheme Implementation Deed terminated.

## 1.14 How to obtain further information

For further information, please contact the **ATL** Shareholder Information Line on 1300 396 584 (within Australia) or +61 3 9415 4151 (outside Australia) between 8.30am and 5.00pm, Monday to Friday. If you are in any doubt about what to do or anything in this Scheme Booklet, you should consult your legal, financial, taxation or other professional adviser immediately.

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SECTION 2

# Frequently Asked Questions



This section answers some questions you may have about the Scheme. The information is a basic summary only and is elaborated on in specified areas of this Scheme Booklet. The information should be read in conjunction with those specified areas.

<b>QUESTION</b>	<b>ANSWER</b>	<b>MORE INFORMATION</b>
<b>General</b>		
<b>Why has this Scheme Booklet been made available to you?</b>	This Scheme Booklet has been made available to assist you in deciding how to vote (should you wish to) on the proposed scheme of arrangement, under which <b>thl</b> , through its wholly-owned Subsidiary, <b>thl</b> Acquirer, will acquire all <b>ATL</b> Shares not already owned by it or its Subsidiaries) ( <b>Scheme</b> ).	<i>This Scheme Booklet</i>
<b>What are you being asked to consider?</b>	<b>ATL</b> Voting Shareholders are being asked to consider whether the Scheme should be implemented or not.	<i>Section 1</i>
<b>What is a scheme of arrangement?</b>	A scheme of arrangement is a statutory procedure under the Corporations Act that is commonly used to enable one company to acquire or merge with another.	<i>Section 1</i>
<b>What would be the effect of the Scheme?</b>	<p>If the Scheme is implemented, your <b>ATL</b> Shares will be transferred to <b>thl</b> Acquirer and in return you will receive 1 <b>thl</b> Consideration Share for every 3.680818 <b>ATL</b> Shares held on the Scheme Record Date. <b>ATL</b> will become a wholly-owned Subsidiary of <b>thl</b> and be delisted from the ASX.</p> <p>Following implementation of the Scheme, Scheme Shareholders will together own approximately 25% of <b>thl</b> Shares on issue, with existing <b>thl</b> Shareholders owning the remaining approximately 75% (except that Foreign Scheme Shareholders will not receive <b>thl</b> Consideration Shares and will instead receive the net proceeds from the sale of the <b>thl</b> Consideration Shares that would otherwise have been issued to them, as set out in section 6.6).</p> <p>If <b>thl</b>'s ASX listing application is successful and the Scheme becomes Effective, the <b>thl</b> Consideration Shares will, in addition to being able to be traded on NZX on the business day following the Implementation Date, be able to be traded on the ASX on the same date (currently expected to be Wednesday, 11 May 2022) or as soon as reasonably practicable thereafter.</p>	<i>Sections 1 and 6</i>

QUESTION	ANSWER	MORE INFORMATION
<p>Are there any conditions that need to be satisfied before the Scheme can proceed?</p>	<p>Certain conditions need to be satisfied (or waived) by the Relevant Date before the Scheme can proceed, including:</p> <ul style="list-style-type: none"> <li>• <b>(Voting)</b> for the Scheme to proceed, the Requisite Majority of <b>ATL</b> Voting Shareholders must vote in favour of the Scheme at the Scheme Meeting;</li> <li>• <b>(Approvals)</b> approvals are required from regulatory authorities (such as the Australian Competition and Consumer Commission (<b>ACCC</b>), New Zealand Commerce Commission (<b>Commerce Commission</b>), Foreign Investment Review Board (<b>FIRB</b>), ASX, NZX, NZ Takeovers Panel and ASIC) and the Court;</li> <li>• <b>(ASX Listing)</b> ASX approves the admission of <b>thl</b> to the official list of ASX as an ASX foreign exempt listing; and</li> <li>• <b>(Other Scheme Conditions)</b> various other conditions must be satisfied or waived by the Relevant Date for the Scheme to proceed, including: <ul style="list-style-type: none"> <li>– no <b>ATL</b> Prescribed Occurrence occurring;</li> <li>– no <b>thl</b> Prescribed Occurrence occurring;</li> <li>– <b>ATL</b> Warranties being true and correct in all material respects;</li> <li>– <b>thl</b> Warranties being true and correct in all material respects;</li> <li>– no <b>ATL</b> Material Adverse Change;</li> <li>– no <b>thl</b> Material Adverse Change;</li> <li>– no restraining order remaining in effect that prohibits, materially restricts, makes illegal or restrains the completion of the Scheme;</li> <li>– third party consents, approvals or waivers of rights by parties other than <b>ATL</b> under any Material Contracts are obtained;</li> <li>– escrow arrangements are entered into by the Trouchet Shareholders;</li> <li>– the <b>thl</b> Group entering into an agreement with new or existing financiers and obtaining all necessary approvals in respect of the entry into that agreement, to refinance either its existing debt facilities or the debt facilities of all or part of the Merged Group with effect from the Implementation Date;</li> <li>– all consents, approval, confirmations, agreements or waivers of rights from any financier of the <b>ATL</b> Group are obtained;</li> <li>– the Independent Expert does not change, withdraw or qualify its conclusion in the Independent Expert’s Report; and</li> <li>– <b>thl</b> obtaining confirmation from its insurers that its existing directors and officers insurance policy is extended to include the Scheme.</li> </ul> </li> </ul> <p>The Scheme Conditions are set out in full in section 5.3 of this Scheme Booklet.</p> <p>If the Scheme Conditions are not satisfied or waived by their Relevant Dates, the Scheme will not proceed.</p>	<p>Section 5.3</p>

QUESTION	ANSWER	MORE INFORMATION
When will the Scheme become effective?	<p>The Scheme becomes effective when orders made by the Court under section 411(4)(b) of the Corporations Act are lodged with ASIC (or, following lodgement with ASIC, is taken to have effect on the date of lodgement or such earlier date as the Court determines and specifies in the order). This is called the 'Effective Date'. The Court will not consider granting the order for the Scheme unless the Scheme has been approved by the Requisite Majority of <b>ATL</b> Voting Shareholders and the Scheme Conditions have been satisfied or waived by their Relevant Dates.</p> <p>If the Court does not grant the order for the Scheme by the End Date (which is currently 29 April 2022 unless at that time the only Scheme Conditions that need to be satisfied are the approval by the ACCC, the Commerce Commission and FIRB, in which case the End Date will be 30 June 2022), or such later date as <b>ATL</b> and <b>thl</b> mutually agree, the Scheme will not proceed.</p>	Section 5
Can I sell my ATL Shares now?	<p>You can sell your <b>ATL</b> Shares on-market on the ASX at any time before 4.00pm on the Effective Date.</p> <p>However, note that the on-market price you receive at the time of sale may not be the same price as the Scheme Consideration you would be entitled to receive under the Scheme (and you may also be required to pay brokerage).</p>	This Scheme Booklet
Can I choose to keep my ATL Shares?	<p>If the Scheme proceeds, you will not be able to keep your <b>ATL</b> Shares. All <b>ATL</b> Shares not already owned by the <b>thl</b> Entities will be transferred to <b>thl</b> so that <b>ATL</b> becomes a wholly owned Subsidiary of <b>thl</b>.</p>	This Scheme Booklet
What do the Trouchet Shareholders intend to do?	<p>As at the date of this Scheme Booklet, the Trouchet Shareholders together hold 99,412,231 <b>ATL</b> Shares (representing 53.4% of the <b>ATL</b> Shares on issue).</p> <p>As set out in section 4.11 of this Scheme Booklet, the Trouchet Shareholders intend to vote all <b>ATL</b> Shares held by them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of <b>ATL</b> Voting Shareholders.</p> <p>The Trouchet Shareholders remain committed to the long-term value creation opportunities available to the Merged Group and intend to enter into voluntary escrow arrangements for 90% of their <b>thl</b> Consideration Shares for 12 months and 50% for 24 months from the Implementation Date.</p>	Section 4.1(c)
<b>Directors' recommendations and Independent Expert's conclusion</b>		
What do the ATL Directors recommend?	<p>The <b>ATL</b> Directors unanimously recommend that <b>ATL</b> Voting Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of <b>ATL</b> Voting Shareholders.</p>	Section 4.1(a)
Have any Competing Proposals or Superior Proposals emerged?	<p>No Competing Proposal has emerged since the announcement of the Proposed Transaction on 10 December 2021. As at the date of this Scheme Booklet, neither <b>ATL</b> nor any of <b>ATL</b>'s advisers are aware of any Competing Proposal.</p>	Section 4.1(i)

QUESTION	ANSWER	MORE INFORMATION										
What happens if a Competing Proposal or Superior Proposal emerges?	<p><b>ATL</b> has certain ‘exclusivity’ obligations (for <b>thl</b>’s benefit) which prevent <b>ATL</b> from soliciting or entertaining Competing Proposals or allowing due diligence to third parties in respect of a Competing Proposal.</p> <p>However, if an unsolicited Competing Proposal emerges and the <b>ATL</b> Directors consider it to be a Superior Proposal, then <b>ATL</b> may entertain that proposal (after making specified disclosures to <b>thl</b>). <b>thl</b> also has matching rights to make a Counter Proposal to <b>ATL</b> in response to a Superior Proposal.</p> <p>The exclusivity arrangements under the Scheme Implementation Deed are summarised in sections 5.6, 5.7 and 5.8 of this Scheme Booklet.</p>	Sections 5.6, 5.7 and 5.8										
Is a break fee payable by ATL?	<p>Under the Scheme Implementation Deed, <b>ATL</b> and <b>thl</b> are each liable to pay each other a break fee of A\$1,400,000 in certain circumstances. A break fee is not payable by <b>ATL</b> if the Scheme does not proceed merely because <b>ATL</b> Voting Shareholders do not approve the Scheme by the Requisite Majority.</p> <p>Section 5.11 of this Scheme Booklet sets out additional information on the break fee.</p>	Section 5.11										
How do the ATL Directors intend to vote in respect of their own ATL Shares?	<p>Each <b>ATL</b> Director intends to cause any <b>ATL</b> Shares in which they have a Relevant Interest to be voted in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of <b>ATL</b> Voting Shareholders.</p> <p>The interests held by the <b>ATL</b> Directors are disclosed in section 12.1 of this Scheme Booklet. As at the Last Practicable Date, the <b>ATL</b> Directors hold in aggregate a Relevant Interest in approximately 53.73% of all <b>ATL</b> Shares on issue. As at the Last Practicable Date, the following <b>ATL</b> Directors have a Relevant Interest in <b>ATL</b> Shares:</p> <table border="1" data-bbox="405 1317 1198 1536"> <thead> <tr> <th data-bbox="405 1317 576 1346">ATL Director</th> <th data-bbox="756 1317 1114 1346">Number of ATL Shares held</th> </tr> </thead> <tbody> <tr> <td data-bbox="405 1357 592 1386">Sophie Mitchell</td> <td data-bbox="756 1357 1147 1386">234,504 <b>ATL</b> Shares indirectly held</td> </tr> <tr> <td data-bbox="405 1397 564 1426">Robert Baker</td> <td data-bbox="756 1397 1147 1426">130,000 <b>ATL</b> Shares indirectly held</td> </tr> <tr> <td data-bbox="405 1438 576 1467">Brett Heading</td> <td data-bbox="756 1438 1147 1467">250,000 <b>ATL</b> Shares indirectly held</td> </tr> <tr> <td data-bbox="405 1478 628 1529">Luke Trouchet and Karl Trouchet</td> <td data-bbox="756 1507 1163 1536">99,412,231 <b>ATL</b> Shares indirectly held</td> </tr> </tbody> </table> <p><b>ATL</b> Voting Shareholders should have regard to these interests when considering how to vote on the Scheme.</p>	ATL Director	Number of ATL Shares held	Sophie Mitchell	234,504 <b>ATL</b> Shares indirectly held	Robert Baker	130,000 <b>ATL</b> Shares indirectly held	Brett Heading	250,000 <b>ATL</b> Shares indirectly held	Luke Trouchet and Karl Trouchet	99,412,231 <b>ATL</b> Shares indirectly held	Sections 4.1(a) and 12.1
ATL Director	Number of ATL Shares held											
Sophie Mitchell	234,504 <b>ATL</b> Shares indirectly held											
Robert Baker	130,000 <b>ATL</b> Shares indirectly held											
Brett Heading	250,000 <b>ATL</b> Shares indirectly held											
Luke Trouchet and Karl Trouchet	99,412,231 <b>ATL</b> Shares indirectly held											
What is the Independent Expert’s opinion?	<p>The Independent Expert has considered the Scheme and concluded that the Scheme is fair and reasonable and in the best interests of <b>ATL</b> Voting Shareholders, in the absence of a Superior Proposal.</p> <p>The Independent Expert has assessed the fair market value of <b>ATL</b> Shares on a control basis at between A\$0.709 and A\$0.859 per <b>ATL</b> Share and the fair market value of the Scheme Consideration on a minority basis at between A\$0.753 and A\$0.913 per <b>ATL</b> Share. The Independent Expert’s assessment of the fair market value of the Scheme Consideration on a minority basis falls within or above the Independent Expert’s assessed fair market valuation range of <b>ATL</b> Shares on a control basis, with the Scheme Consideration valuation at the low-end and high-end above the valuation of <b>ATL</b> Shares at the low-end and high-end. The Independent Expert’s Report is contained in Annexure A.</p>	Section 4.1(b)										



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**QUESTION****ANSWER****MORE  
INFORMATION**

**Why you may consider voting in favour of the Scheme?**

There are various reasons why you may consider voting in favour of the Scheme, which are set out in detail in section 4 of this Scheme Booklet. Some of the key reasons include:

- The **ATL** Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the **ATL** Voting Shareholders.
- The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of **ATL** Voting Shareholders, in the absence of a Superior Proposal.
- The Scheme has support from **ATL**'s major shareholder group, the Touchet Shareholders.
- The Scheme Consideration represents an attractive premium to the recent trading prices of **ATL** Shares.
- The Proposed Transaction brings two highly complementary businesses together to create a diversified, leading RV travel company across Australia, New Zealand, North America, the United Kingdom and Europe.
- The Proposed Transaction is expected to create significant cost synergies not otherwise available to the standalone entities.
- The Merged Group is expected to be financially stronger than **ATL** on a standalone basis. The **ATL** Directors believe this will likely result in a faster recovery from COVID-19, improved ability to weather any ongoing effects from the pandemic including supply chain disruptions, and capability to take advantage of near term growth opportunities.
- The Scheme was considered by **ATL** Directors to be more favourable than **ATL** remaining as a standalone entity.
- No Superior Proposal has emerged since the announcement of the Scheme.
- If the Scheme does not proceed, and no Superior Proposal emerges, the price of **ATL** Shares may fall in the near-term.
- The Merged Group will have an experienced and complementary board and management team with extensive experience and proven track record operating across Australia, New Zealand, the United Kingdom, Europe and North America.
- **thl** will apply to be admitted to the official list of ASX in addition to its existing NZX listing and, if that application is successful and the Scheme becomes Effective, Scheme Shareholders will be able to trade their **thl** Consideration Shares on the ASX and NZX.
- No brokerage will be payable by you for the transfer of your **ATL** Shares under the Scheme.

*Section 4.1*

QUESTION	ANSWER	MORE INFORMATION
Why you may consider voting against the Scheme?	<p>The potential reasons you may consider voting against the Scheme are set out in detail in sections 4.2 of this Scheme Booklet. Some of those reasons include:</p> <ul style="list-style-type: none"> <li>You may believe there is potential for a Superior Proposal to be made in the foreseeable future.</li> <li>You may disagree with the <b>ATL</b> Directors' unanimous recommendation or the Independent Expert's conclusion.</li> <li>You may wish to maintain your current investment profile and exposure to a business with <b>ATL</b>'s specific characteristics.</li> <li>The future value of the <b>thl</b> Consideration Shares after the Scheme is implemented will move with market and investor sentiment and as such is considered uncertain.</li> <li>You may be worried about specific risks associated with <b>thl</b>'s business or the future value of <b>thl</b> Consideration Shares after the Scheme is implemented.</li> <li>The tax consequences of the Scheme may not suit your current financial situation.</li> <li>The Scheme may be subject to Scheme Conditions that you consider unacceptable.</li> </ul>	Section 4.2
<b>Consideration</b>		
What will Scheme Shareholders receive if the Scheme is implemented?	Scheme Shareholders (other than Foreign Scheme Shareholders and <b>thl</b> Entities), will receive 1 <b>thl</b> Consideration Share for every 3.680818 <b>ATL</b> Shares held as at the Scheme Record Date.	Section 6
Are Scheme Shareholders being offered a premium and what is the implied value of the Scheme Consideration?	<p>The Scheme Consideration represents an attractive premium to the recent trading prices of <b>ATL</b> Shares and reflects an implied value of:</p> <ul style="list-style-type: none"> <li>A\$0.736 based on the closing price of <b>thl</b> Shares on 9 December 2021 (being the last trading day prior to announcement of the Proposed Transaction) of NZ\$2.85 (based on a NZD/AUD exchange rate of NZ\$0.9503 as at that date). This is a premium of 32.6% over the closing price of <b>ATL</b> Shares of A\$0.555 on the same date;</li> <li>A\$0.731 based on the one-month VWAP of <b>thl</b> Shares for the period from 10 November 2021 to 9 December 2021, of NZ\$2.83 (based on a NZD/AUD exchange rate of NZ\$0.9503 as at that date). This is a premium of 18.9% over the one-month VWAP of <b>ATL</b> Shares of A\$0.615 over the same period;</li> <li>A\$0.681 based on the closing price of <b>thl</b> Shares of NZ\$2.70 on 15 February 2022 (being the Last Practicable Date) (based on a NZD/AUD exchange rate of NZ\$0.9284 as at the Last Practicable Date). This is a premium of 22.7% over the closing price of <b>ATL</b> Shares of A\$0.555 on 9 December 2021; and</li> <li>A\$0.696 based on the one-month VWAP of <b>thl</b> Shares for the period from 16 January 2022 to 15 February 2022 (being the Last Practicable Date), of NZ\$2.76 (based on a NZD/AUD exchange rate of NZ\$0.9284 as at the Last Practicable Date). This is a premium of 25.0% over the one-month VWAP of <b>ATL</b> Shares of A\$0.56 over the same period.</li> </ul> <p>The implied value of the Scheme Consideration will vary with the market price of <b>thl</b> Consideration Shares and the NZD:AUD exchange rate.</p>	Sections 4.1(d) and 6

QUESTION	ANSWER	MORE INFORMATION
When and how will I receive my Scheme Consideration?	<p>You will receive your Scheme Consideration on the Implementation Date, which is currently expected to be Tuesday, 10 May 2022, provided you are an <b>ATL</b> Shareholder other than the <b>thl</b> Entities (and listed on the Share Register as such) as at the Scheme Record Date.</p> <p><b>thl</b> will issue any <b>thl</b> Consideration Shares to you by entering your name in <b>thl</b>'s register of members as the holder of those <b>thl</b> Consideration Shares.</p>	Section 6
When can I start trading my <b>thl</b> Consideration Shares on the ASX?	<p><b>thl</b> will retain its primary listing on the NZX and will also take all necessary steps to ensure that the <b>thl</b> Consideration Shares will, on the business day following the Implementation Date, be able to be traded on NZX. Any <b>thl</b> Consideration Shares issued to you under the Scheme are expected to also commence trading on ASX on a normal settlement basis from the business day following the Implementation Date, or as soon as reasonably practicable thereafter, subject to <b>thl</b>'s ASX listing application being approved.</p> <p><b>ATL</b> Voting Shareholders should note that, while the admission of <b>thl</b> to ASX as an ASX foreign exempt listing is a Scheme Condition, that condition may be waived if agreed to by <b>thl</b> and <b>ATL</b>.</p>	Section 5.2(i)
How will fractional entitlements be treated?	<p>Any entitlements to a fraction of a <b>thl</b> Consideration Share arising under the calculation of Scheme Consideration will be rounded to the nearest <b>thl</b> Consideration Share (and if the fractional entitlement would include one-half of a <b>thl</b> Consideration Share, the entitlement will be rounded up).</p>	Section 6.5
What is a Foreign Scheme Shareholder and how are they treated under the Scheme?	<p>A Foreign Scheme Shareholder is a Scheme Shareholder whose address (as shown in <b>ATL</b>'s Share Register on the Scheme Record Date) is located outside of Australia, New Zealand, the United Kingdom or any other jurisdictions mutually agreed by <b>ATL</b> and <b>thl</b>.</p> <p>Under the Scheme, Foreign Scheme Shareholders will not be entitled to receive <b>thl</b> Consideration Shares. <b>thl</b> Consideration Shares that would otherwise be issued to these shareholders under the Scheme will be issued to a nominee of <b>thl</b> to be sold on NZX, with the net sale proceeds to be paid to the Foreign Scheme Shareholder.</p> <p>No assurances are or will be given to Foreign Scheme Shareholders as to the price that will be achieved for the sale of <b>thl</b> Consideration Shares and the sale of the <b>thl</b> Consideration Shares will be at the risk of the Foreign Scheme Shareholders.</p>	Section 6.6
Will I have to pay brokerage fees?	<p>No brokerage fees will be payable by Scheme Shareholders in relation to the disposal of their <b>ATL</b> Shares to <b>thl</b> under the Scheme (except in relation to Foreign Scheme Shareholders as set out in Section 6.6).</p>	Section 4.1(m) and 6.6

QUESTION	ANSWER	MORE INFORMATION
<b><i>thl</i> and the Merged Group</b>		
Who is <i>thl</i> ?	<p><i>thl</i> is a global tourism operator headquartered in Auckland, New Zealand, with its shares publicly traded on the NZX since 1986. <i>thl</i> is the largest provider of commercial RVs for rent in Australia and New Zealand, and the second largest in North America.</p> <p>In New Zealand and Australia, <i>thl</i> operates under the Maui, Britz and Mighty rental brands, and has a network of RV Super Centre/ RV Sales Centre retail and sales branches. <i>thl</i> also owns Action Manufacturing, a leading motorhome and specialist vehicle manufacturer in New Zealand. Within New Zealand, <i>thl</i> also operates a number of tourism businesses, being the Discover Waitomo cave tours and rafting experiences group (which includes Waitomo Glowworm Caves, Ruakuri Cave, Aranui Cave and The Legendary Black Water Rafting Co) and the hop-on-hop-off coach transport business Kiwi Experience (currently in hibernation).</p> <p>In the USA, <i>thl</i> owns Road Bear RV Rentals &amp; Sales and El Monte RV Rentals &amp; Sales, and in the UK, <i>thl</i> owns 49% of Just go Motorhomes. Globally, <i>thl</i> has a rental fleet of over 4,200 vehicles (as at 30 June 2021), and in the past, <i>thl</i>'s rental fleet size has reached as high as 6,400 vehicles.</p>	Section 8
What is the Merged Group?	<p>The Merged Group consists of the combination of <i>thl</i> and <i>ATL</i>, which are two highly complementary businesses that together will create a diversified, leading RV travel company across Australia, New Zealand, North America, the United Kingdom and Europe.</p> <p>The Merged Group will be a significant provider of RVs for rent globally, with a global fleet size of approximately 7,000 vehicles across New Zealand, Australia, USA, Canada, the United Kingdom and Europe based on fleet sizes as at 30 June 2021. By leveraging its existing overheads, the Merged Group will be well positioned to continue to grow globally as international tourism activity returns in the post-COVID recovery period, particularly in North America and Europe.</p> <p>The Merged Group will have the following operations:</p> <ul style="list-style-type: none"> <li>• RV rentals</li> <li>• Manufacturing of RVs and other specialist vehicles within New Zealand and of RVs within Australia</li> <li>• RV sales</li> <li>• RV retail accessories</li> <li>• Tourism attractions and activities in New Zealand</li> </ul>	Section 9

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**QUESTION****ANSWER****MORE INFORMATION**

**What are *thl*'s intentions for ATL and the Merged Group?**

The Merged Group will operate a group of products and brands globally under the *thl* endorsing parent brand, and will continue to use ATL's Apollo flagship brand within its Australasian RV business and the CanaDream brand in Canada.

Recent experience with COVID-19 lockdowns and crew working from home has proven that it is not critical that everyone in the head office and group support functions must be based out of the same office, city and country, and that people can work collaboratively across borders and offices. This provides flexibility in optimising the physical locations of the Merged Group.

*thl* and ATL's current largely duplicated overhead structures in New Zealand and Australia are expected to enable significant cost synergies not otherwise available to the standalone entities.

The Merged Group intends to continue to manufacture in both New Zealand and Australia with the ongoing manufacturing footprint of the Merged Group to be determined in line with the synergy expectations and ongoing needs of the business. Manufacturing in both countries is expected to generate significant freight synergies by enabling the production of the rental fleets to occur in the country that the vehicle will be operating in.

No synergies have been included in the parties' quantification of the potential synergies from the merger for the North American and UK/European markets. There are expected to be opportunities to leverage the capabilities and expertise of each business to realise synergies in future.

There are no expected changes to *thl*'s New Zealand tourism businesses.

*Section 9.6*

**Who will be the directors and senior management of the Merged Group?**

**Directors**

- Rob Campbell CNZM – Independent Director, Chair
- Robert Baker – Independent Director
- Debbie Birch – Independent Director
- Rob Hamilton – Independent Director
- Sophie Mitchell – Independent Director
- Guorong Qian – Non-independent Director
- Cathy Quinn – Independent Director
- Luke Trouchet – Executive Director
- Grainne Troute – Independent Director
- Grant Webster – Managing Director

The above directors will form a transitional Board that is expected to be in place until the 2022 *thl* Annual Meeting, at which point a new Board consisting of no more than eight directors will be appointed.

**Senior Management**

- Grant Webster – Chief Executive Officer
- Nicholas Judd – Chief Financial Officer
- Luke Trouchet – Executive Director – M&A and Global Transitions

The specific Executive structure of the Merged Group, including how duplicate Executive roles between ATL and *thl* are to be addressed, are currently under review. Once determined, the remaining Executive structure will be implemented following a transitional period after completion of the Scheme.

*Section 9.5*

QUESTION	ANSWER	MORE INFORMATION									
Is a break fee payable by <i>thl</i> ?	Under the Scheme Implementation Deed, <b>ATL</b> and <i>thl</i> are each liable to pay each other a break fee of A\$1,400,000 in certain circumstances. Section 5.11 of this Scheme Booklet sets out additional information on the break fee.	Section 5.11									
What are the key differences between <b>ATL</b> Shares and <i>thl</i> Shares?	<p><b>ATL</b> is a public company limited by shares and registered under Australian law. <b>ATL</b> Shares are quoted on the ASX. <i>thl</i> is incorporated in NZ, under the laws of NZ. <i>thl</i> Shares are listed on the NZX. If the Scheme is implemented, the rights of Scheme Shareholders in respect of <i>thl</i> Consideration Shares will be primarily governed by the Companies Act, NZX Listing Rules and the constitution of <i>thl</i>.</p> <p>The Scheme is conditional upon <i>thl</i> receiving approval from ASX for it to be admitted to the official list of ASX as an ASX foreign exempt listing and the quotation of <i>thl</i> Shares on ASX, however <i>thl</i> will retain its primary listing on the NZX.</p> <p>Further details of the rights attaching to <i>thl</i> Consideration Shares and a comparison of Australian and New Zealand laws relating to <b>ATL</b> and <i>thl</i> is set out in Annexure G. The comparison set out in Annexure G is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only. <b>ATL</b> Voting Shareholders should consult with their own legal adviser if they require further information.</p>	Annexure G									
Who are the substantial shareholders in <i>thl</i> ?	<p>Based on substantial product holder notices lodged with the NZX or otherwise known to <i>thl</i> as at the Last Practicable Date, <i>thl</i> has the following substantial shareholders who have Relevant Interests in a parcel of 5% or more of the total issued <i>thl</i> Shares:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Interest in <i>thl</i> Shares</th> <th>% of issued <i>thl</i> Shares</th> </tr> </thead> <tbody> <tr> <td>HB Holdings Limited (a subsidiary of CITIC Capital)</td> <td>26,789,440</td> <td>17.62%</td> </tr> <tr> <td>Wilson Asset Management International Pty Limited</td> <td>10,984,810</td> <td>7.22%</td> </tr> </tbody> </table>	Name	Interest in <i>thl</i> Shares	% of issued <i>thl</i> Shares	HB Holdings Limited (a subsidiary of CITIC Capital)	26,789,440	17.62%	Wilson Asset Management International Pty Limited	10,984,810	7.22%	Section 8.6
Name	Interest in <i>thl</i> Shares	% of issued <i>thl</i> Shares									
HB Holdings Limited (a subsidiary of CITIC Capital)	26,789,440	17.62%									
Wilson Asset Management International Pty Limited	10,984,810	7.22%									
<b>Voting at the Scheme Meeting</b>											
What is the Scheme Meeting?	The Scheme Meeting is the meetings of the <b>ATL</b> Voting Shareholders to vote on whether to approve the Scheme.	Section 3 and Annexure F									
When and where will the Scheme Meeting be held?	<p>In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation.</p> <p>The Scheme Meeting is scheduled to be held at 10.00am on Wednesday, 20 April 2022 at Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Queensland 4000 and also via <b>ATL's</b> online meeting platform at <a href="https://meetnow.global/MXDSZKR">https://meetnow.global/MXDSZKR</a>.</p> <p>Further details about the Scheme Meeting are set out in the Notice of Scheme Meeting contained in Annexure F.</p> <p>You should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to any Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any such changes will be announced by <b>ATL</b> to the ASX.</p>	Section 3 and Annexure F									

<b>QUESTION</b>	<b>ANSWER</b>	<b>MORE INFORMATION</b>
<b>What am I being asked to vote on?</b>	<p><b>ATL</b> Voting Shareholders, being all <b>ATL</b> Shareholders other than the <i>thl</i> Entities, are being asked to vote in favour of, or against, the Scheme Resolution.</p> <p>Important details on the matters to be voted on at the Scheme Meeting are set out in the Notice of Scheme Meeting in Annexure F.</p>	<i>Section 3 and Annexure F</i>
<b>What majority is required to approve the Scheme?</b>	For the Scheme to be implemented, it is necessary that the Requisite Majority of <b>ATL</b> Voting Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting. This requires more than 50% in number of <b>ATL</b> Voting Shareholders present and voting (in person or by proxy, attorney or corporate representative), and at least 75% of the total number of votes cast by <b>ATL</b> Voting Shareholders, to vote in favour of the Scheme Resolution.	<i>Section 3 and Annexure F</i>
<b>Am I entitled to vote?</b>	You can vote on the Scheme if you are an <b>ATL</b> Voting Shareholder who is registered on the Share Register as the holder of an <b>ATL</b> Share at the Voting Entitlement Time (which is 7.00pm on Monday, 18 April 2022) (excluding <i>thl</i> and its Subsidiaries).	<i>Section 3 and Annexure F</i>
<b>Is voting compulsory?</b>	Voting is not compulsory. The voting approval threshold for the Scheme (the 'Requisite Majority') is determined on the basis of <b>ATL</b> Voting Shareholders who are <b>present and voting</b> at the Scheme Meeting (in person or by proxy, attorney or corporate representative).	<i>Section 3 and Annexure F</i>
<b>How can I vote if I cannot physically attend the Scheme Meeting?</b>	<p>The Scheme Meeting will be held as a hybrid meeting. If you cannot attend the Scheme Meeting in person or via <b>ATL</b>'s online meeting platform at <a href="https://meetnow.global/MXDSZKR">https://meetnow.global/MXDSZKR</a>, you may vote by completing and lodging the Proxy Form accompanying this Scheme Booklet.</p> <p>You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney.</p> <p>Further information on how to vote using each of these methods is contained in the explanatory notes of the Notice of Scheme Meeting in Annexure F.</p> <p>Proxy Forms, powers of attorney or appointments of corporate representatives for the Scheme Meeting are due by 10.00am on Monday, 18 April 2022.</p>	<i>Section 3 and Annexure F</i>
<b>When will the result of the Scheme Meeting be known?</b>	<p>The results of the Scheme Meeting will be announced to the ASX after the conclusion of the Scheme Meeting.</p> <p>The Scheme will only proceed if the Court also provides its approval and all the other Scheme Conditions for the Scheme are satisfied or waived.</p>	

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<b>QUESTION</b>	<b>ANSWER</b>	<b>MORE INFORMATION</b>
<b>How do I oppose the approval of the Scheme?</b>	<p>If you do not support the Scheme, your options are:</p> <ul style="list-style-type: none"> <li>• to attend the Scheme Meeting in person, via <b>ATL</b>'s online meeting platform or by proxy, attorney or corporate representative, and vote against the Scheme being implemented; and/or</li> <li>• if the Scheme is approved by the other <b>ATL</b> Voting Shareholders by the Requisite Majority despite your vote against the Scheme Resolution, then you may wish to oppose the approval by filing and serving a notice of opposition and any other supporting documents on <b>ATL</b> at least one day before the Second Court Date and attending the Second Court Hearing. The notice of appearance and affidavit must be served on <b>ATL</b> at its address for service at least one day before the Second Court Hearing. The postal address for service is c/- Hamilton Locke, Level 28, 123 Eagle Street, Brisbane, Queensland 4000 and should be copied to <a href="mailto:benny.sham@hamiltonlocke.com.au">benny.sham@hamiltonlocke.com.au</a>.</li> </ul>	<i>Section 3</i>
<b>Tax implications</b>		
<b>What are the Australian and New Zealand tax implications of the Scheme for Scheme Shareholders?</b>	<p>A summary of the general Australian and certain New Zealand tax implications for Scheme Shareholders is set out in section 11 of this Scheme Booklet.</p> <p>Your tax position will depend on your particular circumstances. You are urged to consult your own professional tax adviser as to the specific tax consequences to you of the relevant Scheme, including the applicability and effect of income tax and other tax laws in your particular circumstances.</p>	<i>Section 11</i>
<b>Further questions</b>		
<b>Who can I contact if I have further questions in relation to this Scheme Booklet or the Scheme?</b>	<p>If you have any further questions of a general nature in relation to this Scheme Booklet, the Scheme or any related matter, then you may call the <b>ATL</b> Shareholder Information Line on 1300 396 584 (within Australia) or +61 3 9415 4151 (outside Australia) on Monday to Friday between 8.30am and 5.00pm.</p> <p>For more specific advice relating to your own circumstances, please contact your legal, investment or other professional adviser.</p>	



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SECTION 3

# How to Vote



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### 3.1 What you should do

You should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme.

**ATL** Voting Shareholders should refer to section 4 of this Scheme Booklet for further guidance on the reasons to vote for and against the Scheme. However, as noted elsewhere in this document, this Scheme Booklet does not take into account the investment objectives, financial situation and particular needs of any individual **ATL** Voting Shareholder.

If you have any questions about this Scheme Booklet or the Scheme, please contact the **ATL** Shareholder Information Line on 1300 396 584 (within Australia) or +61 3 9415 4151 (outside Australia) on Monday to Friday between 8.30am and 5.00pm.

If you require further advice in relation to the Scheme, contact your financial or other professional adviser.

### 3.2 Scheme Meeting

In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation.

The Scheme Meeting is scheduled to be held at 10.00am on Wednesday, 20 April 2022 at Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Queensland 4000 and also via **ATL's** online meeting platform at <https://meetnow.global/MXDSZKR>.

Further details about the Scheme Meeting are set out in the Notice of Scheme Meeting contained in Annexure F.

**ATL** Voting Shareholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to any Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any such changes will be announced by **ATL** to the ASX.

**For the Scheme to be implemented, it is necessary that the Requisite Majority of ATL Voting Shareholders vote in favour of the resolution to approve the Scheme at the Scheme Meeting.**

You should note that even if the Scheme is approved by the Requisite Majority of **ATL** Voting Shareholders, it is possible that the Scheme may not proceed to be implemented. This may occur if the Scheme Conditions are not satisfied or waived or the Scheme is not approved at the Second Court Hearing.

### 3.3 Entitlement to vote

Each **ATL** Voting Shareholder who is registered on the Share Register as the holder of an **ATL** Share at the Voting Entitlement Time (which is 7.00pm on Monday, 18 April 2022) may vote at the Scheme Meeting, either in person or via **ATL's** online voting platform or by proxy, attorney or corporate representative.

Each **ATL** Voting Shareholder will have one vote for each **ATL** Share they hold. In the case of **ATL** Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in relation to jointly held **ATL** Shares, only the vote of the shareholder whose name appears first on the Share Register will be counted.

Details about the permitted methods of voting are set out in section 3.4 and in the Notice of Scheme Meeting contained in Annexure F.

### 3.4 How to vote

Voting on the Scheme Resolution will be conducted by way of a poll.

If you are an **ATL** Voting Shareholder entitled to vote at the Scheme Meeting, you may vote:

- (a) **in person or online:** by attending the physical meeting and voting in person or via **ATL's** online meeting platform;
- (b) **by proxy:** by lodging your Proxy Form (in one of the ways set out in the explanatory notes in the Notice of Scheme Meeting) so that it is received by 10.00am on Monday, 18 April 2022;
- (c) **by attorney:** by appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a duly executed power of attorney so that it is received by 10.00am on Monday, 18 April 2022; or
- (d) **by corporate representative:** in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a duly executed certificate of appointment of body corporate representative which, if attending online, is received by 10.00am on Monday, 18 April 2022.

Further information on how to vote using each of these methods is contained in the explanatory notes of the Notice of Scheme Meeting in Annexure F.

SECTION 4

# Considerations Relevant to your Vote



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## 4.1 Reasons to vote in favour of the Scheme

This section summarises the reasons why the **ATL** Directors have determined to unanimously recommend that **ATL** Voting Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of **ATL** Voting Shareholders.

### (a) Unanimous recommendation

The **ATL** Directors believe that the Scheme is in the best interests of **ATL** Voting Shareholders and unanimously recommend that **ATL** Voting Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of **ATL** Voting Shareholders. Subject to these same qualifications, each **ATL** Director intends to cause any **ATL** Shares in which they have a Relevant Interest to be voted in favour of the Scheme. As at the Last Practicable Date, the **ATL** Directors hold in aggregate a Relevant Interest in approximately 53.73% of all **ATL** Shares on issue.

In arriving at their recommendation, the **ATL** Directors have considered the advantages and disadvantages of the Scheme, including information contained in the following sections:

- section 4.1 (reasons to vote in favour of the Scheme);
- section 4.2 (potential reasons to vote against the Scheme);
- section 4.3 (other key considerations relevant to voting on the Scheme); and
- sections 10 and 11 (risk factors and taxation implications).

### (b) The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and in the best interests of **ATL** Voting Shareholders

The **ATL** Directors appointed Grant Thornton Corporate Finance Pty Ltd as the Independent Expert to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is fair and reasonable and in the best interests of **ATL** Voting Shareholders.

The Independent Expert has assessed the fair market value of **ATL** Shares on a control basis at between A\$0.709 and A\$0.859 per **ATL** Share and the fair market value of the Scheme Consideration on a minority basis at between A\$0.753 and A\$0.913 per **ATL** Share. The Independent Expert's assessment of the fair market value of the Scheme Consideration on a minority basis falls within or above the Independent Expert's assessed fair market valuation range of **ATL** Shares on a control basis, with the Scheme Consideration valuation at the low-end and high-end above the valuation of **ATL** Shares at the low-end and high-end. A copy of the Independent Expert's Report is included in Annexure A of this Scheme Booklet. The **ATL** Directors encourage you to read the Independent Expert's Report in its entirety before making a decision as to whether to vote in favour or to not vote in favour of the Scheme.

### (c) The Scheme has support from **ATL**'s major shareholder group, the Trouchet Shareholders

As at the date of this Scheme Booklet, the Trouchet Shareholders together hold 99,412,231 **ATL** Shares (representing 53.4% of the **ATL** Shares on issue). The Trouchet Shareholders have notified the **ATL** Board in writing that they intend to vote all **ATL** Shares held by them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of **ATL** Voting Shareholders.

The Trouchet Shareholders remain committed to the long-term value creation opportunities available to the Merged Group and intend to enter into voluntary escrow arrangements for 90% of their *thl* Consideration Shares for 12 months and 50% for 24 months from the Implementation Date.

The Trouchet Shareholders have consented to the inclusion of the above statements in this Scheme Booklet.

**(d) The Scheme Consideration represents an attractive premium to the recent trading prices of ATL Shares**

The Scheme Consideration represents an attractive premium to the recent trading prices of ATL Shares and reflects an implied value of:

- A\$0.736 based on the closing price of *thl* Shares on 9 December 2021 (being the last trading day prior to announcement of the Proposed Transaction) of NZ\$2.85 (based on a NZD/AUD exchange rate of NZ\$0.9503 as at that date). This is a premium of 32.6% over the closing price of ATL Shares of A\$0.555 on the same date;
- A\$0.731 based on the one-month VWAP of *thl* Shares for the period from 10 November 2021 to 9 December 2021, of NZ\$2.83 (based on a NZD/AUD exchange rate of NZ\$0.9503 as at that date). This is a premium of 18.9% over the one-month VWAP of ATL Shares of A\$0.615 over the same period;
- A\$0.681 based on the closing price of *thl* Shares of NZ\$2.70 on 15 February 2022 (being the Last Practicable Date) (based on a NZD/AUD exchange rate of NZ\$0.9284 as at the Last Practicable Date). This is a premium of 22.7% over the closing price of ATL Shares of A\$0.555 on 9 December 2021; and
- \$0.696 based on the one-month VWAP of *thl* Shares for the period from 16 January 2022 to 15 February 2022 (being the Last Practicable Date), of NZ\$2.76 (based on a NZD/AUD exchange rate of NZ\$0.9284 as at the Last Practicable Date). This is a premium of 25.0% over the one-month VWAP of ATL Shares of A\$0.56 over the same period.

However, it is important to note that the implied value of the Scheme Consideration and the premium will change with movements in the price of *thl* Shares and the NZD:AUD exchange rate.

**(e) The Proposed Transaction brings two highly complementary businesses together to create a diversified, leading RV travel company across Australia, New Zealand, North America, the United Kingdom and Europe**

The Scheme represents an opportunity for ATL Voting Shareholders to participate in the expected benefits afforded by the enhanced diversification and flexibility of the Merged Group, particularly in the context of the volatile and challenging trading conditions presented by COVID-19 that remain ongoing.

The commercial rationale for combining ATL and *thl* is underpinned by:

- increased scale in Australia, New Zealand, North America and the United Kingdom/Europe;
- enhanced brand portfolio and geographic diversification;
- the Merged Group is expected to be financially stronger than ATL on a standalone basis; and
- a due diligence process which identified synergies expected to deliver a steady state EBIT uplift of NZ\$17m to NZ\$19m per annum.

**(f) The Proposed Transaction is expected to create significant cost synergies not otherwise available to the standalone entities**

Full run-rate synergies identified through the two-way due diligence process undertaken by both ATL and *thl* are estimated at between NZ\$17m to NZ\$19m per annum at the EBIT level (or NZ\$18m to NZ\$20m per annum on a cash basis). Of these synergies, 69% and 70% are fixed on an EBIT and cash basis, respectively, with the majority of the fixed synergies expected to be realised by the end of FY23. The phasing of variable cost synergies will depend on the pace of COVID-19 recovery.

Synergies primarily relate to duplication of corporate costs and procurement benefits.

The Merged Group may realise additional synergies that are more difficult to quantify pre-merger relating to the sharing of operational expertise, operating efficiencies and marketing expertise. Examples of some of these potential additional synergies include:

- sharing of each organisation's management and operational expertise in key businesses;
- optimising procurement and logistics across the network which may lower capital and operating costs due to economies of scale, and improved purchasing power; and
- realising marketing synergies through the expanded branded network and customer relationships in key businesses.

Total one-off implementation costs are expected to be between NZ\$4.0m and NZ\$7.0m with the majority of these to be incurred by the end of FY23.

**(g) The Merged Group is expected to be financially stronger than ATL on a standalone basis. The ATL Directors believe this will likely result in a faster recovery from COVID-19, improved ability to weather any ongoing effects from the pandemic including supply chain disruptions, and capability to take advantage of near term growth opportunities**

The combination of increased balance sheet flexibility to manage the re-fleeting process required to take advantage of increased demand post-pandemic with the realisation of merger synergies will likely enable the Merged Group to more quickly return to pre-pandemic earnings levels than **ATL** would be able to achieve on its own. Given this, the **ATL** Directors believe the Merged Group should be in a position to consider recommencing payment of dividends more quickly than **ATL** could on a standalone basis.

The risk of ongoing travel restrictions, impact on consumer sentiment and supply chain disruptions from COVID-19 and their associated impacts on revenue and liquidity will be easier to manage with the improved financial strength created by the merger. The largely fixed nature of the synergies outlined in section 4.1(f) above enhances both businesses' ability to best navigate the recovery and means that significant value is expected to be created regardless of the COVID recovery profile as the value of synergies comprises a relatively larger proportion of the earnings base of the combined standalone businesses.

The improved financial strength should enable the Merged Group to take advantage of growth opportunities presented in the near term.

**(h) The Scheme was considered by ATL Directors to be more favourable than ATL remaining as a standalone entity**

In considering and recommending the Scheme, the **ATL** Directors considered, among other factors:

- i. the merits, synergies and strategic rationale of the Scheme. In particular, the **ATL** Directors expect the synergies will be substantial and can only be accessed as part of the Merged Group;
- ii. the outlook, risks and opportunities available to **ATL** as a standalone entity and the outlook, risks and opportunities available to **ATL** as part of the Merged Group;
- iii. the likelihood, in the **ATL** Directors' opinion, of the Merged Group being in a position to recommence shareholder dividends sooner than **ATL** on a standalone basis;
- iv. anticipated improved share trading liquidity for Scheme Shareholders as part of the larger Merged Group; and
- v. the likelihood of a Superior Proposal for **ATL** emerging in the future.

After considering all of the above, the **ATL** Directors decided to recommend the Scheme and are of the view that the Scheme is in the best interests of **ATL** Voting Shareholders, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of **ATL** Voting Shareholders.

**(i) No Superior Proposal has emerged since the announcement of the Scheme**

The Scheme Implementation Deed prohibits **ATL** from soliciting or entertaining a Competing Proposal, other than in certain circumstances. **ATL** may respond to any bona fide approach by a prospective purchaser where the **ATL** Directors determine (acting in good faith and after taking advice from **ATL**'s external advisers) that such approach would lead to a Superior Proposal and where failure to do so would be reasonably likely to involve a breach of the duties of the **ATL** Directors. **ATL** would be required to notify *thl* of its intention to respond to such approach and provide *thl* with any confidential information concerning **ATL** that it intended to provide to the prospective purchaser.

As at the date of this Scheme Booklet, neither **ATL** nor any of **ATL**'s advisers are aware of any Competing Proposal and there are no third-party discussions underway with **ATL** (or its advisers) in relation to a Competing Proposal. **ATL** will notify **ATL** Shareholders if a Superior Proposal is received before the Second Court Date.

**(j) If the Scheme does not proceed, and no Superior Proposal emerges, the price of ATL Shares may fall in the near-term**

Prior to the announcement of the Scheme on 10 December 2021, the closing price of ATL Shares was A\$0.555 per share.

If the Scheme is not implemented, and in the absence of a Superior Proposal, the price of ATL Shares on the ASX may fall, including to a price that is significantly below the implied value of the Scheme Consideration of A\$0.736 per ATL Share (as referred to in section 4.1(d) above), and below the price at which ATL Shares have traded since the announcement.

**(k) The Merged Group will have an experienced and complementary board and management team with extensive experience and proven track record operating across Australia, New Zealand, the United Kingdom, Europe and North America**

The Scheme combines two highly experienced and complementary board and senior management teams with extensive experience operating within Australia, New Zealand, the United Kingdom, Europe and North America.

The leadership team of the Merged Group will be well positioned to leverage its extensive tourism knowledge and its in-country experience.

The proposed board of directors of the Merged Group will comprise ten members, with ATL to nominate three directors and *thl* to contribute seven directors. Luke Trouchet will be one of the ATL nominated directors and it is intended that he will assume a newly created role as Executive Director – M&A and Global Transitions and join the *thl* Board. The other ATL Directors to be appointed to the board of directors of the Merged Group are Sophie Mitchell, the current independent Chairman of ATL, and independent non-executive director, Robert Baker.

This transitional board of directors for the Merged Group is expected to be in place until the 2022 *thl* annual meeting, at which point a new board consisting of no more than eight directors will be appointed.

More information about the intended composition of the proposed board of directors for the Merged Group, and the intentions of the Merged Group following implementation of the Scheme, is set out in section 9 of this Scheme Booklet.

**(l) *thl* will apply to be admitted to the official list of ASX in addition to its existing NZX listing and, if that application is successful and the Scheme becomes Effective, Scheme Shareholders will be able to trade their *thl* Consideration Shares on the ASX and NZX**

The Scheme is conditional upon *thl* receiving approval from ASX for it to be admitted to the official list of ASX as an ASX foreign exempt listing and the quotation of *thl* Shares on ASX. *thl* will retain its primary listing on the NZX and will also use all reasonable endeavours to ensure that the *thl* Consideration Shares will, on the business day following the Implementation Date, be able to be traded on NZX.

If the Scheme becomes Effective, and subject to *thl*'s ASX listing application being approved, the *thl* Consideration Shares will also be able to be traded on the ASX on the business day following the Implementation Date or as soon as reasonably practicable thereafter.

ATL Voting Shareholders should note that, while the Scheme is conditional on the admission of *thl* to ASX as an ASX foreign exempt listing, that condition may be waived if agreed to by *thl* and ATL.

**(m) No brokerage will be payable by you for the transfer of your ATL Shares under the Scheme**

If the Scheme is implemented, Scheme Shareholders will not incur any brokerage on the transfer of ATL Shares to *thl* under the Scheme (except for Foreign Scheme Shareholders as set out in section 6.6).

For ATL Voting Shareholders, it is possible that such charges may be incurred if ATL Shares are transferred other than under the Scheme.

## **4.2 Potential disadvantages of the Scheme**

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of ATL Voting Shareholders, in the absence of a Superior Proposal. In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of ATL Voting Shareholders, the ATL Directors unanimously recommend that ATL Voting Shareholders vote in favour of the Scheme. However, you may hold a different view from, and are not obliged to follow the recommendation of, the ATL Directors and may not agree with the Independent Expert's conclusion.

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**(a) You may believe that there is potential for a Superior Proposal to be made in the foreseeable future**

Since **ATL** and *thl* entered into the Scheme Implementation Deed on 10 December 2021 through to the date of this Scheme Booklet, no Competing Proposal has emerged. However, **ATL** Voting Shareholders may consider that a Superior Proposal with a higher consideration for **ATL** Shares or better long-term prospects for the **ATL** business could emerge in the foreseeable future. The Scheme becoming Effective and being implemented will mean that Scheme Shareholders will not receive the benefit of any such Superior Proposal.

The Scheme Implementation Deed prohibits **ATL** from soliciting or entertaining a Competing Proposal, other than in certain circumstances. **ATL** may respond to any bona fide approach by a prospective purchaser where the **ATL** Directors determine (acting in good faith and after taking advice from **ATL**'s external advisers) that such approach would lead to a Superior Proposal and where failure to do so would be reasonably likely to involve a breach of the duties of the **ATL** Directors. **ATL** would be required to notify *thl* of its intention to respond to such approach and provide *thl* with any confidential information concerning **ATL** that it intended to provide to the prospective purchaser.

**ATL** will notify **ATL** Shareholders if a Superior Proposal is received before the Second Court Date.

**(b) You may disagree with the **ATL** Directors' unanimous recommendation or the Independent Expert's conclusion**

You may disagree with the conclusion of the Independent Expert, who has determined that the Scheme is fair and reasonable and in the best interests of, **ATL** Voting Shareholders, in the absence of a Superior Proposal.

Similarly, you may disagree with the unanimous recommendation of the **ATL** Directors to vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of **ATL** Voting Shareholders.

**(c) You may wish to maintain your current investment profile and exposure to a business with **ATL**'s specific characteristics**

**ATL** Voting Shareholders may wish to keep their **ATL** Shares and preserve their investment in an Australian publicly listed company with **ATL**'s specific characteristics. The asset composition and exposure, earnings mix and risk profile of the two companies are different on a standalone basis.

If the Scheme is implemented and a Scheme Shareholder receives *thl* Consideration Shares under the Scheme, that person's rights as a shareholder will no longer be governed by the laws of Australia, the ASX Listing Rules (except to the extent to which they may apply to *thl* as a foreign exempt listing on ASX) and the **ATL** Constitution. Instead, that person's rights as a holder of *thl* Consideration Shares will be governed by the laws of New Zealand, the NZX Listing Rules, the Companies Act 1993 (NZ) (**Companies Act**) and the *thl* Constitution. Further details of the rights attaching to the *thl* Consideration Shares and the key material differences between the applicable company laws, listing rules and other relevant laws can be found in Annexure G.

Implementation of the Scheme may represent a disadvantage if you do not want to change your investment profile. **ATL** Voting Shareholders should read this Scheme Booklet carefully to understand the implications of the Scheme and should seek investment, legal or other professional advice in relation to their own circumstances. Further information about the Merged Group can be found at section 9 of this Scheme Booklet.

**(d) The future value of *thl* Consideration Shares after the Scheme is implemented will move with market and investor sentiment and as such is considered uncertain**

If the Scheme becomes Effective and is implemented, Scheme Shareholders (other than Foreign Scheme Shareholders) will receive *thl* Consideration Shares. At this point, the trading value of *thl* Consideration Shares will depend on the price at which *thl* Shares are trading on NZX (and, potentially, ASX). The price of *thl* Shares may rise or fall both before and after the Implementation Date depending on market conditions and the financial and operational performance of *thl* and, after Implementation, the Merged Group.



**(e) You may be worried about specific risks associated with *thl*'s business or the future value of *thl* Consideration Shares after the Scheme is implemented**

You should read sections 8 and 9 of this Scheme Booklet which summarises the business operations and strategy of *thl* and the Merged Group, respectively, to understand what additional businesses and assets you will be exposed to if you become a *thl* Shareholder on implementation of the Scheme.

Additionally, there are a number of risks specific to the Merged Group, which are described in further detail in section 10 of this Scheme Booklet and which may affect the value of *thl* Consideration Shares.

ATL Voting Shareholders should consider these risks before deciding whether to vote in favour of the Scheme.

**(f) The tax consequences of the Scheme may not suit your current financial situation**

Implementation of the Scheme may trigger different or adverse tax consequences for certain Scheme Shareholders. The tax treatment may vary depending on the nature and characteristics of each Scheme Shareholder and their specific circumstances. The tax consequences of the Scheme may not suit an individual Scheme Shareholder's financial position. Scheme Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

You should read the summary of the general Australian and certain New Zealand tax implications of the Scheme outlined in section 11 of this Scheme Booklet, which is general in nature and consult with your professional tax adviser regarding your particular circumstances.

**(g) The Scheme may be subject to Scheme Conditions that you consider unacceptable**

In addition to ATL Voting Shareholder approval and Court approval, the implementation of the Scheme is subject to a number of other Scheme Conditions. If the Scheme Conditions are not satisfied or waived (as applicable), the Scheme will not be implemented and ATL Voting Shareholders will not receive the Scheme Consideration.

The Scheme Conditions are summarised in section 5.3 of this Scheme Booklet and are set out in full in clause 3.1 of the Scheme Implementation Deed. You may consider those conditions to be unacceptable. However, you should note that the Scheme will not be implemented unless those conditions are satisfied or waived.

**4.3 Other key considerations in relation to voting on the Scheme**

ATL Voting Shareholders should also consider the following additional considerations in determining how to exercise their vote at the Scheme Meeting:

**(a) The Scheme may be implemented even if you vote against the Scheme or do not vote at all**

Even if you vote against the Scheme or do not vote at all, the Scheme may still be implemented if it is approved by the Requisite Majority of ATL Voting Shareholders and the Court and all of the other Scheme Conditions are either satisfied or waived. If this occurs:

- i. the Scheme will bind all Scheme Shareholders, including those who did not vote on the Scheme Resolution and those who voted against it;
- ii. on the Implementation Date, your ATL Shares will be transferred to *thl* and you will receive the Scheme Consideration;
- iii. ATL will become a wholly-owned Subsidiary of *thl*; and
- iv. ATL will be delisted from the ASX.

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### **(b) Break fees**

Under the Scheme Implementation Deed, **ATL** and **thl** are each liable to pay the other party a break fee of A\$1,400,000 in certain circumstances. A break fee is not payable by **ATL** if the Scheme does not proceed merely because **ATL** Voting Shareholders do not approve the Scheme by the Requisite Majority.

Refer to section 5.11 of this Scheme Booklet for additional information on the break fee.

### **(c) Transaction costs**

As at the date of this Scheme Booklet, **ATL** has incurred (or expects to incur) costs of approximately A\$2.8 million (excluding GST and disbursements) in developing the Scheme so that it is capable of being submitted to **ATL** Voting Shareholders for consideration.

### **(d) Conditionality of the Scheme**

Implementation of the Scheme is subject to the satisfaction or waiver of a number of Scheme Conditions. If the Scheme Conditions are not satisfied or waived by their Relevant Dates, the Scheme will not proceed (in which case **ATL** Voting Shareholders will not receive the Scheme Consideration).

### **(e) Implications for ATL Voting Shareholders if the Scheme is not implemented**

- i. **(No Scheme Consideration):** If the Scheme is not implemented, each **ATL** Voting Shareholder will retain their **ATL** Shares and will not receive any Scheme Consideration.
- ii. **(Remain listed):** If the Scheme is not implemented, **ATL** will remain listed on the ASX. **ATL** Voting Shareholders will continue to be exposed to the risks and benefits of owning **ATL** Shares.
- iii. **(Share price drop):** If the Scheme is not implemented, the **ATL** Share price may trade below its recent trading prices, although it is not possible to predict the **ATL** Share price movement with any degree of certainty.

### **(f) Warranties by Scheme Shareholders under the Scheme**

The effect of the Scheme is that all Scheme Shareholders, including those who vote against the Scheme and those who do not vote, will be deemed to have warranted to **ATL**, both in their own right and for the benefit of **thl**, that, as at the Implementation Date, their **ATL** Shares are fully paid and not subject to any of the encumbrances specified in the Scheme. The terms of the warranties are set out in clause 8.4(a) of the Scheme. The Scheme is set out in Annexure D.

You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.

SECTION 5

# Implementation of the Scheme



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## 5.1 Introduction

The Scheme is a scheme of arrangement under Part 5.1 of the Corporations Act. A scheme of arrangement is commonly used to give effect to the acquisition of one company by another company or the merger of two or more companies.

The key terms of the Scheme, if approved and implemented, will involve:

- (a) the acquisition by **thl**, through its wholly-owned Subsidiary, **thl** Acquirer, on the Implementation Date of all **ATL** Shares; and
- (b) the provision of the Scheme Consideration to Scheme Shareholders who hold **ATL** Shares at the Scheme Record Date other than Foreign Scheme Shareholders (see section 6.6).

This section explains the steps involved in implementing the Scheme (a copy of which is contained in Annexure D).

## 5.2 Steps in implementing the Scheme

### (a) Scheme Implementation Deed

On 10 December 2021, **ATL**, **thl** and **thl** Acquirer entered into the Scheme Implementation Deed which sets out the rights and obligations of **ATL**, **thl** and **thl** Acquirer in connection with the implementation of the Scheme.

A copy of the Scheme Implementation Deed (excluding annexures) is set out in Annexure C. Certain key aspects of the Scheme Implementation Deed are summarised in section 5 of this Scheme Booklet.

### (b) Deed Poll

On Tuesday, 15 February 2022, **thl** and **thl** Acquirer executed the Deed Poll in favour of each Scheme Shareholder, pursuant to which **thl** and **thl** Acquirer agreed to perform their obligations under Scheme and to otherwise comply with the Scheme as if **thl** and **thl** Acquirer were parties to the Scheme.

The key obligation of **thl** under the Scheme is to provide the Scheme Consideration for the benefit of Scheme Shareholder subject to satisfaction or waiver of the Scheme Conditions.

A copy of the Deed Poll is set out in Annexure E.

### (c) Scheme Meeting

On Friday, 18 February 2022, the Court ordered that **ATL** convene a meeting of **ATL** Voting Shareholders to consider and vote on the Scheme. The Court ordered that the Scheme Meeting be held at 10.00am on Wednesday, 20 April 2022 at Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Queensland 4000 and also via **ATL's** online meeting platform at <https://meetnow.global/MXDSZKR>.

Instructions on how to attend and vote at the Scheme Meeting are set out in section 3 of this Scheme Booklet and in the Notice of Scheme Meeting in Annexure F.

### No endorsement by the Court

The fact that under section 411(1) of the Corporations Act the Court ordered on Friday, 18 February 2022 that a meeting of the **ATL** Voting Shareholders be convened by **ATL** to consider and vote on the Scheme does not mean that the Court:

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

### Required majority to pass resolutions

For the Scheme to be implemented, it is necessary that the Requisite Majority of **ATL** Voting Shareholders vote in favour of the resolution to approve the Scheme at the Scheme Meeting.

If the Requisite Majority of **ATL** Voting Shareholders approve the Scheme at the Scheme Meeting, the result of the Scheme Meeting will be announced to the ASX after conclusion of the Scheme Meeting.

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#### **(d) Second Court Hearing**

In order to become Effective, the Scheme (with or without modification) must be approved by an order of the Court at the Second Court Hearing in accordance with section 411(4)(b) of the Corporations Act.

##### ***Apply for approval***

If the Scheme is approved at the Scheme Meeting by the Requisite Majority, **ATL** intends to apply to the Court for the necessary orders approving the Scheme.

The Court has an overriding discretion whether or not to approve the Scheme under section 411(4)(a)(ii) (A) of the Corporations Act and can, for example, disregard the Headcount Test. **ATL** reserves the right to apply to the Court at the Second Court Hearing to approve the Scheme even if the Headcount Test is not satisfied.

If the Scheme is approved at the Scheme Meeting by the Requisite Majority, but not subsequently approved by the Court at the Second Court Hearing, then the Scheme will not proceed.

##### ***Opposing the Scheme***

Each **ATL** Shareholder has the right to seek leave to appear at Court at the Second Court Hearing and be heard in respect of the Scheme.

The Second Court Hearing is scheduled to be held 10.00am on Thursday, 28 April 2022 in the Supreme Court of Queensland (Brisbane registry). Information on attending the Second Court Hearing, including the scheduled date of the hearing, will be released on ASX in due course if the Scheme is approved by **ATL** Voting Shareholders at the Scheme Meeting.

If you want to object to approval of the Scheme by the Court at the Second Court Hearing, you must file with the Court and serve on **ATL** a notice of appearance in the prescribed form together with any affidavit that you propose to rely on at the hearing.

The notice of appearance and affidavit must be served on **ATL** at its address for service at least one day before the Second Court Hearing. The postal address for service is c/- Hamilton Locke, Level 28, 123 Eagle Street, Brisbane, Queensland 4000 and should be copied to [benny.sham@hamiltonlocke.com.au](mailto:benny.sham@hamiltonlocke.com.au).

It is possible that, because of restrictions imposed in response to the COVID-19 pandemic, the Second Court Hearing will be conducted by remote access technology, including via a dedicated video conferencing service or telephone conferencing service. An **ATL** Shareholder seeking to attend the Second Court Hearing should review the Court list (available at [www.courts.qld.gov.au/daily-law-lists/daily-law-lists](http://www.courts.qld.gov.au/daily-law-lists/daily-law-lists)) for details of the hearing and how such hearing can be attended. The Court list is usually available by 6.00pm the day before a scheduled hearing.

#### **(e) Scheme Record Date**

##### ***Determination of entitlement to Scheme Consideration***

Scheme Shareholders will be entitled to receive the Scheme Consideration under the Scheme if they are registered as holders of **ATL** Shares on the Scheme Record Date.

The Scheme Record Date is currently proposed to be 7.00pm on the second Business Day following the Effective Date (or such other Business Day as **thl** and **ATL** agree in writing). The Scheme Record Date will be announced to ASX in due course if the Scheme is approved by the Requisite Majority of **ATL** Voting Shareholders.

In this Scheme Booklet, **ATL** Shareholders (other than **thl** and its Subsidiaries) as at the Scheme Record Date are referred to as 'Scheme Shareholders'.

From the Scheme Record Date, the Share Register will close for transfers and all holding statements for **ATL** Shares and entries on the Share Register on the Scheme Record Date will cease to have any effect other than as evidence of entitlement to the Scheme Consideration (other than in respect of the transfers to **thl** under the Scheme and any subsequent transfer by it or its successors in title or by the **thl** Entities).

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## (f) Effective Date

If the Court approves the Scheme at the Second Court Hearing, **ATL** will (pursuant to section 411(10) of the Corporations Act) lodge with ASIC the office copy of the Court order approving the Scheme. **ATL** intends to lodge the office copy of the Court order with ASIC on the Effective Date, which is currently expected to be Friday, 29 April 2022.

If the Scheme Conditions are satisfied or waived, the Scheme will legally come into effect on the Effective Date.

If the Scheme has not become Effective or the relevant Scheme Conditions have not been satisfied or waived by the End Date (which is currently 29 April 2022 unless at that time the only Scheme Conditions that need to be satisfied are the approval by the ACCC, the Commerce Commission and FIRB, in which case the End Date will be 30 June 2022), or such later date as **ATL** and **thl** agree in writing, the Scheme will lapse and be of no further force or effect.

## (g) Implementation Date

The Implementation Date of the Scheme is the date which is five Business Days after the Scheme Record Date or such other date as agreed by **ATL** and **thl**. The Implementation Date is currently proposed to be Tuesday, 10 May 2022.

If the Scheme becomes Effective, on the Implementation Date:

- all **ATL** Shares held by Scheme Shareholders will be transferred to **thl** Acquirer without any further action required by Scheme Shareholders;
- all Scheme Shareholders (other than Foreign Scheme Shareholders) will receive the Scheme Consideration and will have their names entered on the **thl** Register as the holder of their **thl** Consideration Shares;
- **ATL** will enter the name of **thl** Acquirer in the Share Register in respect of the **ATL** Shares; and
- **ATL** will become a wholly-owned Subsidiary of **thl**.

More information about the provision of the Scheme Consideration on the Implementation Date is set out in section 6.3 of this Scheme Booklet. For further information about the **thl** Consideration Shares to be issued to the Scheme Shareholders, refer to Annexure G.

## (h) Suspension and delisting

If the Scheme becomes Effective, **ATL** will apply to the ASX to suspend trading on the ASX in **ATL** Shares with effect from the close of trading on the Effective Date.

After the Implementation Date of the Scheme, **ATL** will apply to the ASX for termination of the official quotation of **ATL** Shares on the ASX and to have itself removed from the official list of the ASX.

## (i) Trading in **thl** Consideration Shares

**thl** will apply to be admitted to the official list of the ASX as an ASX foreign exempt listing and use all reasonable endeavours to ensure that, subject to the Scheme becoming Effective, in addition to being able to be traded on NZX on the business day following the Implementation Date, trading in the **thl** Consideration Shares on ASX commences on the same date (currently expected to be Wednesday, 11 May 2022) or as soon as reasonably practicable thereafter.

The exact number of **thl** Consideration Shares to be issued to each Scheme Shareholder (other than Foreign Scheme Shareholders) will not be known until after the Scheme Record Date and will not be confirmed to each relevant Scheme Shareholder until they receive their holding statements following the Implementation Date. It is the responsibility of each relevant Scheme Shareholder to confirm their holdings of **thl** Consideration Shares before they trade them, to avoid the risk of committing to sell more than will be issued to them.

### 5.3 Scheme Conditions

The Scheme will not proceed unless all the Scheme Conditions are satisfied or waived (if capable of being waived) by the Relevant Date in accordance with the Scheme Implementation Deed or Scheme (as applicable).

The Scheme Conditions are set out in clause 3.1 of the Scheme Implementation Deed and are summarised in the table below.

NO	CONDITION	PARTY ENTITLED TO BENEFIT OF CONDITION
<b>Scheme Conditions</b>		
1.	<b>Regulatory Approvals</b> Before the Delivery Time on the Second Court Date, ASIC, ASX, NZ Takeovers Panel and NZX issue or provide such consents, approvals or waivers as are necessary or which <b>ATL</b> and <b>thl</b> agree are necessary or desirable to implement the Scheme and such consent, approval or other act has not been withdrawn or revoked before the Delivery Time on the Second Court Date.	<b>ATL/thl</b>
2.	<b>ACCC</b> Before the Delivery Time on the Second Court Date: (a) <b>thl</b> has received notification from the ACCC that: i. based on the information before it, the ACCC does not propose to intervene in the Proposed Transaction pursuant to section 50 of the <i>Competition and Consumer Act 2010</i> (Cth) ( <b>CCA</b> ) (whether or not the notification also states that the ACCC reserves its position if other material information emerges); or ii. based on the information provided to the ACCC and the acceptance by the ACCC of written undertakings (pursuant to section 87B of the CCA) provided or agreed to be provided to the ACCC, the ACCC does not propose to intervene in the Proposed Transaction pursuant to section 50 of the CCA (whether or not the notification also states that the ACCC reserves its position if other material information emerges); (b) the ACCC, or the Australian Competition Tribunal ( <b>Tribunal</b> ) on review of an ACCC decision, has granted authorisation of the Proposed Transaction under Part VII of the CCA either unconditionally or on terms and conditions that are acceptable to <b>thl</b> and <b>ATL</b> acting reasonably, and no application to the Federal Court of Australia has been made for judicial review of the decision of the ACCC or the Tribunal within the prescribed period; or (c) the Federal Court of Australia declares or makes orders that the Proposed Transaction will not contravene section 50 of the CCA or <b>thl</b> successfully defends proceedings in the Federal Court of Australia alleging that the Proposed Transaction contravenes section 50 of the CCA (and, in either case, the declaration or decision of the Federal Court of Australia has been finally determined).	<b>ATL/thl</b>

NO	CONDITION	PARTY ENTITLED TO BENEFIT OF CONDITION
3.	<p><b>Commerce Commission</b></p> <p>Before the Delivery Time on the Second Court Date, <i>thl</i> has received from the Commerce Commission, either unconditionally or on terms and conditions that are acceptable to <i>thl</i> and <b>ATL</b> acting reasonably:</p> <p>(a) a notice in writing under section 66 of the Commerce Act 1986 (NZ) giving clearance for the Proposed Transaction and no application to the High Court of New Zealand under section 91 of the <i>Commerce Act 1986</i> (NZ) has been made for review of the decision of the Commerce Commission within the prescribed period; or</p> <p>(b) in response to <i>thl</i> filing an informal notification to the Commerce Commission, notice that the Commerce Commission has no objection to, and does not intend to take any action to prevent or oppose, the Proposed Transaction.</p>	ATL/ <i>thl</i>
4.	<p><b>FIRB</b></p> <p>Before the Delivery Time on the Second Court Date, either:</p> <p>(a) <i>thl</i> has received a written notice under FATA from the Treasurer (or his delegate) stating that, or to the effect that, the Commonwealth of Australia does not object to the Proposed Transaction, either without conditions or on terms that are acceptable to <i>thl</i> and <b>ATL</b> (acting reasonably); or</p> <p>(b) following notice of the Proposed Transaction having been given by <i>thl</i> to the Treasurer under FATA, the Treasurer ceases to be empowered to make any order under Part 3 of FATA.</p>	ATL/ <i>thl</i>
5.	<p><b>ASX admission</b></p> <p>Before the Delivery Time on the Second Court Date, <i>thl</i> has received approval from ASX for it to be admitted to the official list of ASX as an ASX foreign exempt listing and the quotation of <i>thl</i> Shares on ASX, subject only to customary conditions, the Scheme becoming Effective and any other conditions acceptable to the parties (each acting reasonably).</p>	ATL/ <i>thl</i>
6.	<p><b>Other governmental authorities</b></p> <p>Before the Delivery Time on the Second Court Date, each other relevant Governmental Agency other than ASIC, ASX, NZ Takeovers Panel, NZX, ACCC, Commerce Commission and FIRB (if any) issue or provide such consents, waivers, approvals which both <i>thl</i> and <b>ATL</b> consider are necessary or desirable to implement the Scheme (noting that if such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to the parties (each acting reasonably)) and such consent, approval or other act has not been withdrawn or revoked before the Delivery Time on the Second Court Date.</p>	ATL/ <i>thl</i>
7.	<p><b>No ATL Prescribed Occurrence</b></p> <p>No <b>ATL</b> Prescribed Occurrence occurs between the date of the Scheme Implementation Deed and the Delivery Time on the Second Court Date.</p>	<i>thl</i>
8.	<p><b>No <i>thl</i> Prescribed Occurrence</b></p> <p>No <i>thl</i> Prescribed Occurrence occurs between the date of the Scheme Implementation Deed and the Delivery Time on the Second Court Date.</p>	ATL
9.	<p><b>ATL Warranties</b></p> <p>The <b>ATL</b> Warranties being true and correct in all material respects on the date they are given.</p>	<i>thl</i>



<b>NO</b>	<b>CONDITION</b>	<b>PARTY ENTITLED TO BENEFIT OF CONDITION</b>
10.	<p><b>thl Warranties</b></p> <p>The <b>thl</b> Warranties being true and correct in all material respects on the date they are given.</p>	ATL
11.	<p><b>No ATL Material Adverse Change</b></p> <p>No <b>ATL</b> Material Adverse Change occurs between the date of the Scheme Implementation Deed and the Delivery Time on the Second Court Date.</p>	<b>thl</b>
12.	<p><b>No thl Material Adverse Change</b></p> <p>No <b>thl</b> Material Adverse Change occurs between the date of the Scheme Implementation Deed and the Delivery Time on the Second Court Date.</p>	ATL
13.	<p><b>No restraining orders</b></p> <p>No judgment, order, decree, statute, law, ordinance, rule of regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other Governmental Agency of competent jurisdiction in Australia or New Zealand remains in effect as at the Delivery Time on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Scheme.</p>	ATL/thl
14.	<p><b>Third party consents – Material Contracts</b></p> <p>All consents, approvals or waivers of rights by parties other than <b>ATL</b> under any <b>Material Contracts</b> which are necessary or desirable in the reasonable opinion of <b>thl</b> are obtained in a form and subject to conditions acceptable to <b>thl</b> and <b>ATL</b> (acting reasonably), and such consents, approvals or waivers have not been withdrawn, cancelled or revoked before the Delivery Time on the Second Court Date.</p>	<b>thl</b>
15.	<p><b>Trouchet escrow arrangements</b></p> <p>Unless it is indicated by the Court when hearing an application for an order under section 411(1) of the Corporations Act directing <b>ATL</b> to convene the Scheme Meeting that such arrangements would mean the Trouchet Shareholders will be a separate class for the purposes of the Scheme, the entry by the Trouchet Shareholders into arrangements with <b>thl</b> on terms and conditions acceptable to <b>thl</b> and <b>ATL</b> (acting reasonably) documented in a deed under which:</p> <p>(a) 90% of the <b>thl</b> Consideration Shares received by them will be escrowed for 12 months after the Implementation Date; and</p> <p>(b) 50% of the <b>thl</b> Consideration Shares received by them on implementation of the Scheme will be escrowed for 24 months after the Implementation Date.</p>	<b>thl</b>
16.	<p><b>Independent Expert's Report</b></p> <p>The Independent Expert issues the Independent Expert's Report, which concludes that the Scheme is in the best interests of <b>ATL</b> Voting Shareholders and the Independent Expert does not change, withdraw or qualify its conclusion in any written update to its Independent Expert's Report or withdraw the Independent Expert's Report prior to the Delivery Time on the Second Court Date.</p>	ATL/thl

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<b>NO</b>	<b>CONDITION</b>	<b>PARTY ENTITLED TO BENEFIT OF CONDITION</b>
17.	<p><b>Refinancing</b></p> <p>The <i>thl</i> Group entering into an agreement with new or existing financiers, and obtaining all necessary approvals in respect of the entry into that agreement, to refinance either its existing debt facilities or the debt facilities of all or part of the Merged Group on and with effect from the Implementation Date on terms and conditions that are acceptable to <i>thl</i> and <b>ATL</b> (acting reasonably) (<b>Refinancing Agreement</b>), and all conditions to drawdown under the Refinancing Agreement (other than the Scheme becoming Effective) have either been satisfied or waived prior to the Delivery Time on the Second Court Date or <i>thl</i> and <b>ATL</b> are satisfied (acting reasonably) that any remaining conditions will be satisfied on or prior to the Implementation Date.</p>	<i>ATL/thl</i>
18.	<p><b>Consent from ATL financiers or refinancing</b></p> <p>All consents, approvals, confirmations, agreements or waivers of rights from any financier of the <b>ATL</b> Group (except as agreed in writing between the parties or to the extent arrangements with those financiers are addressed by the terms of the Refinancing Agreement) which are in the opinion of <b>ATL</b> or <i>thl</i> necessary or desirable in connection with (i) the Proposed Transaction or (ii) the ongoing funding of the Merged Group following the implementation of the Proposed Transaction are obtained in a form and subject to conditions acceptable to <i>thl</i> and <b>ATL</b>, and such consents, approvals, confirmations or waivers have not been withdrawn, cancelled or revoked nor have any condition to such consents, approvals, confirmations or waivers become incapable of being satisfied before the Delivery Time on the Second Court Date.</p>	<i>ATL/thl</i>
19.	<p><b>Shareholder approval</b></p> <p>The Scheme is approved by <b>ATL</b> Voting Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act.</p>	<i>ATL/thl</i>
20.	<p><b>Court approval</b></p> <p>The Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either party (acting reasonably).</p>	<i>ATL/thl</i>
21.	<p><b>Order lodged with ASIC</b></p> <p>An office copy of the Court order approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC.</p>	<i>ATL/thl</i>
22.	<p><b>D&amp;O insurance</b></p> <p><i>thl</i> obtaining, before the Delivery Time on the Second Court Date, confirmation from its insurers that <i>thl</i>'s existing Directors and Officers insurance policy is extended to include the Scheme.</p>	<i>thl</i>

#### **5.4 Status of Scheme Conditions**

As at the Last Practicable Date, all of the Scheme Conditions remain outstanding. An update on the status of certain Scheme Conditions can be found in sections 9.2 and 12.13 of this Scheme Booklet. As at the date of this Scheme Booklet, none of **ATL** or *thl* are aware of any circumstances which would cause any Scheme Conditions not to be satisfied.

A statement about the status of all of the Scheme Conditions will be made at the commencement of the Scheme Meeting.

## 5.5 If the Scheme does not proceed

If the Scheme does not proceed, **ATL** Voting Shareholders will continue to hold **ATL** Shares and will not receive the Scheme Consideration. In the absence of any Superior Proposal to the Scheme, **ATL** will continue as a standalone ASX listed entity. **ATL** may, in addition to the normal risks it faces, be exposed to the additional risks as described in section 10.4 of this Scheme Booklet.

**ATL** will be liable to pay certain transaction costs relating to the Scheme regardless of whether the Scheme proceeds. If the Scheme is implemented, additional costs will be incurred.

## 5.6 Exclusivity arrangements and competing proposals

Under the Scheme Implementation Deed, **ATL** has agreed to certain exclusivity restrictions that are summarised below. **ATL** agreed to these exclusivity restrictions with **thl** after engaging in arms-length negotiations during the course of the preparation of the Scheme Implementation Deed.

Full details of these restrictions are contained in clause 14 of the Scheme Implementation Deed.

These restrictions apply to **ATL** during the period commencing on the date of the Scheme Implementation Deed and ending on the earliest of:

- the End Date;
- the Effective Date of the Scheme; and
- the date the Scheme Implementation Deed is terminated in accordance with its terms.

<b>RESTRICTION</b>	<b>DESCRIPTION</b>
<b>No shop</b>	<p><b>ATL</b> must not, directly or indirectly:</p> <ul style="list-style-type: none"><li>(a) solicit, invite, encourage, continue or initiate any Competing Proposal or any enquiries, negotiations or discussions with any third party in relation to, or that may reasonably be expected to encourage or lead to, an actual, proposed or potential Competing Proposal or which may otherwise lead to the Proposed Transaction not being completed; or</li><li>(b) solicit, invite, encourage or initiate approaches, enquiries, discussions or proposals with a view to obtaining any offer, proposal or expression of interest from any person in relation to, or which may reasonably be expected to lead to, an actual, proposed or potential Competing Proposal, or communicate any intention to do any of those things.</li></ul>
<b>No talk</b>	<p><b>ATL</b> must not, directly or indirectly:</p> <ul style="list-style-type: none"><li>(a) negotiate or enter into or participate in negotiations or discussions with any person; or</li><li>(b) communicate any intention to do any of these things,</li><li>(c) in relation to, or that may reasonably be expected to encourage or lead to, an actual or potential Competing Proposal or any agreement, understanding or arrangement that may be reasonably expected to encourage or lead to a Competing Proposal or which may otherwise lead to the Proposed Transaction not being completed, even if:</li><li>(d) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by <b>ATL</b> or any of its Related Bodies Corporate; or</li><li>(e) that person has publicly announced the Competing Proposal.</li></ul>

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<b>RESTRICTION</b>	<b>DESCRIPTION</b>
<b>No due diligence</b>	<p><b>ATL</b> must not, directly or indirectly:</p> <ul style="list-style-type: none"> <li>(a) solicit, invite, initiate, or encourage, or facilitate or permit, any person (other than <b>thl</b>) to undertake due diligence investigations in respect of <b>ATL</b>, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or</li> <li>(b) make available to any person (other than <b>thl</b>) or permit any such person to receive any non-public information relating to <b>ATL</b>, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.</li> </ul> <p>If <b>ATL</b> proposes that any non-public information be provided to a third party, then:</p> <ul style="list-style-type: none"> <li>(a) before <b>ATL</b> provides such information, the third party must enter into an acceptable confidentiality deed (which must not contain any cost reimbursement or break fee provisions in favour of the third party); and</li> <li>(b) any non-public information provided to that third party must also be provided to <b>thl</b> (unless the information has already been provided to <b>thl</b> or its authorised person).</li> </ul>

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## 5.7 Fiduciary exception

The “no talk” and “no due diligence” restrictions set out above are subject to a fiduciary exception. Provided the “no shop” restriction has been complied with, **ATL** may respond to any genuine Competing Proposal, provided that:

- the Competing Proposal is bona fide and is made by on behalf of a person that the **ATL** Board considers is of sufficient commercial standing; and
- the **ATL** Board, acting in good faith determines:
  - where there is a written Competing Proposal, after consultation with its financial advisers, that the Competing Proposal is a Superior Proposal or the steps which the **ATL** Board proposes to take may reasonably be expected to lead to a Competing Proposal which is a Superior Proposal; and
  - after receiving written legal advice from **ATL**’s external legal advisers experienced in transactions of this nature, that failing to respond to the Competing Proposal would be likely to constitute a breach of its fiduciary or statutory duties; and
  - **ATL** notifies promptly and in any event within 48 hours **thl** of each action or inaction by **ATL** or the **ATL** Board.

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## 5.8 Notification and matching right

Under the Scheme Implementation Deed, during the Exclusivity Period, **ATL** must promptly notify **thl** in writing of:

- an approach, inquiry or proposal made by any person to **ATL**, any of its Related Bodies Corporate or any of their respective authorised persons, to initiate any discussions or negotiations that concern, or that could reasonably be expected to lead to, a Competing Proposal; and
- any request made by any person to **ATL**, any of its Related Bodies Corporate or any of their respective authorised persons, for any information relating to **ATL**, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of a Competing Proposal, (**Competing Proposal Notice**).

In summary, the Competing Proposal Notice must be accompanied by material details of the relevant event and **ATL** must notify **thl** in writing as soon as possible after becoming aware of any material developments in relation to a Competing Proposal.

**ATL** must direct each **ATL** Director not to change/ withdraw its recommendation of the Scheme or approve or recommend entry into any agreement in relation to the Competing Proposal until it has provided **thl** with the written notice with the relevant information regarding the Competing Proposal, and either **thl** has not announced or provided a Counter Proposal (which **thl** has no obligation to do), or **thl** has announced a Counter Proposal, before 5 Business Days following receipt of the written notice.

If it is determined in good faith that, in summary:

- the Counter Proposal would provide an equivalent or superior outcome to **ATL** Shareholders as a whole compared with the Competing Proposal, then **ATL** and **thl** must use their best endeavours to agree the amendments to the Scheme Implementation Deed that are reasonably necessary to reflect the Counter Proposal and **ATL** must use its best endeavours to procure that the **ATL** Directors recommend the Counter Proposal to the **ATL** Shareholders and not recommend the applicable Competing Proposal; or
- the Counter Proposal would not provide an equivalent or superior outcome to **ATL** Shareholders as a whole compared with the Competing Proposal,

then **thl** may take steps to amend the Counter Proposal to address the reasons given by the **ATL** Board within a further period of 5 Business Days and if **thl** does so to **ATL**'s satisfaction then the Counter Proposal procedures in the Scheme Implementation Deed will apply to treat the new proposal as a Counter Proposal.

The procedural steps to be followed in relation to **ATL**'s response to a Competing Proposal and **thl**'s right to respond are set out in clauses 14.7 and 14.8 of the Scheme Implementation Deed.

## 5.9 Termination of the Scheme Implementation Deed

The circumstances in which the Scheme Implementation Deed can be terminated are set out in full in clause 12 of the Scheme Implementation Deed.

Below is a summary of the termination rights of the parties under the Scheme Implementation Deed:

CAUSE FOR TERMINATION	DESCRIPTION OF TERMINATION RIGHT
Termination for material breach	<p>(a) <i>thl</i> or <b>ATL</b> may, by notice in writing to the other, terminate the Scheme Implementation Deed at any time prior to the Second Court Date:</p> <ul style="list-style-type: none"><li>i. if the other party is in material breach of any of its material obligations (other than the breaching of a party's respective representations and warranties) and the other party has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) of receipt by it of a notice in writing from the terminating party setting out details of the relevant circumstance and requesting the other party to remedy the breach;</li><li>ii. in accordance with clause 3.8 of the Scheme Implementation Deed as a result of Scheme Conditions not being fulfilled or waived (if capable of waiver);</li><li>iii. if the Court refuses to make any order directing <b>ATL</b> to convene the Scheme Meeting, provided that both <b>ATL</b> and <i>thl</i> have met and consulted in good faith and either party does not wish to proceed with the Scheme; or</li><li>iv. if the Effective Date for the Scheme has not occurred on or before the End Date.</li></ul> <p>(b) <b>ATL</b> may, by notice in writing to <i>thl</i>, terminate the Scheme Implementation Deed at any time prior to the Delivery Time on the Second Court Date if at any time before then each of that number of <b>ATL</b> Directors as constitutes a majority of the <b>ATL</b> Board publicly recommend a Superior Proposal; and</p> <p>(c) <i>thl</i> may, by notice in writing to <b>ATL</b>, terminate the deed at any time prior to the Delivery Time on the Second Court Date if at any time before then any <b>ATL</b> Director:</p> <ul style="list-style-type: none"><li>i. does not recommend the Scheme in the manner contemplated by the Scheme Implementation Deed;</li><li>ii. withdraws or adversely revises or adversely modifies the <b>ATL</b> Director's recommendation of the Scheme (other than the qualifications expressly permitted by clause 5.1 of the Scheme Implementation Deed); or</li><li>iii. makes a public statement indicating that the <b>ATL</b> Director recommends, endorses or supports a Competing Proposal,</li></ul> <p>other than as a result of the circumstances described in clause 5.2 of the Scheme Implementation Deed, which will not extend to any <b>ATL</b> Director adversely revising or adversely modifying the <b>ATL</b> Director's recommendation of the Proposed Transaction as a result of, or making a public statement indicating that they recommend, endorse or support, a Competing Proposal.</p>

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**Termination  
for breach of  
representations  
and warranties**

- (a) **thl** may, by notice in writing to **ATL**, terminate the Scheme Implementation Deed at any time prior to the Delivery Time on the Second Court Date if:
- i. **ATL** is in material breach of an **ATL** Warranty; or
  - ii. **ATL** is in breach of the **ATL** Warranty in clause 9.4(h) of the Scheme Implementation Deed,
- and **ATL** has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) of receipt by it of a notice in writing from **thl** setting out details of the relevant circumstance and requesting **ATL** to remedy the breach.
- (b) **ATL** may, by notice in writing to **thl**, terminate the Scheme Implementation Deed at any time prior to the Delivery Time on the Second Court Date if:
- i. **thl** is in material breach of a **thl** Warranty; or
  - ii. **thl** is in breach of the **thl** Warranty in clause 9.1(r) of the Scheme Implementation Deed,
- and **thl** has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) of receipt by it of a notice in writing from **ATL** setting out details of the relevant circumstance and requesting **thl** to remedy the breach.

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## 5.10 Effect of termination

In the event of termination under the Scheme Implementation Deed, the Scheme Implementation Deed will become void and have no effect, except for the surviving provisions, which include clauses 9.8 (Survival of representations), 9.9 (Survival of indemnities), 12 (Termination), 13 (Break Fees) and 17.3 to 17.15 (inclusive) of the Scheme Implementation Deed. Termination of the Scheme Implementation Deed does not affect any accrued rights of a party in respect of a breach of the Scheme Implementation Deed prior to termination.

## 5.11 Break fees

Under the Scheme Implementation Deed, **ATL** and **thl** are each liable to pay the other party a break fee of A\$1,400,000 in certain circumstances. A break fee is not payable by **ATL** if the Scheme does not proceed merely because **ATL** Voting Shareholders do not approve the Scheme by the Requisite Majority.

Clause 13 of the Scheme Implementation Deed sets out additional information on the break fee.

**ATL** will have to pay **thl** the break fee in circumstances where, in summary:

- a Competing Proposal is publicly announced between 10 December 2021 and the End Date, and within 12 months of the public announcement of the Competing Proposal is either completed or the proponent of that Competing Proposal acquires an economic interest in or voting power of at least 50% of **ATL** Shares and the Competing Proposal is, or becomes, free of any defeating conditions;
- a Competing Proposal is executed;
- there has been a change, adverse modification or withdrawal of recommendation by any of the **ATL** Directors in relation to the Scheme or any **ATL** Director does not recommend the Scheme or makes any public statement to that effect, other than as permitted under the Scheme Implementation Deed as a result of:
  - a conflict of interests by an **ATL** Director, which will not extend to any actions taken in respect of a Competing Proposal;
  - the Independent Expert opining that the Scheme is not in the best interests of **ATL** Voting Shareholders other than where the reason for that opinion is a Superior Proposal; or
  - in circumstances where **ATL** is entitled to terminate the Scheme Implementation Deed due to a material breach by **thl** of the Scheme Implementation Deed (including in respect of the **thl** Warranties); or

- 
- **thl** terminates the Scheme Implementation Deed due to a material breach by **ATL** of the Scheme Implementation Deed (including in respect of the **ATL** Warranties).

**thl** will have to pay **ATL** the break free in circumstances where, in summary:

- **ATL** terminates the Scheme Implementation Deed due to a material breach by **thl** of the Scheme Implementation Deed (including in respect of the **thl** Warranties); or
- the Scheme becomes Effective but **thl** does not provide the Scheme Consideration in accordance with the terms of the Scheme Implementation Deed (without limiting any rights or obligations of **thl** and **thl** Acquirer under the Deed Poll).

### 5.12 Warranties in Scheme Implementation Deed

Under the Scheme Implementation Deed, **ATL** and **thl** each provide a range of representations and warranties to the other in relation to their respective organisations and operations as well as their provision of information to the other in the context of the Proposed Transaction. Clause 9 of the Scheme Implementation Deed contains these warranties and representations.

### 5.13 Warranties by Scheme Shareholders under the Scheme

The effect of the Scheme is that each Scheme Shareholder, including those who vote against the Scheme and those who do not vote, will be deemed to have warranted to **thl** and **thl** Acquirer (and to have authorised **ATL** to warrant to **thl** and **thl** Acquirer as agent and attorney for the Scheme Shareholder) that, as at the Implementation Date:

- all of its **ATL** Shares which are transferred to **thl** Acquirer under the Scheme:
  - including any rights and entitlements attaching to those **ATL** Shares, will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
  - are fully paid;
- it has full power and capacity to sell and to transfer their **ATL** Shares (including any rights attaching to those shares) to **thl** Acquirer under the Scheme; and
- it has no existing right to be issued any **ATL** Shares, options exercisable into **ATL** Shares, **ATL** convertible notes or any other **ATL** securities.

The terms of the warranties are set out in clause 8.4(a) of the Scheme. The Scheme is set out in Annexure D.



SECTION 6

# Scheme Consideration



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This section provides information regarding the Scheme Consideration which is relevant for **ATL** Voting Shareholders.

## 6.1 Overview

Under the Scheme, all Scheme Shareholders will be issued 1 *thl* Consideration Share in exchange for every 3.680818 **ATL** Shares held on the Scheme Record Date, except as set out in section 6.6.

## 6.2 Value considerations

The Scheme Consideration represents an attractive premium to the recent trading prices of **ATL** Shares and reflects an implied value of:

- A\$0.736 based on the closing price of *thl* Shares on 9 December 2021 (being the last trading day prior to announcement of the Proposed Transaction) of NZ\$2.85 (based on a NZD/AUD exchange rate of NZ\$0.9503 as at that date). This is a premium of 32.6% over the closing price of **ATL** Shares of A\$0.555 on the same date;
- A\$0.731 based on the one-month VWAP of *thl* Shares for the period from 10 November 2021 to 9 December 2021, of NZ\$2.83 (based on a NZD/AUD exchange rate of NZ\$0.9503 as at that date). This is a premium of 18.9% over the one-month VWAP of **ATL** Shares of A\$0.615 over the same period;
- A\$0.681 based on the closing price of *thl* Shares of NZ\$2.70 on 15 February 2022 (being the Last Practicable Date) (based on a NZD/AUD exchange rate of NZ\$0.9284 as at the Last Practicable Date). This is a premium of 22.7% over the closing price of **ATL** Shares of A\$0.555 on 9 December 2021; and
- A\$0.696 based on the one-month VWAP of *thl* Shares for the period from 16 January 2022 to 15 February 2022 (being the Last Practicable Date), of NZ\$2.76 (based on a NZD/AUD exchange rate of NZ\$0.9284 as at the Last Practicable Date). This is a premium of 25.0% over the one-month VWAP of **ATL** Shares of A\$0.56 over the same period.

The Scheme Consideration takes into consideration:

- (a) the relative market capitalisations of the two businesses;
- (b) the expected synergy realisation available to the Merged Group and how this is generated;
- (c) the relative NTA contribution to the Merged Group and the different funding structures;
- (d) the relative historical earnings contribution to the Merged Group; and
- (e) the level at which the Trouchet Shareholders as 53.4% shareholders of **ATL** would be supportive of the transaction.

## 6.3 Entitlement to Scheme Consideration

Scheme Shareholders, being **ATL** Shareholders (other than *thl* Entities) whose names appear on the Share Register as at the Scheme Record Date, will be entitled to receive the Scheme Consideration under the Scheme, except as set out in section 6.6.

The formula to be applied with respect to the *thl* Shares to be issued as Scheme Consideration is set out in the Scheme in Annexure D (being 1 *thl* Consideration Share in exchange for every 3.680818 **ATL** Shares held by Scheme Shareholders on the Scheme Record Date). The formula was agreed through negotiations between **ATL** and *thl*.

### *Dealings on or prior to the Scheme Record Date*

For the purpose of establishing the persons who are entitled to participate in the Scheme, dealings in **ATL** Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant **ATL** Shares on or before the Scheme Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Scheme Record Date.

**ATL** will not accept for registration or recognise any transfer or transmission application received after such times or received before such times but not in registrable or actionable form.

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### **Dealings after the Scheme Record Date**

For the purpose of determining entitlements to Scheme Consideration, **ATL** will maintain the Share Register in accordance with the terms of the Scheme and the Share Register in this form will solely determine entitlements to the Scheme Consideration.

As from the Scheme Record Date, each entry current on the Share Register will cease to have effect except in respect of **thl** and its Subsidiaries and as evidence of entitlement to the Scheme Consideration in respect of the **ATL** Shares relating to that entry.

All statements of holding for **ATL** Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those shares.

### **6.4 Provision of the Scheme Consideration**

**thl** has entered into the Deed Poll under which **thl** covenants in favour of Scheme Shareholders to provide the Scheme Consideration in accordance with the Scheme.

If the Scheme becomes Effective, **thl** must issue the **thl** Consideration Shares to each Scheme Shareholder entitled to receive **thl** Consideration Shares under the Scheme and enter their name in **thl**'s register of members as the holder of those **thl** Consideration Shares on the Implementation Date.

### **6.5 Fractional entitlements**

Any entitlements to a fraction of a **thl** Consideration Share arising under the calculation of Scheme Consideration will be rounded to the nearest **thl** Consideration Share (and if the fractional entitlement would include one-half of a **thl** Consideration Shares, the entitlement will be rounded up).

### **6.6 Foreign Scheme Shareholders**

Foreign Scheme Shareholders will participate in the Scheme on the same basis as all other Scheme Shareholders. However, Foreign Scheme Shareholders will not receive the **thl** Consideration Shares to which they would otherwise be entitled under the Scheme. Instead, their **thl** Consideration Shares will be issued to a nominee of **thl** who will sell them on the NZX as soon as reasonably practicable and in any event no more than 15 Business Days after the Implementation Date, at such a price as the nominee determines in good faith.

**thl**'s nominee will then remit the net proceeds of the sale received (after deducting any applicable brokerage fees and other costs, taxes and charges) to **thl**, and **thl** will then remit to each Foreign Scheme Shareholder an amount equal to the proportion of the net proceeds of sale received by **thl** to which that Foreign Scheme Shareholder is entitled, in satisfaction of their entitlement to the Scheme Consideration.

No assurances are or will be given to Foreign Scheme Shareholders as to the price that will be achieved for the sale of **thl** Consideration Shares and the sale of the **thl** Consideration Shares will be at the risk of the Foreign Scheme Shareholders.

Full details of this process are contained in clause 5.2 of the Scheme (which is set out in Annexure D).

### **6.7 Tax consequences**

A summary of the general Australian and certain New Zealand tax implications for Scheme Shareholders is set out in section 11 of this Scheme Booklet. This summary is not intended to provide specific tax advice in respect of the individual circumstances of any Scheme Shareholders, who should obtain their own independent professional tax advice.

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SECTION 7

# Information about ATL



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## 7.1 Responsibility for information

The information set out in this section was prepared by **ATL**. **ATL** is responsible for the information contained in this section.

## 7.2 Group overview

**ATL** is a multi-national, vertically integrated manufacturer, rental fleet operator, wholesaler and retailer of a broad range of RVs including motorhomes, campervans and caravans. Operating since 1985 through its predecessor entities, it owns a significant fleet of RVs in each of Australia, New Zealand and Canada, and has been growing its operations in the United Kingdom and Europe after entering that jurisdiction in 2018.

At 30 June 2021, **ATL** managed an RV rental fleet of approximately 2,700 across a range of brands, illustrated on the following pages.

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## Europe & UK

~300

Rental Fleet<sup>1</sup>

Rv Rentals  
New and Ex  
Rental RV Sales

## Australia

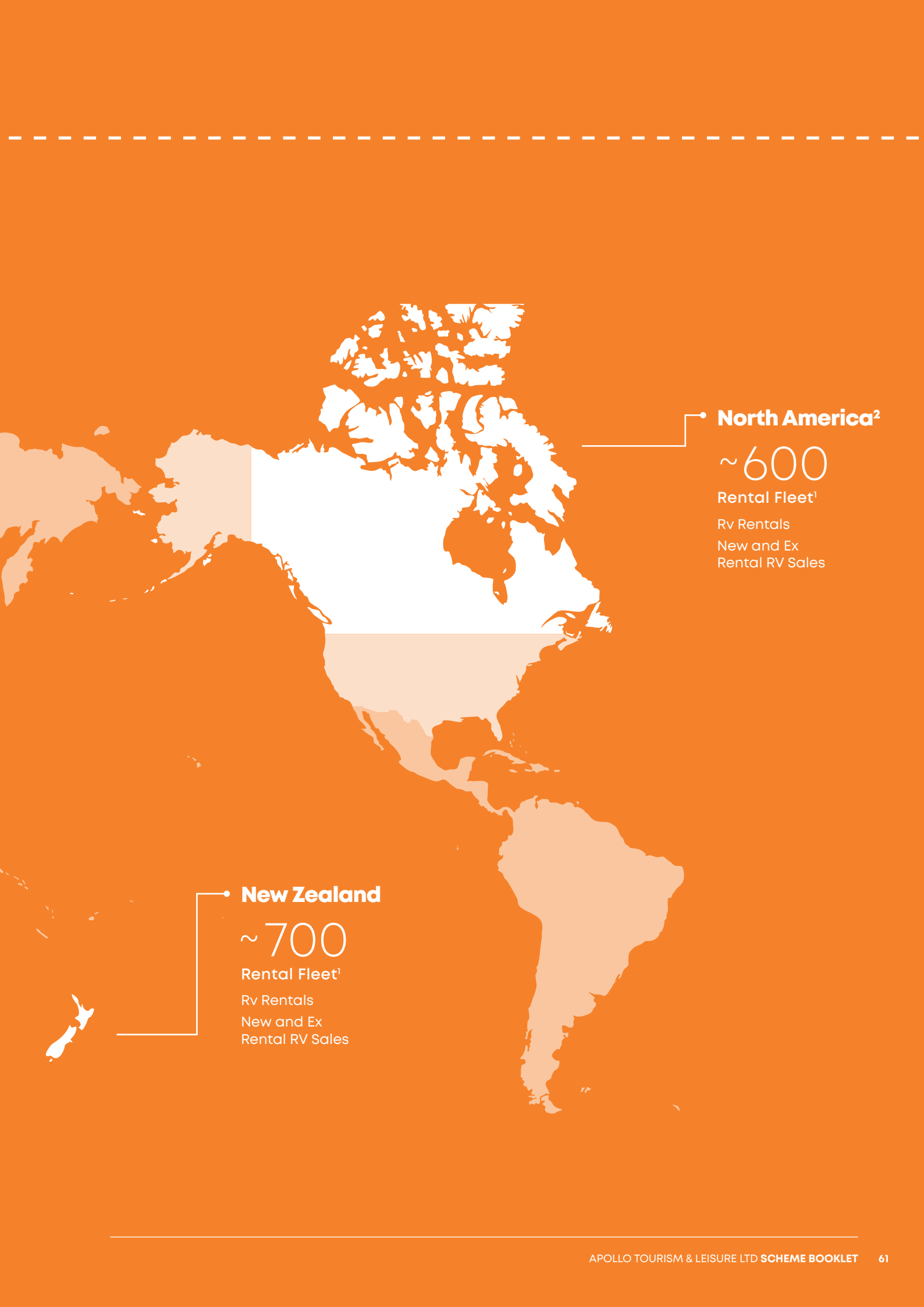
~1,100

Rental Fleet<sup>1</sup>

Rv Rentals  
New and Ex  
Rental RV Sales  
Manufacturing

<sup>1</sup> Rental fleet sizes represent fleet sizes as at 30 June 2021.

<sup>2</sup> North American fleet numbers represent CanaDream's fleet only, as the USA business is in hibernation.



**North America<sup>2</sup>**

~600

Rental Fleet<sup>1</sup>

Rv Rentals

New and Ex

Rental RV Sales

**New Zealand**

~700

Rental Fleet<sup>1</sup>

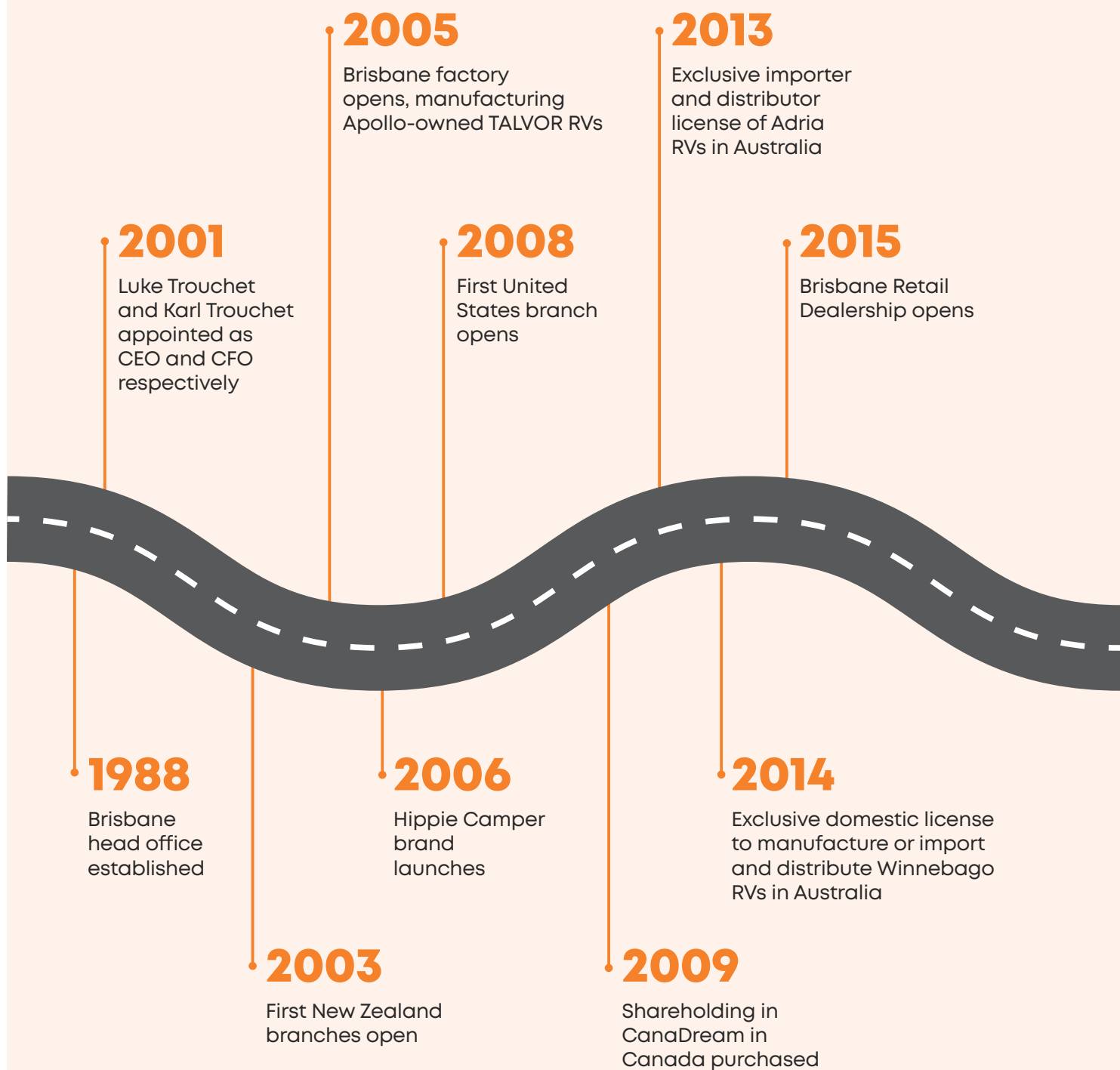
Rv Rentals

New and Ex

Rental RV Sales

# HISTORY OF APOLLO

Founded in 1985 by Trouchet family



Note: This graphic provides an overview of ATL's history from commencement of operations in 1985 through its predecessor entities to the date of this Scheme Booklet. ATL was incorporated on 8 September 2016 to implement the initial public offering of ATL Shares and admission to the official list of ASX.



**2016**

Lists on the ASX

**2018**

Acquisition of George Day Caravans in Australia

**2017**

Acquisition of remaining interests in CanaDream

**2020**

Hibernation of United States operations in response to COVID-19

**apollo**<sup>®</sup>  
TOURISM & LEISURE LTD

**2016**

Sydney and Melbourne Retail Dealerships open

**2018**

Acquisition of CamperCo in the United Kingdom

**2021**

Brisbane RV Service & Repair Centre opens

**2017**

Acquisition of Kratzmann Caravans and Sydney RV in Australia

**2019**

Acquisition of Coromal and Windsor brands and other assets from Fleetwood in Australia

2017 – 2018

**STRONG ACQUISITION GROWTH PHASE**

Operational Overview

**Our operations**

**Craft**

The RVs we rent and sell are carefully crafted, whether we assemble them ourselves or purchase from others.

**Rent**

Our rental operations offer quality campervans and motorhomes to suit the needs of different market segments.

**Sell**

We sell both new and ex-rental RVs through our own Apollo retail sales centres and selected dealers.

**Service**

Apollo RV Service & Repair provides unique servicing and repairs with dedicated manufacturer trained technicians specialising in all facets of Caravan, Motorhome, Campervan and 4WD vehicles.

	<b>AUSTRALIA</b>	<b>NEW ZEALAND</b>	<b>CANADA</b>	<b>EUROPE &amp; UK</b>
<b>RV Sales</b>	New and ex-rental RVs distributed via eight owned retail sales centres	New and ex-rental RVs distributed via two operated sites <sup>1</sup> and third party dealers	Ex-rental RVs distributed via five operated sites <sup>1</sup> and third party dealers	Ex-rental RVs distributed via five operated sites <sup>1</sup> and third party dealers
<b>ATL RV rental brands</b>	StarRV, Apollo, Cheapa Campa, Hippie	StarRV, Apollo, Cheapa Campa, Hippie	CanaDream	Bunk, Apollo
<b>Manufacturing/ Fleet sourcing</b>	RVs manufactured by Apollo in its Brisbane manufacturing facility (some shipped to New Zealand for rental fleet), or acquired direct from manufacturers  Brisbane manufacturing facility has an estimated current annual production capacity of ~2,000 <sup>2</sup>  Exclusive right to import and distribute Adria motorhomes in Australia and New Zealand; exclusive licence and right to manufacture Winnebago in Australia and New Zealand; owns TALVOR, Windsor and Coromal brands <sup>3</sup>		RVs acquired direct from manufacturer or wholesale via intermediaries or dealers	

1 ATL owned and leased sites service both its rental and sales operations in New Zealand, Canada, Europe & the United Kingdom.  
 2 With current plant and equipment on hand and assuming current product mix and no supply or staffing constraints. ~490 RVs produced for Apollo's Rental and Sales operations in FY21, a depressed figure in response to the COVID-19 pandemic.  
 3 Winnebago, TALVOR and Windsor currently exclusively manufactured in Apollo's Brisbane manufacturing facility, Coromal currently contract manufactured by third party.

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### **Camplify**

In February 2017, **ATL** acquired a 24.95% shareholding in Camplify Co (Australia) Pty Ltd, a peer-to-peer RV and caravan sharing company. **ATL** participated in an additional capital raising in April 2019 to maintain this 24.95% shareholding.

During FY21, Camplify Co (Australia) Pty Ltd was restructured adding a parent entity, Camplify Holdings Ltd (**Camplify**), and conducted an initial public offer and listing on the ASX. Additional capital was raised, in which **ATL** did not participate. At the Last Practicable Date, **ATL** owned 6,895,620 shares or 17.79% of Camplify. These shares are escrowed until June 2023. As at the Last Practicable Date, the price of Camplify shares trading on ASX was A\$3.22 per share per share. For further information on Camplify, please refer to <https://www.camplify.com/>.

### **COVID-19 Response & Outlook**

The COVID-19 pandemic had a fast and pronounced impact on **ATL**'s operations, along with the global tourism industry. Actions taken to reduce the impact of COVID-19 included:

- reduction to factory production and capital expenditure;
- reduction in staff headcount in all regions, reduction to staff hours (relevant to activity) and ~30% temporary pay-cuts for the **ATL** Board and executive management;
- closure and consolidation of rental locations;
- sale of the entire USA rental fleet and hibernation of the USA operations;
- downsizing of fleets in other regions, and inventory reduction of retail RVs in Australia resulting in a substantial reduction in fleet financing and floor plan debt;
- accessed government sponsored COVID-19 support debt facilities in Australia, Canada and the United Kingdom, and employee support schemes and tax relief where available;
- financing facility and rent deferrals/waivers were obtained where available; and
- focusing RV rental marketing and offers on domestic customers.

These initiatives have proven successful, and to date **ATL** has been able to weather the effects of COVID-19 without the need to raise equity capital. The rapid sale of its entire USA fleet and downsizing of fleet in other regions prove the underlying liquidity of **ATL**'s RV assets during a time of extreme uncertainty and the capability of management and the **ATL** Board to make fast, sensible decisions in relation to capital preservation. Recent ex-fleet RV sales indicate the underlying asset value of **ATL**'s rental fleet is materially above carrying value. **ATL** has received recent indicative valuations for the Canadian properties it owns at a material premium to book value, which also provide a potential source of liquidity.

Pleasingly, most RV sales prices are materially above pre-COVID-19 levels, and **ATL** continues to experience strong demand for new and used RVs across its Australian retail sales centres. Although muted by the emergence of the Omicron COVID-19 variant, when borders re-open **ATL**'s forward rental books in each region are expected to strengthen. There appears to be pent-up demand for tourism-related products and services and the **ATL** Board and management expects RV rental demand to recover as the pandemic's impact on confidence to travel reduces.

### 7.3 Directors and senior management

This section provides details of the **ATL** Directors and key management personnel of **ATL** as at the date of this Scheme Booklet.

#### (a) Directors

##### Sophie Mitchell – Non-Executive Chairman

Sophie Mitchell was appointed to the **ATL** Board on 8 September 2016.

Sophie is an experienced financial services professional and a former director of Morgans Corporate Limited. She is a non-executive director of Morgans Holdings (Australia) Limited and is also a member of the Queensland Advisory Board for AustralianSuper, a board member of the Australia Council for the Arts, and a board member of Myer Family Investments Pty Ltd.

<b>Current Directorships of ASX listed companies other than ATL</b>	Corporate Travel Management Limited (ASX:CTD)
<b>Recent Former Directorships of ASX listed companies</b>	Silver Chef Limited (ASX:SIV); Flagship Investments Limited (ASX:FSI)
<b>Special Responsibilities</b>	Member of Audit and Risk Committee and Governance and Nomination Committee, and Chair of Remuneration Committee

##### Robert Baker – Non-Executive Director

Robert Baker was appointed to the **ATL** Board on 13 January 2020.

Robert was formerly an audit partner of PricewaterhouseCoopers, with experience in the retail, travel and hospitality sectors. He is also Chairman of Goodman Private Wealth Ltd. Robert also has several pro bono Board or Advisory Board roles with organisations in the not-for-profit sector including Chairman of the Audit and Risk Committee of Australian Catholic University Limited.

<b>Current Directorships of ASX listed companies other than ATL</b>	Flight Centre Travel Group Limited (ASX:FLT); RightCrowd Limited (ASX:RCW)
<b>Special Responsibilities</b>	Member of Governance and Nomination Committee and Remuneration Committee, and Chair of Audit and Risk Committee

##### Brett Heading – Non-Executive Director

Brett Heading was appointed to the **ATL** Board on 18 November 2019.

Brett is an experienced company director and corporate lawyer with many years of experience in corporate governance, capital raising, mergers and acquisitions.

<b>Special Responsibilities</b>	Member of Audit and Risk Committee and Remuneration Committee, and Chair of Governance and Nomination Committee
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##### Luke Trouchet – CEO and Managing Director

Luke Trouchet was appointed to the **ATL** Board on 8 September 2016.

Luke was appointed as the Chief Executive Officer and Managing Director of **ATL**'s predecessor entities in 2001 and of **ATL** in September 2016 (when **ATL** was incorporated) and since that time has led the organisation through a strong growth period, expanding internationally into NZ, USA, Canada, the United Kingdom and Europe.

<b>Special Responsibilities</b>	Member of Audit and Risk Committee, Remuneration Committee, and Governance and Nomination Committee
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##### Karl Trouchet – Executive Director

Karl Trouchet was appointed to the **ATL** Board on 8 September 2016.

Karl was appointed as CFO of **ATL**'s predecessor entities in 2001 and of **ATL** in 2016 (when **ATL** was incorporated). In November 2019, Karl was appointed Executive Director – Strategy & Special Projects to allow him to focus on executing **ATL**'s growth strategy to become the global RV solution.

<b>Current Directorships of ASX listed companies other than ATL</b>	Camplify Holdings Limited (ASX:CHL)
<b>Special Responsibilities</b>	Member of Audit and Risk Committee, Remuneration Committee, and Governance and Nomination Committee

## (b) Company secretaries

### Tennille Carrier – Joint Company Secretary

Tennille Carrier was appointed as a company secretary of **ATL** on 30 September 2019.

Tennille Carrier joined **ATL** in 2014 and has been responsible for providing analytical and modelling support across all areas of the business.

### Garry Gill – Joint Company Secretary

Garry Gill was appointed as a company secretary of **ATL** on 25 October 2021.

Garry has over 25 years of company secretarial, corporate governance and financial management experience in the tourism, resources and hospitality industries. Garry is a Chartered Accountant and holds fellowship positions at the Governance Institute of Australia and Chartered Secretaries Institute.

## (c) Executive Management

Key members of **ATL**'s executive management team include:

<b>NAME</b>	<b>CURRENT POSITION</b>
<b>Luke Trouchet</b>	CEO and Managing Director
<b>Karl Trouchet</b>	Executive Director
<b>Kelly Shier</b>	Chief Financial Officer
<b>Scott Fahey</b>	Chief Operating Officer
<b>Josh Annells</b>	Executive General Manager – Manufacturing and Product

## (d) Advisory board

The **ATL** advisory board members currently comprise:

### Brian Gronberg

Brian was a founding partner of CanaDream and retired in early 2019 as President and CEO after 25 years of service. Brian has been instrumental in the success of the CanaDream business. Brian joined the Apollo Advisory Board in February 2019, and will provide advice and strategic direction on vehicle purchasing and RV Sales across the North America operations and other areas of the North American business.

### Phil Degenhardt

Phil is an IT practitioner and has worked on a diverse range of IT projects for the construction, manufacturing, finance and tourism industries. He was involved with the Britz Rentals business and was group IT director. He sat on the board of advisors to the private owners of that business which was sold to *thl* in 1999. Since then, Phil has pursued private business interests and has a variety of IT and management consulting roles. Phil is currently a director of Platinum Ray Pty Ltd.

If the Scheme is implemented, the **ATL** advisory board will cease to exist.

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## 7.4 Capital structure

As at the Last Practicable Date, the capital structure of **ATL** is as set out below:

<b>ATL SECURITY</b>	<b>NUMBER ON ISSUE</b>
ATL Shares	186,150,908

## 7.5 Substantial shareholders

As at the Last Practicable Date, **ATL** had the following substantial shareholders:

<b>NAME</b>	<b>INTEREST IN ATL SHARES</b>	<b>% OF ISSUED ATL SHARES</b>
Trouchet Shareholders	99,412,231	53.40%
Mitsubishi UFJ Financial Group, Inc.	16,321,895	8.77%

## 7.6 Historical financial information

### (a) Basis of preparation

This section sets out a summary of historical financial information in relation to **ATL** for the purposes of this Scheme Booklet. The financial information has been extracted from the FY21 and FY19 Annual Reports of **ATL**.

The historical financial information of **ATL** presented is in an abbreviated form and does not contain all the disclosures, presentation, statements, notes or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act, AAS and other mandatory professional reporting requirements.

**ATL** considers that for the purposes of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to **ATL** Security holders. **ATL**'s full financial accounts, including all notes to those accounts and a full description of the accounting policies can be found in **ATL**'s Annual Reports which are available on the ASX Website at [www.asx.com.au](http://www.asx.com.au) and **ATL**'s website at [www.apollotourism.com](http://www.apollotourism.com).

**ATL**'s financial report for FY21 was audited by BDO Audit Pty Ltd. **ATL**'s financial reports for FY20 and FY19 were audited by **ATL**'s previous auditors. Each of these financial reports were prepared in accordance with the Corporations Act and the Australian Auditing Standards.

## (b) Consolidated historical income statements

<b>FOR THE PERIOD ENDED</b>	<b>30 JUNE 2021 A\$'000</b>	<b>30 JUNE 2020 A\$'000</b>	<b>30 JUNE 2019 A\$'000</b>
Revenue from contracts with customers	238,854	242,032	208,355
Rental income	53,194	124,284	155,394
Other income	1,303	430	390
<b>Total revenue and other income</b>	<b>293,351</b>	<b>366,746</b>	<b>364,139</b>
<b>Expenses</b>			
Cost of goods sold	(212,664)	(236,946)	(188,357)
Motor vehicle running expenses	(21,845)	(40,256)	(39,904)
Adv, promotions and commissions	(4,102)	(6,408)	(6,577)
External acquisition costs	–	–	(158)
Employee benefits	(28,208)	(34,592)	(39,836)
Depreciation and amortisation	(27,523)	(41,034)	(26,805)
Rental costs on land and buildings	–	–	(9,624)
Share of loss in associates	(524)	(946)	(239)
Impairment expense	–	(38,890)	(10,998)
Remeasurement of contingent consideration	–	–	1,525
Gain on dilution of associate investment	2,189	–	–
Other expenses	(15,441)	(18,716)	(17,990)
(Loss)/Profit before tax and finance costs	(14,767)	(51,042)	25,176
Finance costs	(10,247)	(18,791)	(17,122)
<b>(Loss)/Profit before income tax benefit/(expense)</b>	<b>(25,014)</b>	<b>(69,833)</b>	<b>8,054</b>
Income tax benefit/(expense)	7,161	8,599	(3,381)
<b>(Loss)/Profit after income tax attributable to the owners of Apollo Tourism &amp; Leisure Ltd</b>	<b>(17,853)</b>	<b>(61,234)</b>	<b>4,673</b>
Other comprehensive (loss)/income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(417)	(900)	3,004
Other comprehensive (loss)/profit for the year, net of tax	(417)	(900)	3,004
<b>Total comprehensive (loss)/profit for the year attributable to the owners of Apollo Tourism &amp; Leisure Ltd</b>	<b>(18,270)</b>	<b>(62,134)</b>	<b>7,677</b>
	Cents	Cents	Cents
Basic and diluted (loss)/earnings per share	(9.59)	(32.89)	2.54

(c) Consolidated balance sheet

FOR THE PERIOD ENDED	30 JUNE 2021 A\$'000	30 JUNE 2020 A\$'000	30 JUNE 2019 A\$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	45,507	23,529	34,549
Trade and other receivables	3,875	5,280	13,385
Inventories	53,191	90,387	96,778
Prepayments and other assets	7,780	8,428	15,182
<b>Total current assets</b>	<b>110,353</b>	<b>127,624</b>	<b>160,870</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	3,252	1,586	2,532
Property, plant and equipment	209,402	272,628	381,973
Intangibles	23,280	24,068	36,088
Deferred tax asset	8,452	2,529	942
Prepayments and other assets	1,977	2,202	2,077
<b>Total non-current assets</b>	<b>246,363</b>	<b>303,013</b>	<b>423,612</b>
<b>Total assets</b>	<b>356,716</b>	<b>430,637</b>	<b>584,482</b>
<b>Current liabilities</b>			
Trade and other payables	22,324	27,506	33,122
Contract liabilities	11,016	5,977	4,970
Borrowings	108,902	142,045	227,757
Income tax payable	77	99	1,449
Provisions	4,589	3,701	3,402
Unearned rental income	15,836	12,262	27,775
Other liabilities	212	624	1,135
<b>Total current liabilities</b>	<b>162,956</b>	<b>192,214</b>	<b>299,610</b>
<b>Non-current liabilities</b>			
Borrowings	138,874	164,000	136,686
Deferred tax liability	15,814	16,583	25,171
Provisions	234	360	2,589
Unearned rental income	288	450	–
Other liabilities	128	338	962
<b>Total non-current liabilities</b>	<b>155,338</b>	<b>181,731</b>	<b>165,408</b>
<b>Net assets</b>	<b>38,422</b>	<b>56,692</b>	<b>119,464</b>



<b>FOR THE PERIOD ENDED</b>	<b>30 JUNE 2021 A\$'000</b>	<b>30 JUNE 2020 A\$'000</b>	<b>30 JUNE 2019 A\$'000</b>
<b>Equity</b>			
Issued capital	83,709	83,709	83,709
Reserves	(11,914)	(11,497)	(10,597)
Retained losses	(33,373)	(15,520)	46,352
<b>Total Equity</b>	<b>38,422</b>	<b>56,692</b>	<b>119,464</b>

**(d) Consolidated cash flow**

<b>FOR THE PERIOD ENDED</b>	<b>30 JUNE 2021 A\$'000</b>	<b>30 JUNE 2020 A\$'000</b>	<b>30 JUNE 2019 A\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)	225,897	303,775	345,439
Payments to suppliers and employees (inclusive of GST)	(226,259)	(249,289)	(315,199)
Interest paid	(10,875)	(19,425)	(17,122)
Proceeds from sale of rental fleet	114,382	99,677	65,119
Interest received	188	473	349
Income taxes recovered/(paid)	871	(1,219)	(3,676)
<b>Net cash from operating activities</b>	<b>104,204</b>	<b>133,992</b>	<b>74,910</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	(1,205)	(2,119)	(5,869)
Payments for intangibles	(603)	(2,237)	(3,436)
Proceeds from disposal of property, plant and equipment	147	233	357
Payment for purchase of rental fleet	(21,794)	(20,007)	(102,871)
Payment for business combinations, net of cash acquired	–	–	(12,765)
Payments for investments accounted for using the equity method	–	–	(1,297)
<b>Net cash used in investing activities</b>	<b>(23,455)</b>	<b>(24,130)</b>	<b>(125,881)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	120,318	142,715	287,504
Repayment of borrowings/finance lease principal	(137,659)	(215,930)	(234,106)
Repayment of lease liabilities	(42,012)	(47,750)	–
Dividends paid	–	–	(6,159)
<b>Net cash (used in)/provided by financing activities</b>	<b>(59,353)</b>	<b>(120,965)</b>	<b>47,239</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>21,396</b>	<b>(11,103)</b>	<b>(3,732)</b>
Cash and cash equivalents at the beginning of the financial year	23,529	34,549	36,637
Effects of exchange rate changes on cash and cash equivalents	582	83	1,644
<b>Cash and cash equivalents at the end of the financial year</b>	<b>45,507</b>	<b>23,529</b>	<b>34,549</b>

## 7.7 Additional information on ATL's debt facilities

The following table details the ATL Group's remaining contractual maturity for its financial instrument liabilities as at 31 December 2021. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	REMAINING CONTRACTUAL MATURITIES
Consolidated – December 2021	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	–	16,125	–	–	–	16,125
<i>Interest-bearing</i>						
Bank loans	–	531	2,652	4,643	20,359	28,185
Floor plans	30,323	–	–	–	–	30,323
Loans from other financiers	41,457	1,027	4,989	19,530	–	67,003
COVID-19 support loans	–	1,997	9,983	17,281	–	29,261
Lease liability – rental fleet	2,779	2,997	14,347	24,785	–	44,908
Lease liability – land and buildings	–	1,148	6,071	20,360	17,390	44,969
<b>Total non-derivatives</b>	<b>74,559</b>	<b>23,825</b>	<b>38,042</b>	<b>86,599</b>	<b>37,749</b>	<b>260,774</b>

## 7.8 Material changes in ATL's financial position

To the knowledge of the **ATL** Directors, the financial position of **ATL** as at the Last Practicable Date has not materially changed since the financial year ended 30 June 2021, other than:

- the global impact of COVID-19 is ongoing, and continues to have a financial impact on the **ATL** Group. Subsequent to 30 June 2021, there have been varying degrees of border restrictions and lock-down requirements in each of the jurisdictions that the **ATL** Group operates in, particularly with the confirmation of community spread of subsequent COVID-19 variants in Australia and, most recently, in New Zealand;
- net cash flows in the ordinary course of trading (including the sale and purchase of RVs);
- as a result of generally known market conditions; and
- as disclosed elsewhere in this Scheme Booklet or otherwise disclosed to the ASX by **ATL**.

## 7.9 Financial information for the half year ended 31 December 2021

As at the Last Practicable Date, ATL's audit reviewed financial statements for the half year ended 31 December 2021 were not available. However, ATL currently expects the following results for the half year ended 31 December 2021:

- (a) revenue of approximately A\$141m, a decrease of 11.9% on the prior corresponding period (**pcp**). Revenues have decreased primarily as a result of the hold back of fleet sales in Canada and Europe in response to concerns surrounding original equipment manufacturer supply constraints and the ability to obtain fleet for the 2022 summer season. This was partially offset by an increase in new retail sales in Australia;
- (b) underlying earnings before interest and tax (**EBIT**) of approximately A\$2m, in comparison to a loss before interest and tax of A\$4.9m in the **pcp**. The improvement in EBIT over **pcp** is attributable to the strong gross margin performance of Australia's retail division and a reduction in depreciation as a result of the fleet reduction in all regions;
- (c) an increase in net debt of A\$19.6m. Debt levels have remained the same between 30 June 2021 and 31 December 2021, with the increase in net debt during the period being attributable to a reduction in cash due to the hold back of fleet sales in Canada and Europe; and
- (d) ATL will incur a statutory loss after tax.

The above results are preliminary and are subject to finalisation following completion of the financial statements review process by ATL's auditor and approval by the ATL Board. The final results could differ from these preliminary results and should not be taken as guidance, or relied upon in any way, in respect of the performance of the ATL Group during the half year ended 31 December 2021.

ATL currently expects to release its reviewed financial statements for the half year ended 31 December 2021 to ASX on or around 25 February 2022. As noted in section 8.19 of this Scheme Booklet, **thl** is also expected to release its half year results on or around that date. Following the release of these financial statements, the ATL Board will obtain the Independent Expert's confirmation of whether the financial results change the Independent Expert's opinion that the Scheme is fair and reasonable and, therefore, in the best interests of ATL Voting Shareholders, in the absence of a Superior Proposal. The confirmation will be announced to ASX in advance of the Scheme Meeting. ATL Voting

Shareholders are encouraged to read those financial statements and ATL's ASX release regarding the Independent Expert's confirmation before deciding how to vote on the Scheme Meeting.

Please refer to the Independent Expert's Report contained in Annexure A for further financial information in relation to ATL.

## 7.10 Recent ATL Share price performance

ATL Shares are listed on the ASX under the ticker 'ATL'. The closing price of the ATL Shares on the ASX before the ASX announcement relating to the Scheme on 10 December 2021 was A\$0.555.

The closing price for ATL Shares on ASX on the Last Practicable Date was A\$0.53.

## 7.11 ATL's dividend policy and history

ATL does not have a specified dividend policy. If the Scheme is implemented, ATL will become a wholly-owned Subsidiary of **thl** and form part of the Merged Group. It is for the **thl** Board to determine its intentions as to the dividend policy for the Merged Group following implementation of the Scheme.

If the Scheme is not implemented, there is no guarantee that any dividends (whether franked or unfranked) will be paid to ATL Shareholders as this will depend on a number of factors, including the availability of retained earnings and franking credits. Any dividend payment will be determined in the discretion of the ATL Board.

ATL has not paid a dividend since H2 FY19, being for the period of 1 January 2019 and 29 June 2019, due to the impact of COVID-19 on ATL's businesses.

## 7.12 ATL Directors' intentions for the business of ATL

The Corporations Regulations require a statement by the ATL Directors of their intentions regarding ATL's business and employees.

If the Scheme is implemented, ATL will become a wholly-owned Subsidiary of **thl** and form part of the Merged Group. It is for the **thl** Board to determine its intentions as to the business of ATL following implementation of the Scheme. The proposed intentions of **thl** for the Merged Group are set out in section 9 of this Scheme Booklet.

If the Scheme is not implemented, the current intentions of the ATL Board are to continue to operate the ATL Group in the ordinary course of business.

### 7.13 Litigation

**ATL** is not aware of any material litigation, either in progress or proposed, to which it is a party.

### 7.14 Further information

**ATL** is a “disclosing entity” for the purposes of section 111AC(1) of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require **ATL** to notify the ASX of information about specified matters and events as they arise for the purpose of the ASX making that information available to participants in the market. As a company listed on the ASX, **ATL** is subject to the ASX Listing Rules, which require (subject to some exceptions) continuous disclosure of any information that **ATL** has that a reasonable person would expect to have a material effect on the price or value of **ATL** Shares. **ATL** is also required to lodge various documents with ASIC and the ASX.

Copies of documents lodged with the ASX is available on ASX’s website at [www.asx.com.au](http://www.asx.com.au).

Copies of documents lodged with ASIC by **ATL** may be obtained from ASIC.

**ATL** Shareholders may obtain a copy of **ATL**’s 2021 Annual Report (including its audited financial statements in respect of the year ended 30 June 2021) from ASX’s website at [www.asx.com.au](http://www.asx.com.au) or from **ATL**’s website at [www.apollotourism.com](http://www.apollotourism.com).

**ATL**’s announcements to ASX since 24 September 2021 (being the date on which **ATL** lodged its 2021 Annual Report with the ASX) are:

DATE	ANNOUNCEMENT
24 September 2021	Change in substantial holding from CBA
25 October 2021	Company secretary appointment
25 October 2021	Chairman’s address to shareholders
25 October 2021	Results of meeting
11 November 2021	JobKeeper Payments Disclosure
2 December 2021	Becoming a substantial holder
3 December 2021	Becoming a substantial holder
10 December 2021	Proposed merger with Tourism Holdings Limited
10 December 2021	Proposed <i>Thi</i> Merger investor presentation
14 December 2021	Change in substantial holding
15 December 2021	Change in substantial holding from MUFG
10 January 2022	Change in substantial holding from CBA
13 January 2022	Change in substantial holding
14 January 2022	Change in substantial holding
7 February 2022	Change in substantial holding
8 February 2022	Change in substantial holding from MUFG
11 February 2022	Half Year Results Conference Call 25 February
16 February 2022	Market Update <i>ATL thi</i> Proposed Merger

SECTION 8

# Information about *thl*



## 8.1 Responsibility for information

The information set out in this section was prepared by *thl* and *thl* is responsible for the information contained in this section.

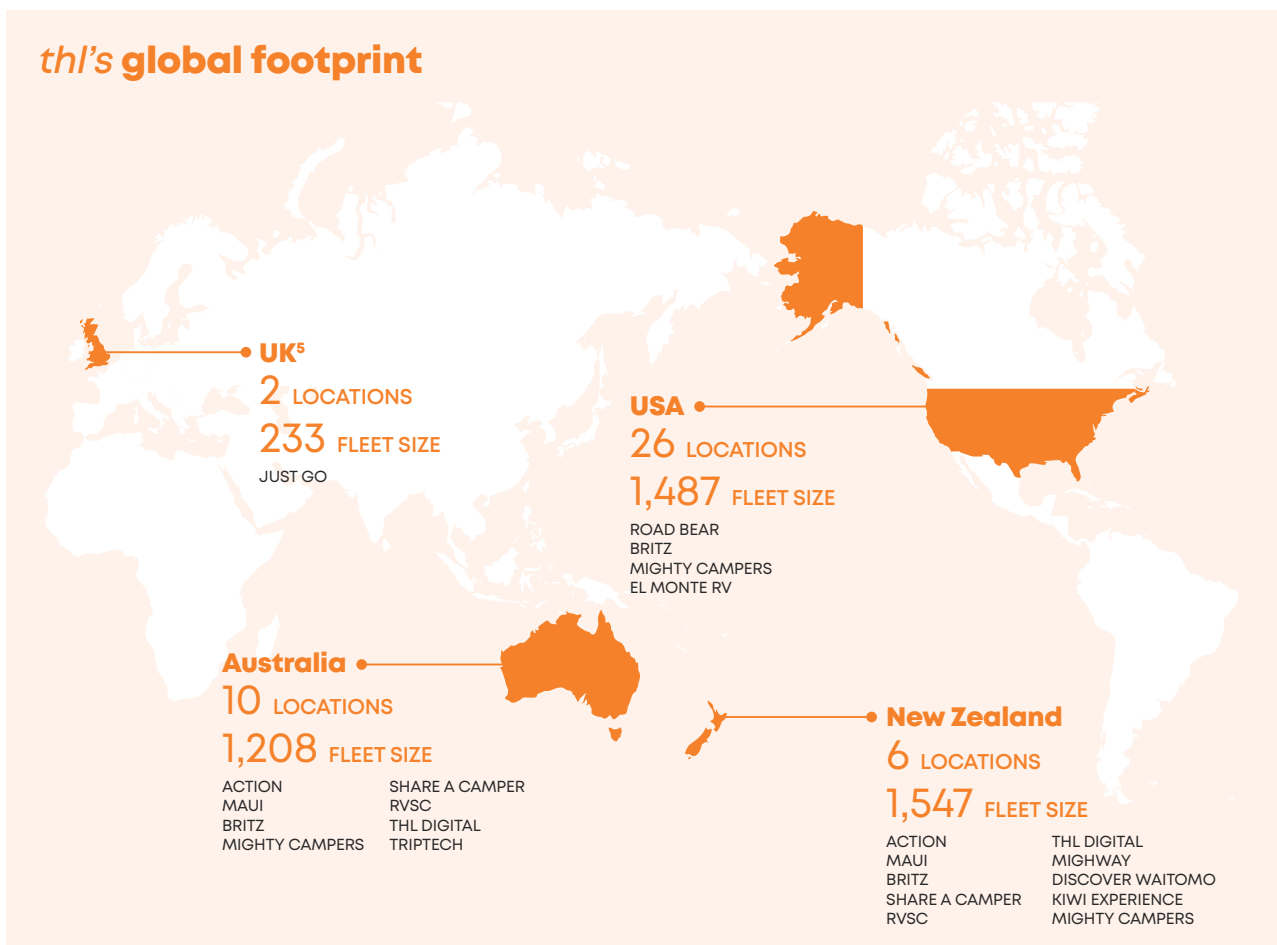
## 8.2 Overview

*thl* is a global tourism operator headquartered in Auckland, New Zealand, with its shares publicly traded on the NZX since 1986. *thl* is the largest provider of commercial RVs for rent in Australia and New Zealand, and the second largest in North America.

In New Zealand and Australia, *thl* operates under the Maui, Britz and Mighty rental brands, and has a network of RV Super Centre/RV Sales Centre retail and sales branches. *thl* also owns Action Manufacturing, a leading motorhome and specialist vehicle manufacturer in New Zealand. With New Zealand, *thl* also operates a number of tourism businesses, being the Discover Waitomo cave tours and rafting experiences group (which includes Waitomo Glowworm Caves, Ruakuri Cave, Aranui Cave and The Legendary Black Water Rafting Co) and the hop-on-hop-off coach transport business Kiwi Experience (currently in hibernation).

In the USA, *thl* owns Road Bear RV Rentals & Sales and El Monte RV Rentals & Sales, and in the UK, *thl* owns 49% of Just go Motorhomes.

Globally, *thl* has a rental fleet of over 4,200 vehicles<sup>4</sup>, and in the past, *thl*'s rental fleet size has reached as high as 6,400 vehicles.



*thl* operates a 'Build/Buy, Rent, Sell' model within the RV industry, and is fully vertically integrated across those segments in Australasia:

	<b>NEW ZEALAND</b>	<b>AUSTRALIA</b>	<b>USA</b>	<b>UK<sup>5</sup></b>
<b>Manufacturing/ fleet sourcing</b>	<p>Manufacturing and assembly facilities located in Auckland (~7,500m<sup>2</sup>) and Hamilton (~11,000m<sup>2</sup>) in New Zealand and Melbourne in Australia (~2,200m<sup>2</sup>) – New Zealand facilities produced over 800 units<sup>6</sup> exclusively for <i>thl's</i> rental operations in FY19</p> <p>RVs also acquired direct from manufacturers, and under the flex fleet model ex-rental RVs are imported from Just go in the UK</p> <p>Designs and manufactures specialist commercial vehicles in New Zealand for a range of public and private customers including New Zealand Police, New Zealand Defence Force and Queensland Ambulance Service.</p> <p>Manufactures refrigerated truck bodies and trailers in New Zealand for commercial clients.</p>		<p>RVs acquired direct from manufacturers</p>	
<b>RV Rental brands</b>	Brands: Maui, Britz, Mighty	Brands: Maui, Britz, Mighty	Brands: Road Bear, El Monte, Britz, Mighty	Brands: Just go Motorhomes
<b>RV Sales</b>	New and ex-rental RVs distributed via four operated retail sales centres and a network of third party dealers	New and ex-rental RVs distributed via two operated retail sales centres and a network of third party dealers	Ex-rental RVs distributed via five operated retail sales centres and a network of third party dealers	Ex-rental RVs distributed via two operated retail sales centres
<b>Tourism attractions</b>	<p>Discover Waitomo glowworm cave tours and black water rafting experience</p> <p>Kiwi Experience hop-on-hop-off national bus tours (currently in hibernation)</p>			

<sup>5</sup> *thl* owns 49% of Just go Motorhomes which represents its entire interests in the UK.

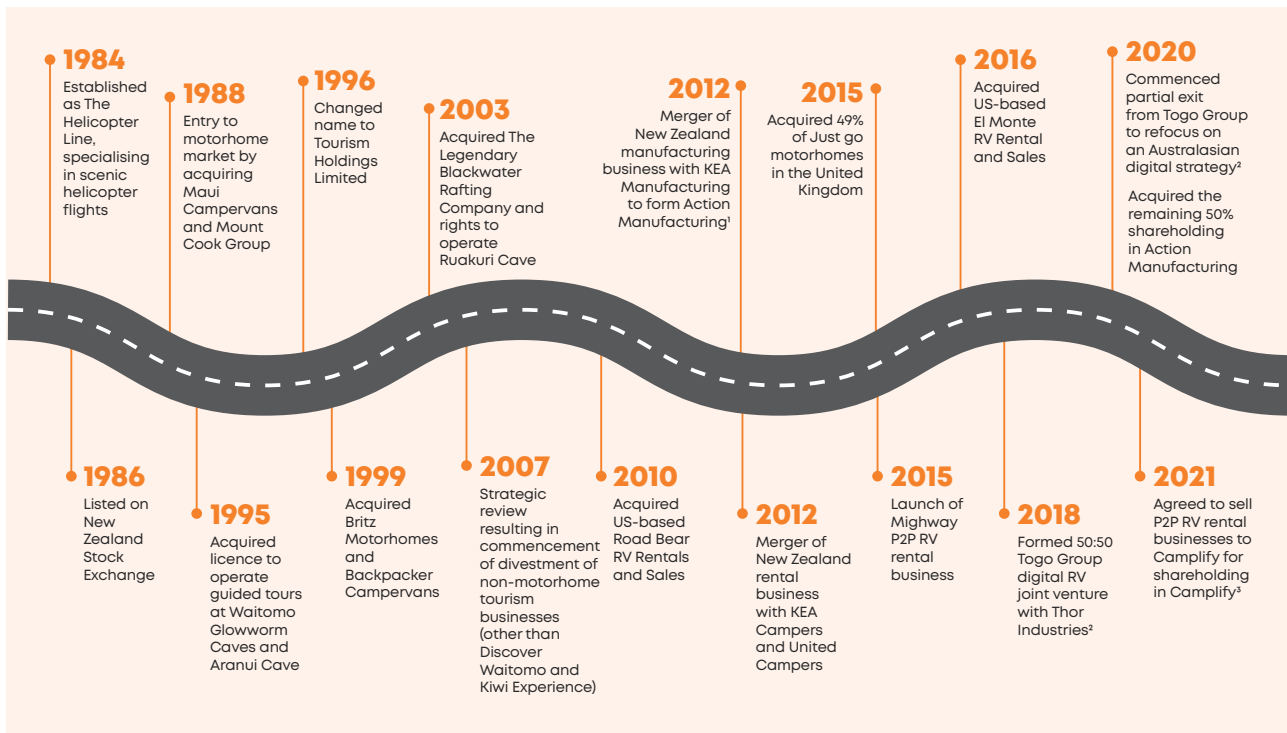
<sup>6</sup> Includes kitsets sent for assembly at Melbourne facility.

## thl's values



### 8.3 History

Since the 1980s, *thl* has been an iconic company in the New Zealand tourism sector with a diverse range of tourism experience and attraction businesses. *thl* has a long history of acquisitions and divestments.



1 *thl* acquired a 50% shareholding

2 Togo Group has recently rebranded as Roadpass

3 Subject to approval of New Zealand Commerce Commission



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### ***Becoming an RV centric company***

In 2007, **thl** commenced a significant strategic realignment to change the asset mix of the **thl** Group to become RV centric. Most of **thl**'s non-RV businesses were sold, other than the Discover Waitomo attractions and Kiwi Experience, both of which are still owned as at the date of this Scheme Booklet.

In recent years **thl** has progressed a global growth strategy, leveraging its core competency of operating high quality RV rental businesses through efficient capital management and allocation, specialised fleet vehicle design and a strong focus on operational logistics and customer needs:

- In 2010, **thl** acquired US based Road Bear RV Rentals and Sales, which acted as **thl**'s entry into the USA market.
- In 2012, and in the aftermath of the impacts of the global financial crisis, **thl** led a consolidation of three key operators in the New Zealand RV rental industry by merging with KEA Campers and United Campervans. In the same year, **thl** acquired the use of the KEA brand in Australia, and today continues to sell new motorhomes in Australia under the KEA brand, through the RV Sales Centre and a selection of third party dealerships nationwide. Following industry consolidation during 2013 and 2014 the combined New Zealand rental fleet size amongst the three businesses was rationalised and reduced by around 25%, to better match demand and increase return on funds employed.
- In 2016, **thl** expanded its presence in the USA market through the acquisition of El Monte RV Rental and Sales.

### ***RV digital ventures***

**thl** has also invested in and developed several products and businesses in the digital tourism space:

- In 2015, **thl** developed Mighway, one of the first peer-to-peer RV rental platforms in New Zealand.
- In 2018, **thl** established a 50:50 joint venture, Togo Group (now known as Roadpass Digital), with Thor Industries Inc. Roadpass Digital consists of a collection of digital ventures including the flagship Togo RV owner companion app and the Roadtrippers road trip planner app. Roadpass Digital also continued development of **thl**'s in-house fleet scheduling, booking and management software, Cosmos, as well as its in-house telematics platform, Insights.

- In March 2020, **thl** commenced a partial exit from Roadpass Digital in favour of a digital strategy focusing on Australasia which was more closely aligned with **thl**'s core RV rentals businesses. The exit included **thl** retaining certain rights to the Cosmos and Insights platforms, and a remaining interest in Roadpass Digital, for which Thor Industries Inc. holds an option to acquire for approximately US\$20M.
- In May 2020, **thl** expanded its peer-to-peer arm by purchasing the New Zealand and Australian SHAREaCAMPER businesses.
- In October 2021, **thl** entered into an agreement to sell Mighway and SHAREaCAMPER to Camplify, with all of the consideration payable in ordinary shares in Camplify. The transaction is subject to approval from the New Zealand Commerce Commission. Further information on this transaction is available at section 8.17.
- **thl** has recently received an indication from Thor Industries that they are open to discussing an early buyout of the **thl** preference shares in Roadpass Digital at a discount to the buy-out value of those shares. **thl** is considering its position and is likely to enter into negotiations over the coming weeks. There is no certainty that a transaction will occur.

### ***Non-RV manufacturing***

Through its subsidiary Action Manufacturing, **thl** currently owns and operates businesses specialising in the manufacturing of bespoke commercial vehicles, as well as refrigerated truck bodies and trailers:

- In 2012, **thl** merged its RV manufacturing business with KEA Manufacturing to form the 50/50 joint venture, Action Manufacturing, and took a 50% shareholding. Action Manufacturing manufactures RVs for **thl**'s New Zealand and Australian rentals businesses, and also designs and manufactures specialist commercial vehicles for a range of public and private sector customers.
- In 2018, **thl** acquired Fairfax Industries, a leader in the manufacturing and sale of refrigerated truck bodies and trailers in New Zealand.
- In 2021, **thl** acquired the remaining 50% interest in Action Manufacturing, making it a wholly owned entity.

- 
- In January 2022, *thl* entered into a conditional agreement to acquire MaxiTRANS New Zealand, a specialist manufacturer of heavy-duty semi-trailers. The transaction is subject to New Zealand Commerce Commission approval.

While *thl*'s non-RV manufacturing businesses currently comprise a small proportion of its overall business by size, *thl* has identified this segment as a growth market and has strong ambitions for the future growth of Action Manufacturing and its subsidiaries.

## 8.4 Directors and senior management

This section provides details of the *thl* Directors and key management personnel of *thl* as at the date of this Scheme Booklet.

### (a) Directors:

#### Rob Campbell CNZM – Chairman

Rob has been an independent director of *thl* since May 2013, and has been Chair of the Board since August 2013. Rob has over 30 years' experience in investment management and corporate governance. Rob is currently Chair of Health New Zealand, New Zealand Rural Land Co., AUT, Environmental Protection Agency, Ara Ake Ltd and WEL Networks. Rob trained as an economist and has worked in a variety of capital market advisory and governance roles over a long period. In 2019, Rob was awarded the Companion of the New Zealand Order of Merit (CNZM) for his services to governance and business in New Zealand.

#### Debbie Birch – Independent Director

Debbie has been an independent director of *thl* since September 2016, and has been Chair of the Marketing & Customer Experience Committee since November 2019. Debbie has held various Director and Trustee positions for the last 12 years and is currently Chair of Taupo Moana Investments Limited and Raukawa ki te Tonga AHC Limited. Debbie is a board member of White Island Tours Limited, Ngati Awa Group Holdings Limited, Te Pūia Tāpapa GP Limited, Eastland Group Limited and subsidiaries. Debbie is also a Trustee of Wellington Free Ambulance, a Member of Treasury's Capital Markets Advisory Committee and Te Puna Whakaaronui Thought Leaders Group. Debbie has significant financial, commercial and strategic experience gained in Asia, Australia and New Zealand with more than 30 years' working in global capital markets.

#### Rob Hamilton – Independent Director

Rob has been an independent director of *thl* since February 2019, and has been Chair of the Audit Committee since November 2019. Rob is a respected member of the finance community, with over 30 years' experience in senior finance roles. Rob is also a director of Westpac New Zealand Limited and Oceania Healthcare Limited, and has his own consulting businesses.

Previously, Rob was Chief Financial Officer at SkyCity Entertainment Group Limited, which included oversight of SkyCity's International Business gaming division and ICT function, and was a Managing Director and the Head of Investment Banking at Jarden (formerly First NZ Capital). Rob is also a Board of Trustees member for Auckland Grammar School and has previously been a Board member on the New Zealand Olympic Committee.

#### Dr Guorong Qian – Non-Independent Director

Guorong has been a non-independent director of *thl* since July 2019. Guorong is currently Vice Chairman of CITIC Capital Holdings Limited, a global investment management and advisory firm which employs over 320 staff through 7 offices in China, Japan and the United States. Guorong has been with CITIC Capital in various roles since its founding. He previously worked in various brokerage, asset management and investment roles.

#### Cathy Quinn ONZM – Independent Director

Cathy has been an independent director of *thl* since September 2017, and has been Chair of the Sustainability & Risk Committee since May 2019. Cathy is a former senior corporate partner at MinterEllisonRuddWatts. She served as the firm's Chair for eight years and was also a member of the Australasian MinterEllison Legal Group Executive Board for the period she chaired the firm. Cathy is a Director of Fletcher Building Limited, Fonterra Co-operative Group Limited, Rangatira Limited and is Chair of Fertility Associates.

Cathy is also Pro-Chancellor of the University of Auckland and a former member of the NZ Securities Commission and Capital Markets Development Taskforce. Cathy was made an Officer of the NZ Order of Merit in 2016 for services to law and women.

### Gráinne Troute – Independent Director

Gráinne has been an independent director of *thl* since February 2015, and has also been Chair of the Remuneration & Nomination Committee for that period. Gráinne is a Chartered Member of the Institute of Directors and is also a director of Summerset Group Holdings Limited and Investore Property, and is Chair of Tourism Industry Aotearoa and co-chair of the Government's Tourism Industry Transformation Plan Leadership Group.

Gráinne is a professional director with many years' experience in senior executive roles. Gráinne was General Manager, Corporate Services at SkyCity Entertainment Group and Managing Director of McDonald's Restaurants (NZ). Gráinne also held senior management roles with Coopers and Lybrand (now PwC) and HR Consultancy Right Management. She has also spent many years as a trustee and Chair in the not-for-profit sector, including having been the Chair of Ronald McDonald House Charities New Zealand for five years.

### (b) Executive Management Team

NAME	CURRENT POSITION
Grant Webster	Chief Executive Officer
Nicholas Judd	Chief Financial Officer
Catherine Meldrum	Chief Operating Officer – Australia
Matthew Harvey	Chief Operating Officer – New Zealand
Gordon Hewston	Chief Operating Officer – Northern Hemisphere
Ollie Farnsworth	Chief Commercial and Customer Officer
Juhi Shareef	Chief Responsibility Officer
Jo Hilson	Chief Technology Officer
Nick Voss	Deputy Chief Financial Officer

### 8.5 Capital structure

The capital structure of *thl* at the date of this Scheme Booklet is as set out below:

<i>thl</i> SECURITY	NUMBER ON ISSUE
Ordinary shares	152,040,427
Long-term incentive options under the 2017 Long-term Incentive Scheme	5,164,999
Redeemable ordinary shares under the 2009 Long-term Incentive Scheme	985,630
Retention share options under the 2020 Share Retention Scheme	1,357,771
Retention share rights under the 2020 Share Retention Scheme	1,328,550

Refer to section 8.13 for a detailed description of *thl*'s various employee incentive plans.

### 8.6 Substantial shareholders

Based on substantial product holder notices lodged with the NZX or otherwise known to *thl* as at the Last Practicable Date, *thl* has the following substantial shareholders who have Relevant Interests in a parcel of 5% or more of the total issued *thl* Shares:

NAME	INTEREST IN <i>thl</i> SHARES	% OF ISSUED <i>THL</i> SHARES
HB Holdings Limited (a subsidiary of CITIC Capital)	26,789,440	17.62%
Wilson Asset Management International Pty Limited	10,984,810	7.22%

## 8.7 Recent *thl* share price performance

*thl* ordinary shares have been trading on the NZX since June 1986.

<i>thl</i> SHARE PRICE INFORMATION	PRICE (NZ\$)
Last recorded price on NZX on the Last Practicable Date	\$2.70
Highest closing price in the three months prior to the Last Practicable Date	\$3.14
Lowest closing price in the three months prior to the Last Practicable Date	\$2.66
Last recorded price on NZX on 9 December 2021, being the last trading day before the public announcement of the Scheme	\$2.85
Highest closing price in the three months prior to the announcement of the Scheme	\$2.92 on 23 November 2021 <sup>7</sup>
Lowest closing price in the three months prior to the announcement of the Scheme	\$2.32 on 17 September 2021
Highest closing price in the 12 months prior to the announcement of the Scheme	\$2.92 on 23 November 2021 <sup>8</sup>
Lowest closing price in the 12 months prior to the announcement of the Scheme	\$2.15 on 15 February 2021 <sup>9</sup>
12-month volume weighted average price prior to the announcement of the Scheme	\$2.49

None of the *thl* Share prices referred to above should be taken as an indication of the likely price of *thl* Shares following the implementation of the Scheme.

<sup>7</sup> *thl*'s closing share price was NZ\$2.92 on 17 November 2021 and 19 November 2021, in addition to 23 November 2021.

<sup>8</sup> *thl*'s closing share price was NZ\$2.92 on 17 November 2021 and 19 November 2021, in addition to 23 November 2021.

<sup>9</sup> *thl*'s closing share price was NZ\$2.15 on 12 February 2021, in addition to 15 February 2021.

## 8.8 *thl*'s dividend policy and history

Prior to being suspended due to the impact of the COVID-19 pandemic, *thl*'s dividend policy targeted a pay-out of between 75% to 90% of net profit after tax. Dividends were normally declared in conjunction with the release of *thl*'s half year and full year results.

No dividends were paid for the financial years ending 30 June 2020 and 30 June 2021 and *thl*'s dividend policy remains suspended.

Refer to section 9.7 for information on the *thl* Board's intentions in respect of future dividend policy.

A summary of *thl*'s recent dividend history is set out below:

<i>thl</i> DIVIDEND SUMMARY						
YEAR ENDED	INTERIM DIVIDEND			FINAL DIVIDEND		
	RECORD DATE	PAYMENT DATE	CENTS PER SHARE (NZD)	RECORD DATE	PAYMENT DATE	CENTS PER SHARE (NZD)
30 Jun 2021			–			–
30 Jun 2020			–			–
30 Jun 2019	4 Apr 2019	16 Apr 2019	0.13	2 Oct 2019	11 Oct 2019	0.14
30 Jun 2018	4 Apr 2018	16 Apr 2018	0.13	2 Oct 2018	11 Oct 2018	0.14
30 Jun 2017	3 Apr 2017	13 Apr 2017	0.10	3 Oct 2017	16 Oct 2017	0.11
30 Jun 2016	7 Apr 2016	14 April 2016	0.09	7 Oct 2016	14 Oct 2016	0.10
30 Jun 2015	9 Apr 2015	16 Apr 2015	0.07	8 Oct 2015	15 Oct 2015	0.08
30 Jun 2014	10 Apr 2014	17 Apr 2014	0.05	16 Oct 2014	23 Oct 2014	0.06
30 Jun 2013	15 Mar 2013	22 Mar 2013	0.02	17 Oct 2013	24 Oct 2013	0.02
30 Jun 2012	21 Mar 2012	27 Mar 2012	0.02	19 Oct 2012	19 Oct 2012	0.02
30 Jun 2011			–			–
30 Jun 2010	19 Mar 2010	26 Mar 2010	0.02	22 Oct 2010	29 Oct 2010	0.02
30 Jun 2009			–			–
30 Jun 2008	18 Apr 2008	24 Apr 2008	0.05	17 Oct 2008	24 Oct 2008	0.06
30 Jun 2007	20 Apr 2007	27 Apr 2007	0.05	20 Jul 2007	25 Jul 2007	0.06
30 Jun 2006	21 Apr 2006	28 Apr 2006	0.05	20 Oct 2006	27 Oct 2006	0.06

## 8.9 *thl* Directors' interests in *thl* securities

DIRECTOR	NUMBER OF ORDINARY SHARES
Rob Campbell	857,286
Debbie Birch	44,062
Rob Hamilton	42,813
Guorong Qian <sup>10</sup>	0
Cathy Quinn	33,673
Gráinne Troute	95,833

<sup>10</sup> Guorong Qian is Vice Chairman of CITIC Capital Holdings Limited, which, through its subsidiary HB Holdings Limited, has a relevant interest in 27,812,817 ordinary shares (17.62%) in *thl*.

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## 8.10 *thl* Directors' interests in ATL securities

No *thl* director has any interest in ATL securities.

## 8.11 *thl* Directors' other interests and benefits

- (a) Except as provided for in this Scheme Booklet, the *thl* Directors have no interest in the outcome of the Scheme.
- (b) Except as otherwise provided in this Scheme Booklet, no:
  - i. *thl* Director or proposed director of *thl*;
  - ii. person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet for or on behalf of *thl*;
  - iii. promoter of *thl* or the Merged Group, (together the Interested Persons) holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:
    - iv. the formation or promotion of *thl* or the Merged Group;
    - v. property acquired or proposed to be acquired by *thl* in connection with the formation or promotion of *thl* or the Merged Group or the offer of *thl* Consideration Shares under the Scheme; or
    - vi. the offer of *thl* Consideration Shares under the Scheme.
- (c) Some *thl* Directors will receive additional fees for performing additional duties in relation to the Scheme, with the amount of these fees to be subject to the approval of the *thl* Board and the overall cap on director fees approved by *thl* Shareholders from time to time (with the current cap detailed in section 2.4 of Annexure G). Except as otherwise disclosed in this Scheme Booklet, *thl* has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:
  - i. to a director or proposed director of *thl* to induce them to become or qualify as a director of *thl*;
  - ii. for services provided by any Interested Persons in connection with:
    - the formation or promotion of *thl* or the Merged Group; or
    - the offer of *thl* Consideration Shares under the Scheme.

- (d) In the four months before the date of this Scheme Booklet and except as otherwise disclosed in this Scheme Booklet, neither *thl* nor any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to vote in favour of the Scheme or dispose of ATL Shares which benefit is not offered to all ATL Voting Shareholders under the Scheme.
- (e) *thl* has entered into a deed of indemnity, access and insurance with each *thl* Director, pursuant to which *thl* indemnifies the *thl* Director in respect of costs and liabilities relating to certain acts or omissions by the director, in their capacity as a director of *thl*.

## 8.12 *thl's* interests in ATL securities

As at the date of this Scheme Booklet, the *thl* Entities hold a Relevant Interest in 898,150 ATL Shares. The calling of the Scheme Meeting by ATL has been approved by the Court on the basis that the *thl* Entities will not be entitled to vote at that meeting (and do not intend to vote at that meeting), given that the ATL Shares held by the *thl* Entities are not being acquired through the Scheme and the purpose of the Scheme Meeting will be to provide an opportunity for ATL Voting Shareholders to vote on the Scheme.

During the four months before the date of this Scheme Booklet, other than pursuant to the Scheme Implementation Deed, the Scheme and the Deed Poll, neither *thl* nor any of its Associates has agreed to provide consideration for any ATL Shares under any transaction or agreement.

## 8.13 *thl's* employee incentive plans

The *thl* Board is supportive of long-term, share-based employee incentive plans, which create alignment between the interests of *thl* employees and shareholders and other stakeholders. *thl* has a number of employee incentive plans in place:

### *2017 Long-term Incentive Scheme (the 2017 Scheme)*

The 2017 Scheme is designed to align the interests of the Executives with those of the shareholders. Executives are rewarded for long-term increases in shareholder value. Executives are invited to participate in the long-term incentive plan by the Board on an annual basis, and participating Executives are awarded long-term incentive options at the discretion of the Board. The awarding of options is based on a percentage of fixed remuneration, based on a valuation of the options carried out each year by KPMG.

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Each option may be converted into one ordinary share in *thl* on its exercise. The options vest from the second anniversary of the issue, with one third vesting after the second year, one third after the third year, and the final third after the fourth year. Vesting is also subject to the individual remaining employed by *thl*.

The exercise price for each option is calculated by reference to the volume weighted average price of *thl* Shares during the 20 trading day period prior to the grant date of the option, plus an uplift to reflect *thl*'s average cost of capital for the first two years from the grant date, less dividends paid during that two-year period.

#### **2009 Long-term Incentive Scheme (the 2009 Scheme)**

The 2009 Scheme preceded the 2017 Long-Term Incentive Scheme, and was discontinued in 2017. Under the 2009 Scheme, Executives were invited to participate in the long-term incentive plan by the Board on an annual basis, and participating Executives were awarded long-term redeemable ordinary shares at the discretion of the Board. The awarding of redeemable ordinary shares were based on a percentage of fixed remuneration, based on a valuation of the shares carried out each year by KPMG.

Similar to the 2017 scheme, each redeemable ordinary share may be converted into one ordinary share in *thl* on its exercise. The shares vest from the second anniversary of the issue, with one third vesting after the second year, one third after the third year, and the final third after the fourth year. Vesting is also subject to the individual remaining employed by *thl*.

The issue price for each redeemable ordinary share is calculated by reference to the volume weighted average price of *thl* Shares during the 20 trading day period prior to the issue date of the share.

Each redeemable ordinary share is paid up to NZ\$0.01 upon issue. Prior to conversion into ordinary shares, the redeemable ordinary share must be paid up in full. An excess reflecting *thl*'s average cost of capital for the first two years from the issue date, less dividends paid during that two-year period, must also be paid.

The last tranche of redeemable ordinary shares were issued in 2016 and will expire in 2022 if not converted at that time, following which there will be no further redeemable ordinary shares in existence.

#### **2020 Share Retention Scheme (the Share Retention Scheme)**

The Share Retention Scheme was introduced in 2020 to replace *thl*'s normal cash-based short-term incentive scheme. The rationale for the implementation of the replacement Share Retention Scheme was that ongoing uncertainty of trading conditions due to the pandemic meant that no meaningful performance targets could be set. The scheme was to encourage the retention of key employees beyond the normal 12 month period under the ordinary short-term incentive scheme. Additionally, it was to minimise cash expenditure by replacing a cash-based scheme with a share-based scheme, aligning the interests of eligible senior staff with shareholders.

Under the Share Retention Scheme, eligible staff were invited to participate in the scheme, whereby retention share rights are granted to participants to the value of their contractual short-term incentive bonus. Once vested, the share rights are convertible into ordinary shares at a nil exercise price. Half of the issued share rights vest after 12 months, with the remaining 50% vesting after a further 12 months. Vesting of share rights is also subject to the individual remaining employed by *thl*, as well as *thl* achieving a base financial target for the applicable financial year.

Participants in the Executive team were issued retention share rights to the value of 50% of their contractual short-term incentive bonus, and were issued retention share options in respect of the remaining 50%. The vesting period and conditions for retention share options are equivalent to those of retention share rights (i.e. 50% after 12 months and 50% after a further 12 months). The exercise price for each retention share option is fixed and equal to the *thl* share price at the time of issue of the retention share option.

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## 8.14 Funding of the Scheme Consideration

The Scheme Consideration is to be paid by the issue of new, fully paid ordinary shares in *thl* to Scheme Shareholders other than Foreign Scheme Shareholders.

Foreign Scheme Shareholders will not receive *thl* Consideration Shares. Instead, *thl* Consideration Shares that would otherwise be issued to these shareholders under the Scheme will be issued to a nominee of *thl* to be sold on NZX, with the net sale proceeds to be paid to the Foreign Scheme Shareholder.

More details on Foreign Scheme Shareholders are set out in section 6.6 of this Scheme Booklet.

## 8.15 Comparison of Australian and New Zealand laws and summary of rights and liabilities attaching to *thl* Consideration Shares

*ATL* is a public company limited by shares and registered under Australian law. *ATL* Shares are quoted on the ASX. *thl* is incorporated in NZ, under the laws of NZ. *thl* Shares are listed on the NZX. If the Scheme is implemented, the rights of Scheme Shareholders in respect of *thl* Consideration Shares will be primarily governed by the Companies Act, NZX Listing Rules and the constitution of *thl*.

The Scheme is conditional upon *thl* receiving approval from ASX for it to be admitted to the official list of ASX as an ASX foreign exempt listing and the quotation of *thl* Shares on ASX. *thl* will retain its primary listing on the NZX.

The rights and liabilities attaching to *thl* Consideration Shares which will be issued to participants in the Scheme as Scheme Consideration will be the same as those attaching to existing *thl* Shares (including with respect to voting and dividend entitlements) and will rank equally with all issued fully paid ordinary shares of *thl* from the date of their allotment. These rights and liabilities are detailed in the *thl* Constitution (a copy of which is available at <http://www.thlonline.com/>) and are subject to the Companies Act and the NZX Listing Rules.

Further details of the rights attaching to *thl* Consideration Shares and a comparison of Australian and New Zealand laws relating to *ATL* and *thl* is set out in Annexure G. The comparison set out in Annexure G is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only. Scheme Shareholders should consult with their own legal adviser if they require further information.

## 8.16 Historical financial information

### (a) Basis of preparation

This section sets out a summary of the historical financial information in relation to *thl* for the purposes of this Scheme Booklet and has been extracted from the FY21 and FY20 Integrated Annual Reports.

The historical financial information of *thl* presented is in an abbreviated form and does not contain all the disclosures, presentation, statements, notes or comparatives that are usually provided in annual financial statements prepared in accordance with Generally Accepted Accounting Practice (GAAP), New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS), as applicable for a “for profit” entity and Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

The consolidated financial statements including the basis of preparation, accounting policies and all notes to the consolidated financial statements are set out in full in *thl*'s Integrated Annual Report for the years ending 30 June 2021 and 30 June 2020 and are available on the NZX website at [www.nzx.com](http://www.nzx.com) and *thl*'s website at [www.thlonline.com](http://www.thlonline.com). *thl*'s consolidated financial statements for the years ending 30 June 2021 and 30 June 2020 were audited by PWC Auckland.



**(b) Consolidated historical income statements**

<b>NZD</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>CONSOLIDATED INCOME STATEMENT</b>	<b>\$000'S</b>	<b>\$000'S</b>	<b>\$000'S</b>
Sales of services	130,033	257,437	292,199
Sales of goods	229,140	143,493	130,805
<b>Total revenue</b>	<b>359,173</b>	<b>400,930</b>	<b>423,004</b>
Costs of sales	(186,033)	(125,502)	(114,373)
<b>Gross profit</b>	<b>173,140</b>	<b>275,428</b>	<b>308,631</b>
Administration expenses	(37,861)	(44,212)	(49,469)
Operating expenses	(150,000)	(185,685)	(197,160)
Other income	6,460	3,08	141
<b>Operating profit/(loss) before financing costs</b>	<b>(8,261)</b>	<b>48,611</b>	<b>62,143</b>
Finance income	41	427	87
Finance expenses	(10,888)	(13,369)	(11,289)
<b>Net finance costs</b>	<b>(10,847)</b>	<b>(12,942)</b>	<b>(11,202)</b>
Share of profit/(loss) from associates	718	(376)	246
Share of profit/(loss) from joint venture	18	(9,151)	(11,294)
<b>Profit/(loss) before tax</b>	<b>(18,372)</b>	<b>26,142</b>	<b>39,893</b>
Income tax	3,858	1,214	(10,140)
<b>Profit/(loss) for the year</b>	<b>(14,514)</b>	<b>27,356</b>	<b>29,753</b>
<b>Profit/(loss) is attributable to:</b>			
Non-controlling interests	(839)	–	–
Equity Holders of the parent	(13,675)	27,356	29,753
<b>Profit/(loss) for the year</b>	<b>(14,514)</b>	<b>27,356</b>	<b>29,753</b>
<b>NZD</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>\$000'S</b>	<b>\$000'S</b>	<b>\$000'S</b>
<b>(Loss)/profit for the year</b>	<b>(14,514)</b>	<b>27,356</b>	<b>29,753</b>
<b>Other comprehensive losses</b>			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve movement (net of tax)	(8,929)	(2,624)	(2,207)
Cash flow hedge reserve movement (net of tax)	3,078	(2,212)	(3,645)
<b>Other comprehensive losses for the year net of tax</b>	<b>(5,851)</b>	<b>(4,836)</b>	<b>(5,852)</b>
<b>Total comprehensive (loss)/income for the year attributable to equity holders of the Company</b>	<b>(20,365)</b>	<b>22,520</b>	<b>23,901</b>

<b>NZD</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>\$000'S</b>	<b>\$000'S</b>	<b>\$000'S</b>
<b>Total comprehensive (loss)/income for the year is attributable to:</b>			
Equity holders of the Company	(19,526)	22,520	23,901
Non-controlling interests	(839)	–	–
<b>Total comprehensive (loss)/income for the year</b>	<b>(20,365)</b>	<b>22,520</b>	<b>23,901</b>

**(c) Consolidated historical statement of financial position**

<b>NZD</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>\$000'S</b>	<b>\$000'S</b>	<b>\$000'S</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	273,072	359,717	407,016
Intangible assets	51,121	50,267	44,18
Financial asset recognised at fair value through the income statement	20,835	21,382	–
Investment in joint ventures	–	10,224	51,106
Investment in associates	4,936	4,044	4,319
Advance to joint venture	–	125	625
Right-of-use assets	62,339	69,562	–
Deferred tax assets	957	1,656	–
<b>Total non-current assets</b>	<b>413,260</b>	<b>516,977</b>	<b>507,246</b>
<b>Current assets</b>			
Cash and cash equivalents	38,087	35,514	8,837
Trade and other receivables	28,681	28,930	28,964
Inventories	57,455	68,487	56,219
Advance to joint venture	–	530	976
Current tax receivables	581	3,108	191
Derivative financial instruments	–	6	40
<b>Total current assets</b>	<b>124,804</b>	<b>136,575</b>	<b>95,227</b>
<b>Total assets</b>	<b>538,064</b>	<b>653,552</b>	<b>602,473</b>
<b>Equity</b>			
Share capital	277,792	269,988	217,012
Retained earnings	42,313	55,815	56,176
Cash flow hedge reserve	(3,617)	(6,695)	(4,483)
Other reserves	(1,030)	5,991	8,312
Non-controlling interests	(2,859)	–	–

<b>NZD</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>\$000'S</b>	<b>\$000'S</b>	<b>\$000'S</b>
<b>Total equity</b>	312,599	325,099	277,017
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	86,659	163,322	210,980
Derivative financial instruments	5,124	9,193	5,798
Deferred income tax liability	9,989	11,886	22,224
Lease liabilities	64,479	74,567	–
<b>Total non-current liabilities</b>	166,251	258,968	239,002
<b>Current liabilities</b>			
Interest bearing loans and borrowings	125	–	46
Trade and other payables	25,263	37,001	47,489
Revenue in advance	13,087	12,192	25,544
Employee benefits	8,017	7,214	8,400
Provisions	413	–	–
Derivative financial instruments	148	110	461
Current tax liabilities	3,374	5,664	4,514
Lease liabilities	8,787	7,304	–
<b>Total current liabilities</b>	59,214	69,485	86,454
<b>Total liabilities</b>	225,465	328,453	325,456
<b>Total equity and liabilities</b>	538,064	653,552	602,473

**(d) Consolidated historical statement of cash flows**

<b>NZD</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>\$000'S</b>	<b>\$000'S</b>	<b>\$000'S</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	150,534	248,752	298,998
Proceeds from sale of goods	222,265	143,493	130,805
Proceeds from insurance recoveries	1,826	–	–
Interest received	41	212	87
Dividend received	869	–	–
Payments to suppliers and employees	(159,783)	(193,510)	(224,119)
Purchase of rental assets	(119,922)	(108,790)	(176,075)
Interest paid	(10,878)	(13,584)	(11,134)
Taxation received/(paid)	2,024	(7,484)	(8,361)
<b>Net cash flows from operating activities</b>	<b>86,976</b>	<b>69,089</b>	<b>10,201</b>
<b>Cash flows from investing activities</b>			
Sale of property, plant & equipment	110	126	8
Purchase of property, plant & equipment	(1,199)	(4,125)	(3,884)
Advance to joint ventures	–	(11,945)	(1,500)
Receipt from joint ventures	353	1,000	751
Purchase of intangibles	(4,113)	(432)	(407)
Investments in associates and joint ventures	–	–	(9,589)
Net cash paid as part of the step acquisition of Outdoria	(374)	–	–
Net cash received as part of the step acquisition of AMLP	4,631	–	–
<b>Net cash flows used in investing activities</b>	<b>(592)</b>	<b>(15,376)</b>	<b>(14,621)</b>
<b>Cash flows from financing activities</b>			
Payment for lease liability principal	(7,732)	(6,442)	–
Proceeds from borrowings	61,853	101,150	164,548
Repayments of borrowings	(136,420)	(153,938)	(166,225)
Dividends paid	–	(17,373)	(29,429)
Proceeds from share issue	304	49,280	30,798
<b>Net cash flows used in financing activities</b>	<b>(81,995)</b>	<b>(27,323)</b>	<b>(308)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,389</b>	<b>26,390</b>	<b>(4,728)</b>
<b>Opening cash and cash equivalents</b>	<b>35,514</b>	<b>8,837</b>	<b>13,534</b>
Exchange (losses)/gains on cash and cash equivalents	(1,816)	287	31
<b>Closing cash and cash equivalents</b>	<b>38,087</b>	<b>35,514</b>	<b>8,837</b>

### 8.17 *thl*'s debt facilities

*thl* has a syndicated corporate debt facility with a limit of NZ\$252M as at 31 December 2021.

The following table details the maturity date of tranches of *thl*'s corporate facility as 31 December 2021.

#### MATURITY OF DEBT FACILITIES (\$NZ)

June 2023	\$50m
June 2024 <sup>1</sup>	\$202m
<b>Total facilities<sup>1</sup></b>	<b>\$252m</b>

<sup>1</sup> Includes USD, GBP and AUD denominated commitments.

As detailed in section 8.19, *thl*'s net debt as at 31 December 2021 was approximately NZ\$19M. Consequently, *thl* had access to approximately NZ\$233M of available funds on that date.

### 8.18 Material changes in *thl*'s financial position

As at the date of this Scheme Booklet, as far as the *thl* Directors are aware there have been no material changes in the financial position of *thl* since 30 June 2021, other than:

- Net cash flows in the ordinary course of business (including the sale and purchase of RVs);
- As disclosed in this Scheme Booklet or otherwise disclosed to the NZX by *thl*;
- The global impact of COVID-19 is ongoing, and continues to have a financial impact on the *thl* Group. Subsequent to 30 June 2021, there have been varying degrees of border restrictions and lock-down requirements in each of the jurisdictions that the *thl* Group operates in, particularly with the confirmation of community spread of subsequent COVID-19 variants in Australia and, most recently, in New Zealand. The recent changes in COVID-19 alert levels in New Zealand and the different form of lockdown requirements in other jurisdictions did not result in any changes to the forecast covenant compliance or to the *thl* Group's impairment assessment;

- On 25 October 2021, *thl* entered into an agreement to sell the business and assets of Highway and ShareACamper to Camplify for a purchase price of A\$7.37M, subject to closing adjustments. The purchase price is to be satisfied by Camplify issuing new fully paid ordinary shares to *thl*. Based on the purchase price, the sale is expected to represent a gain on sale of the businesses of approximately NZ\$6.3M, subject to closing adjustments. The transaction is subject to approval from the New Zealand Commerce Commission; and
- On 25 January 2022, Action Manufacturing entered into a conditional agreement to purchase the business and assets of MaxiTRANS in New Zealand for approximately \$5.7M, reflecting the net asset value of the business. The purchase price will therefore be adjusted to reflect net asset value on completion. The transaction is subject to approval from the New Zealand Commerce Commission.

### 8.19 Financial information for the year ending 30 June 2022 (FY22)

*First half of FY22 (half year ended 31 December 2021)*

As at the Last Practicable Date, *thl*'s financial statements for the half year ended 31 December 2021 were not available. However, *thl* currently expects the following results for the half year ended 31 December 2021:

- (a) statutory net loss after tax of approximately NZ\$4.4m, inclusive of NZ\$2.1m in one-off transaction costs related to the Scheme (compared to previous market guidance of a net loss after tax of between NZ\$4m – NZ\$7m);<sup>11</sup>
- (b) net debt as at 31 December 2021 of approximately NZ\$19m;
- (c) revenue in the range of NZ\$175m, a decrease of NZ\$31m on the prior corresponding period (pcp); and
- (d) earnings (loss) before interest and tax (EBIT) of approximately NZ\$(1.1m), inclusive of NZ\$2.1m in one-off transaction costs related to the Scheme, a decrease of NZ\$2.9m on pcp.

The above results are preliminary and are subject to finalisation following approval by the *thl* Board. The final results could differ from these preliminary results and should not be taken as guidance, or relied upon in any way, in respect of the performance of *thl* during the half year ended 31 December 2021.

<sup>11</sup> Refer to *thl* NZX announcement dated 10 December 2021.

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*thl* currently expects to release its financial statements for the half year ended 31 December 2021 to NZX on or around 25 February 2022. As noted in section 7.9 of this Scheme Booklet, **ATL** is also expected to release its half year results on or around that date. Following the release of these financial statements, the **ATL** Board will obtain the Independent Expert's confirmation of whether the financial results change the Independent Expert's opinion that the Scheme is fair and reasonable and, therefore, in the best interests of **ATL** Voting Shareholders, in the absence of a Superior Proposal.

The confirmation will be announced to ASX in advance of the Scheme Meeting. **ATL** Voting Shareholders are encouraged to read those financial statements and **ATL**'s ASX release regarding the Independent Expert's confirmation before deciding how to vote on the Scheme Meeting.

Please refer to the Independent Expert's Report contained in Annexure A for further financial information in relation to *thl*.

*Second half of FY22 (half year ending 30 June 2022)*

On a standalone basis, *thl*'s result for the second half of FY22 (excluding transaction costs of NZ\$4.0m that are expected to be incurred in that half) is expected to be a net loss after tax that is improved on the pcp.<sup>12</sup>

## 8.20 Corporate Governance

*thl* operates under a set of corporate governance principles designed to ensure that *thl* is effectively managed. The *thl* Board is committed to the continued development of *thl*'s corporate governance practices by reviewing and developing its corporate governance policies and monitoring developments to keep abreast of corporate governance best practice. *thl*'s corporate governance framework includes:

- The *thl* Constitution
- The Board Charter and Sub-committee Charters
- Securities Trading Policy
- Code of Ethics
- Market Disclosure Policy
- Board Diversity Policy
- Remuneration Policy

*thl*'s corporate governance policies and charters are available on its website at [www.thlonline.com](http://www.thlonline.com).

## Board skills and expertise

*thl*'s Board is comprised of Directors who have a mix of skills, knowledge, experience and diversity to adequately meet and discharge its responsibilities and to add value to the company through efficient and effective governance and leadership. The current Directors have a varied and balanced mix of skills, including extensive operational experience, knowledge of the tourism industry, as well as extensive experience in capital markets, growth and global transactions. Below is a summary of the key skills and expertise held by the Board, which are considered most relevant to effectively fulfilling the Board's current objectives:

- Corporate governance experience, including publicly listed company experience;
- Global business experience in multi-site operations;
- Tourism industry experience;
- Experience in development and execution of growth strategies;
- Experience with digital innovation;
- Sustained positive people leadership;
- Indigenous community and Iwi engagement;
- Focus on deployment and management of capital for a strong return on funds employed;
- Investment banking, capital markets and M&A transaction experience;
- Legal and regulatory expertise;
- Financial governance and audit oversight;
- Health and safety governance and management experience;
- Treasury and funding expertise;
- Economics – global and local New Zealand expertise; and
- International business leadership and CEO and CFO experience.

## Committees

*thl* has five standing Committees, described below. Each Committee is authorised to deal with matters as set out in its Charter or falling within its mandate. Where the Board has delegated decision-making authority to a Committee, that Committee is entitled to make decisions on such matters, otherwise the Committee is to submit recommendations to the Board for consideration. From time to time, the Board delegates specific matters to the appropriate Committee in order to ensure that a detailed review and analysis is undertaken.

<sup>12</sup> *thl*'s statutory net loss after tax for the second half of the financial year ending 30 June 2021, being the pcp, was a loss of NZ\$12.7m.

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#### *Audit Committee*

The Audit Committee is comprised solely of Non-Executive Directors of the Board, a majority of whom must be independent Directors. The Chair of the Audit Committee must not be the Chair of the Board.

The Committee meets a minimum of three times each year. The Audit Committee has oversight of, and assists the Board to fulfil its responsibilities in, the areas of financial reporting, audit functions, and risk management and control. The Audit Committee oversees *thl*'s internal audit work programme based on *thl*'s risk management framework. An internal audit work plan is developed each year, with internal audit assignments completed by the internal finance function, with external support as required.

#### *Remuneration & Nomination Committee*

The Remuneration & Nomination Committee is comprised of at least three Non-Executive Directors of the Board, a majority of whom must be independent Directors. The Committee meets a minimum of two times each year.

The Remuneration & Nomination Committee supports the Board on matters relating to human resources and remuneration. It assesses the role and responsibilities, composition, training and membership requirements and remuneration for the Board, including recommendations for the appointment and removal of Directors.

#### *Market Disclosure Committee*

The Market Disclosure Committee is comprised of the Chair of the Board, the Chair of the Audit Committee and the Chair of the Sustainability & Risk Committee. The Committee monitors compliance with the *thl* Group's Market Disclosure Policy which covers compliance with NZX Listing Rules, the Companies Act, the Financial Markets Conduct Act 2013 and other guidelines issued by the Financial Markets Authority and the NZX. The Committee meets as required outside of normal Board meetings to approve market disclosures.

#### *Marketing & Customer Experience Committee*

The Marketing & Customer Experience Committee is comprised of at least two Non-Executive Directors of the Board. The Committee supports the Board and management on strategy around brand, marketing and customer experience. The Committee meets a minimum of three times each year, as required.

#### *Sustainability & Risk Committee*

The Sustainability & Risk Committee is comprised of at least two Non-Executive Directors of the Board. The Committee supports the Board and management on sustainability policies and practices and strategic risk management. The Committee meets a minimum of three times each year, as required.

### **8.21 Commitment to the Future Fit Business Benchmark**

*thl* has been on a sustainability journey for several years. In 2018, *thl* considered whether the sustainability path that it had been on was right, and whether it should be doing more. A global search was undertaken to identify a standard that could drive *thl*'s focus in this space, leading to the Future-Fit Business benchmark (FFB) being identified and adopted.

The FFB vision is to become a Future-Fit Business – one that is a net positive contributor to society by achieving a breakeven position in respect of 23 Future-Fit Goals, and then continuing to make positive pursuits.

The appeal of FFB in particular is that it is a systems approach, with goals that are linked to the United Nations Sustainable Development Goals. It provides the organisation with the ambitious vision of where *thl* needs to be. Measuring *thl*'s performance against the 23 goals to identify *thl*'s position today. The FFB methodology then helps to guide decision making in *thl*, so that deliberate decisions are made on the pace and areas where *thl* can make the largest difference and improvements.

At its core, FFB is both a measurement framework, but also a mindset that has been adopted across the organisation.

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## Working with a future-fit methodology and mindset

### ‘Future fit’ is a way of thinking about how business best operate, contribute and truly ‘fit’ in the modern world.

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It is a whole of business methodology designed to ensure business impact is examined and understood more holistically by considering both economic, societal and environmental lenses.

It provides a detailed and measurable framework to ensure we can track, map and accurately account for our impacts and our improvements to holistically optimise our business and our future plans.

Future fit informs our plan and helps guide our actions to the best possible future but it is only one input into our plan to be the very best, most future fit version of *thl* moving forward.

Each year in *thl*'s Integrated Annual Report, *thl* assesses and reports on its position and progress in respect of each of the Future-Fit Goals. Further information on FFB and the Future-Fit Goals can be found in *thl*'s 2021 Integrated Annual Report.

#### 8.22 No other material information known to *thl*

Except as disclosed elsewhere in this Scheme Booklet, so far as *thl* is aware, as at the date of the Scheme Booklet, there is no other information that is:

- material to the making of a decision by an **ATL** Voting Shareholder whether or not to vote in favour of the Scheme; and
- known to *thl*, at the date of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to **ATL** Voting Shareholders.

#### 8.23 Further information

*thl* is a “FMC reporting entity” for the purposes of Part 7 the Financial Markets Conduct Act 2013 (NZ) and is subject to regular reporting and disclosure obligations under the Act and the NZX Listing Rules. These obligations require *thl* to notify the NZX of information about specified matters and events as they arise for the purpose of the NZX making that information available to participants in the market. As a company listed on the NZX, *thl* is subject to the NZX Listing Rules, which require (subject to some exceptions) continuous disclosure of any information that *thl* has that a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of *thl* Shares. *thl* is also required to lodge various documents with the New Zealand Companies Office and the NZX.

Copies of documents lodged with the NZX is available on NZX's website at [www.nzx.com](http://www.nzx.com).

A copy of *thl*'s 2021 Annual Report (including its audited financial statements in respect of the year ended 30 June 2021) may be obtained from NZX's website or from *thl*'s website at [www.thlonline.com](http://www.thlonline.com).



*thl*'s announcements to NZX since 26 August 2021 (being the date on which *thl* lodged its 2021 Annual Report with the NZX) are:

<b>DATE</b>	<b>ANNOUNCEMENT</b>
10 September 2021	Capital Change Notice
14 September 2021	Capital Change Notice
15 September 2021	Ongoing Disclosure Notices
21 September 2021	<i>thl</i> responds to commentary regarding ASX dual listing
21 September 2021	Notice of 2021 Annual Meeting
4 October 2021	Capital Change Notices
4 October 2021	SPH Notice – Accident Compensation Corporation
7 October 2021	Ongoing Disclosure Notices
19 October 2021	Parental Leave Cover for Deputy CFO
21 October 2021	2021 Annual Meeting Address
21 October 2021	2021 Annual Meeting Results
26 October 2021	<i>thl</i> sells Mighway and SHAREaCAMPER to Camplify
19 November 2021	Variation to agreement to sell Mighway and SHAREaCAMPER
10 December 2021	Tourism Holdings Ltd (" <i>Thl</i> ") – Trading Halt of Securities
10 December 2021	<i>thl</i> agrees merger terms with Apollo Tourism & Leisure
10 December 2021	Market Update
10 December 2021	Tourism Holdings Limited (" <i>Thl</i> ") – Trading Halt Lifted
10 December 2021	Ruling LR 4.9.1(a)(ii) & 5.1.2(a)(iii) & Waiver LR 4.9.1(a)
20 December 2021	Capital Change Notice
21 December 2021	Ongoing Disclosure Notice
25 January 2022	FY22 Interim Results Release Date – 25 February 2022
25 January 2022	<i>thl</i> to acquire MaxiTRANS NZ
16 February 2022	Market update – <i>thl</i> /Apollo merger

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SECTION 9

# Overview of the Merged Group



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## 9.1 Responsibility for information

The information set out in this section was prepared by **thl** and **thl** is responsible for the information contained in this section (except to the extent that **ATL** has provided **thl** with information for the purpose of **thl** preparing this section, for which **ATL** takes responsibility).

The Merged Group financial information in section 9.8 has been prepared by both **thl** and **ATL** and is the joint responsibility of both **thl** and **ATL**.

## 9.2 Overview of the Merged Group

The Merged Group consists of the combination of **thl** and **ATL**, which are two highly complementary businesses that together will create a diversified, leading RV travel company across Australia, New Zealand, North America, the United Kingdom and Europe. The rental operations of the Merged Group will be complemented by **thl**'s existing New Zealand tourism and manufacturing businesses. A merger between **thl** and **ATL** is expected to deliver significant ongoing cost out synergies, achieve a material net debt reduction through fleet rationalisation and will bring together the combined expertise of two of the leading RV rental operators.

The companies have a strong overlap in overhead structures, particularly in Australia and New Zealand. This creates opportunities for synergies to be realised in areas including procurement, locations and fleet rationalisation, on the basis that the Merged Group will be able to operate a smaller fleet with higher utilisation and less down time, compared to each of **thl** and **ATL** as standalone businesses. Further information on synergy opportunities is detailed in section 9.6.

The Merged Group will have greater diversification, given that each company operates in certain areas that the other does not, and is expected to be a significant provider of RVs for rent globally, with a global fleet size of approximately 7,000 vehicles across New Zealand, Australia, USA, Canada, the United Kingdom and Europe based on fleet sizes as at 30 June 2021. By leveraging its existing overheads, the Merged Group will be well positioned to continue to grow globally as international tourism activity returns in the post-COVID recovery period, particularly in North America and Europe.

The Merged Group will have the following operations:

- RV rentals
- Manufacturing of RVs and other specialist vehicles in New Zealand and of RVs in Australia
- RV sales
- RV retail accessories
- Tourism attractions and activities in New Zealand

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## Global RV Leader – Snapshot of Combined Group

**Europe & UK**  
RENTAL FLEET<sup>1,2</sup>

~300

RV Rentals  
Ex-rental RV sales

**Australia**  
RENTAL FLEET<sup>1</sup>

~2,400

RV Rentals  
New and ex-rental RV sales  
RV manufacturing

1 Rental fleet sizes represent fleet sizes as at 30 June 2021

2 Europe & UK fleet excludes the fleet from its 49% joint venture Just go



**USA & Canada**  
RENTAL FLEET<sup>1</sup>

~2,100

RV Rentals  
Ex-rental RV sales

**New Zealand**  
RENTAL FLEET<sup>1</sup>

~2,200

RV Rentals  
New and ex-rental RV sales  
RV and commercial manufacturing  
Tourism attractions & activities

## Australian RV business

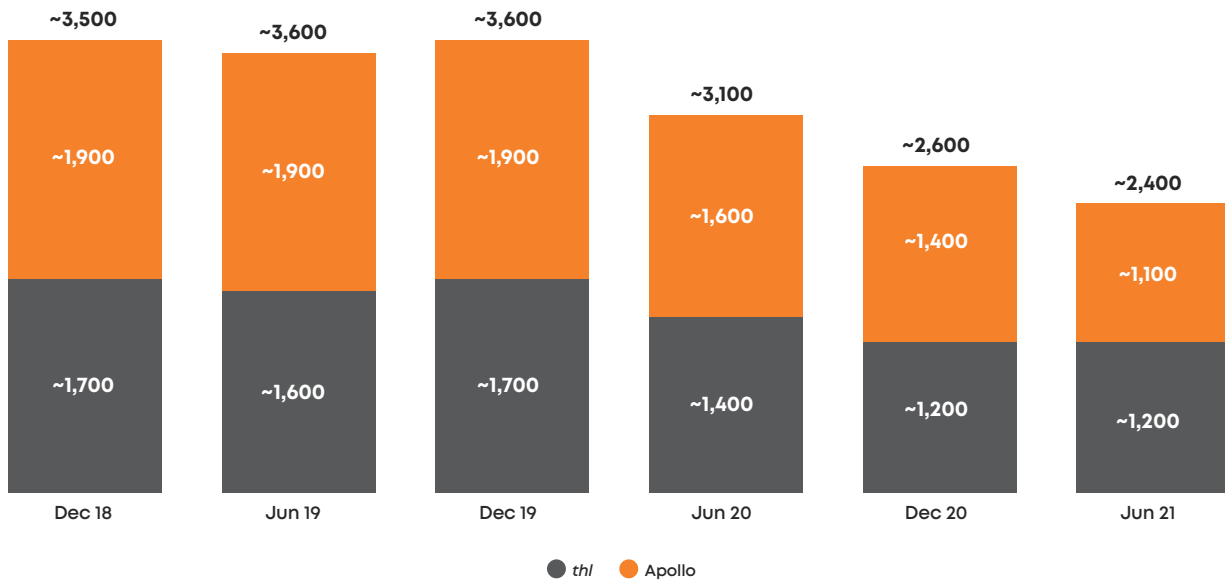


- thl RV Rental
- thl RV Sales
- thl Manufacturing
- Apollo RV Rental
- Apollo RV Sales
- Apollo Manufacturing



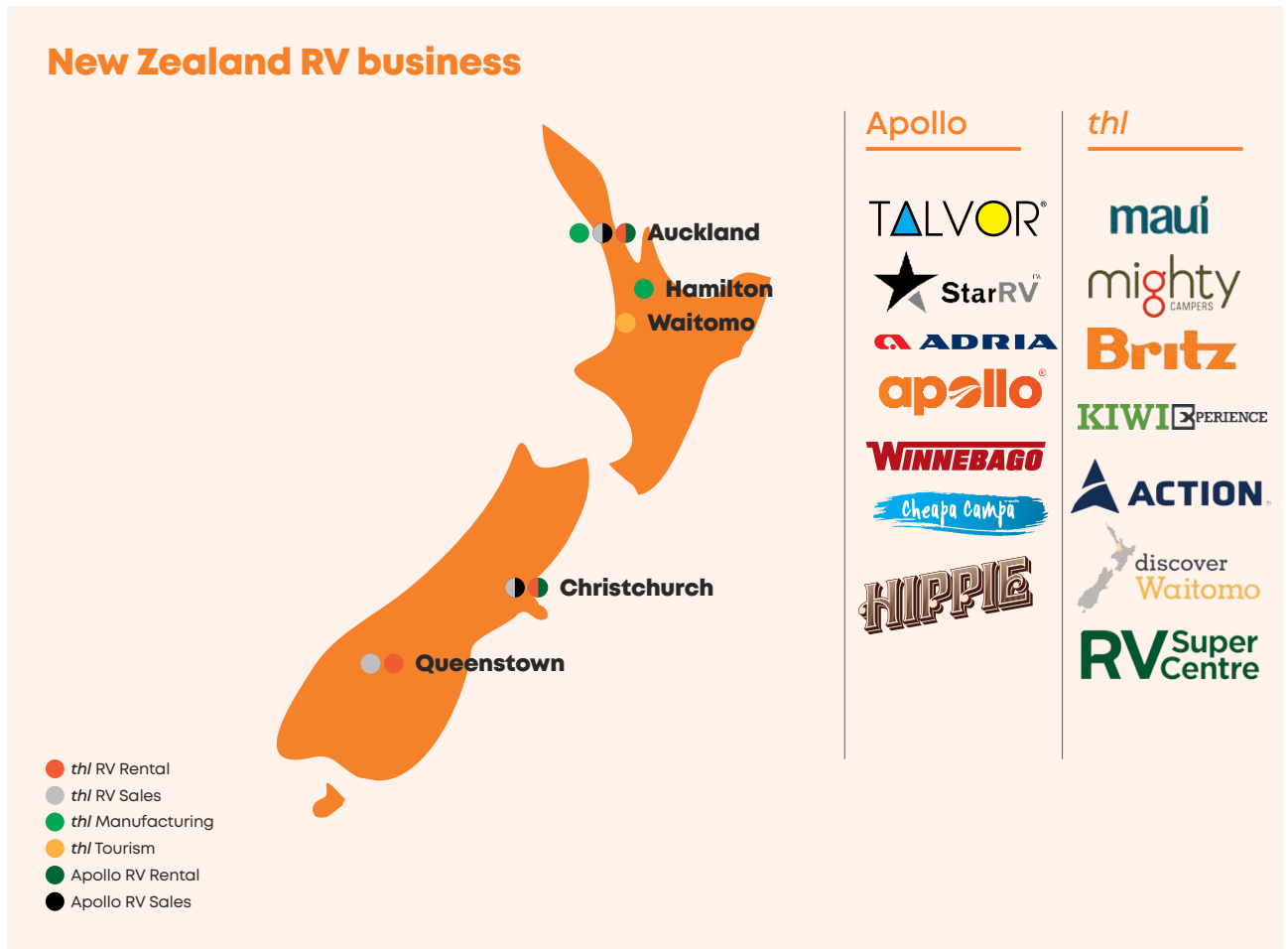
1 Apollo has the exclusive right to import and distribute Winnebago and Adria in Australia and New Zealand; and the exclusive right to manufacture Winnebago in Australia and New Zealand

## Closing rental fleet size<sup>2</sup>



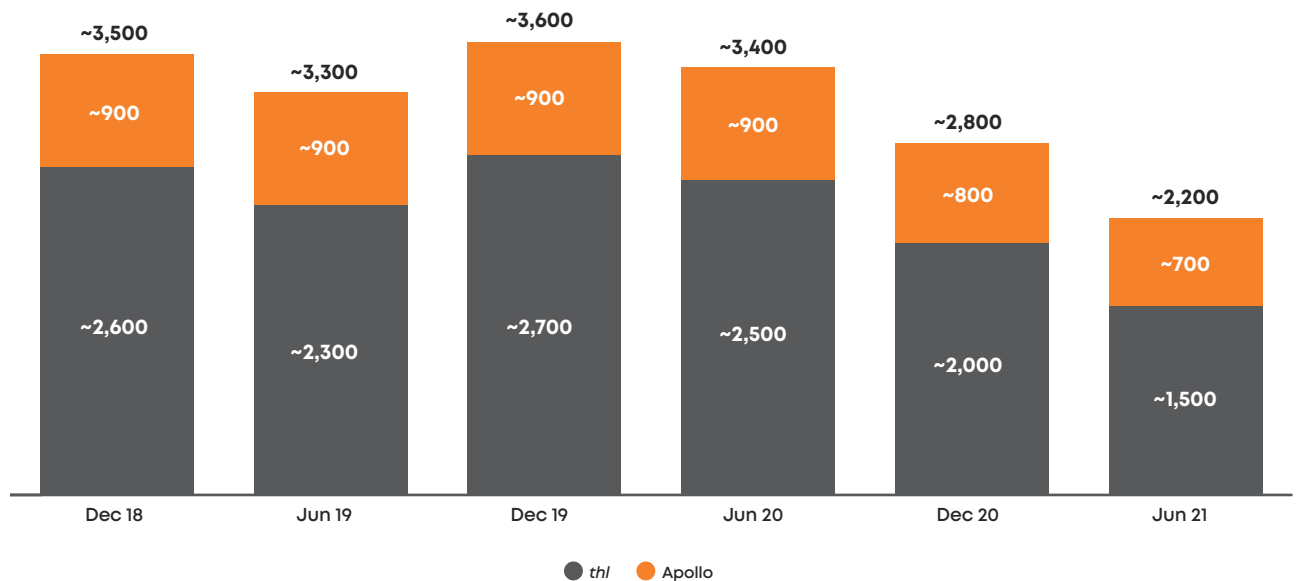
2 Total closing rental fleet size may differ to the sum of thl's fleet size and ATL's fleet size due to rounding.

## New Zealand RV business



1 Apollo has the exclusive right to import and distribute Winnebago and Adria in Australia and New Zealand; and the exclusive right to manufacture Winnebago in Australia and New Zealand

## Closing rental fleet size<sup>2</sup>



2 Total closing rental fleet size may differ to the sum of thl's fleet size and ATL's fleet size due to rounding.

## North American RV business



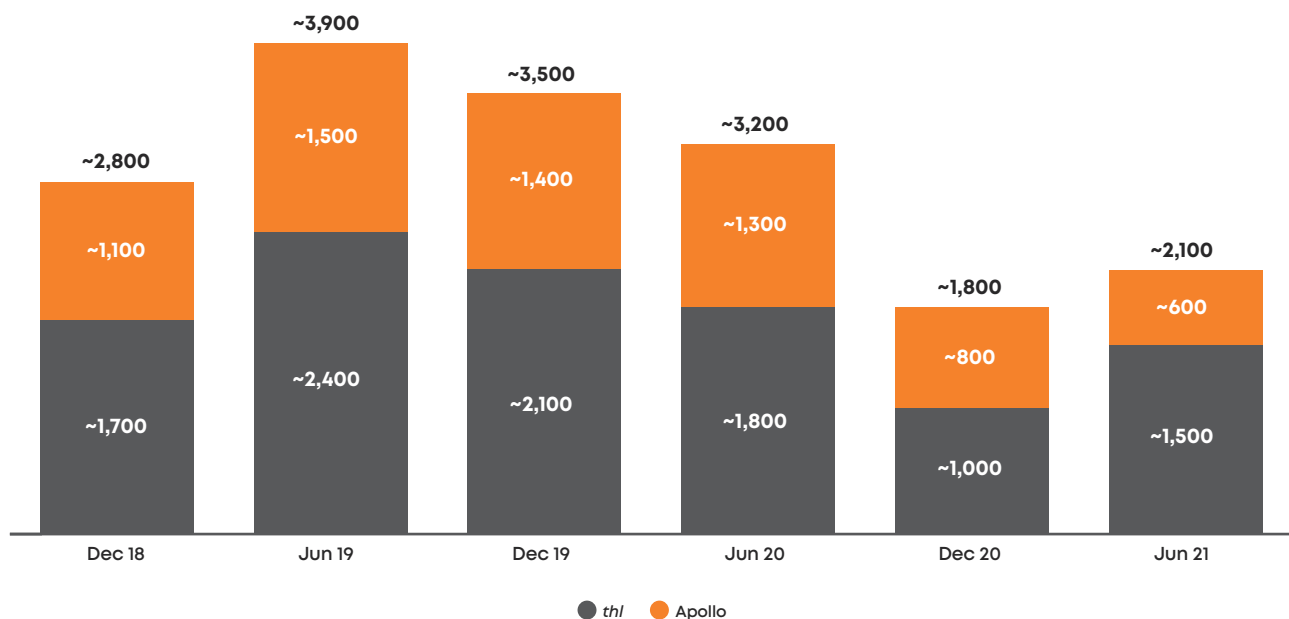
### Apollo



### thl



## Closing rental fleet size<sup>2</sup>



<sup>2</sup> Total closing rental fleet size may differ to the sum of thl's fleet size and ATL's fleet size due to rounding. ATL liquidated its rental fleet in the USA and hibernated its USA operations between March and June 2020. Closing rental fleet size in June 2020, December 2020 and June 2021 reflect this hibernation.



## United Kingdom and European RV business

Apollo

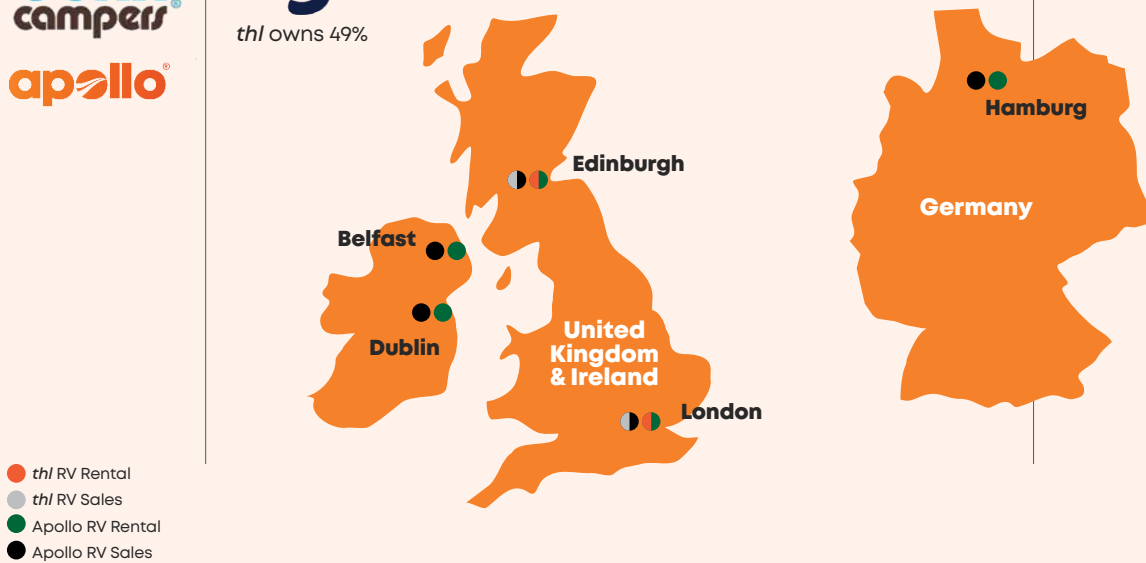


thl



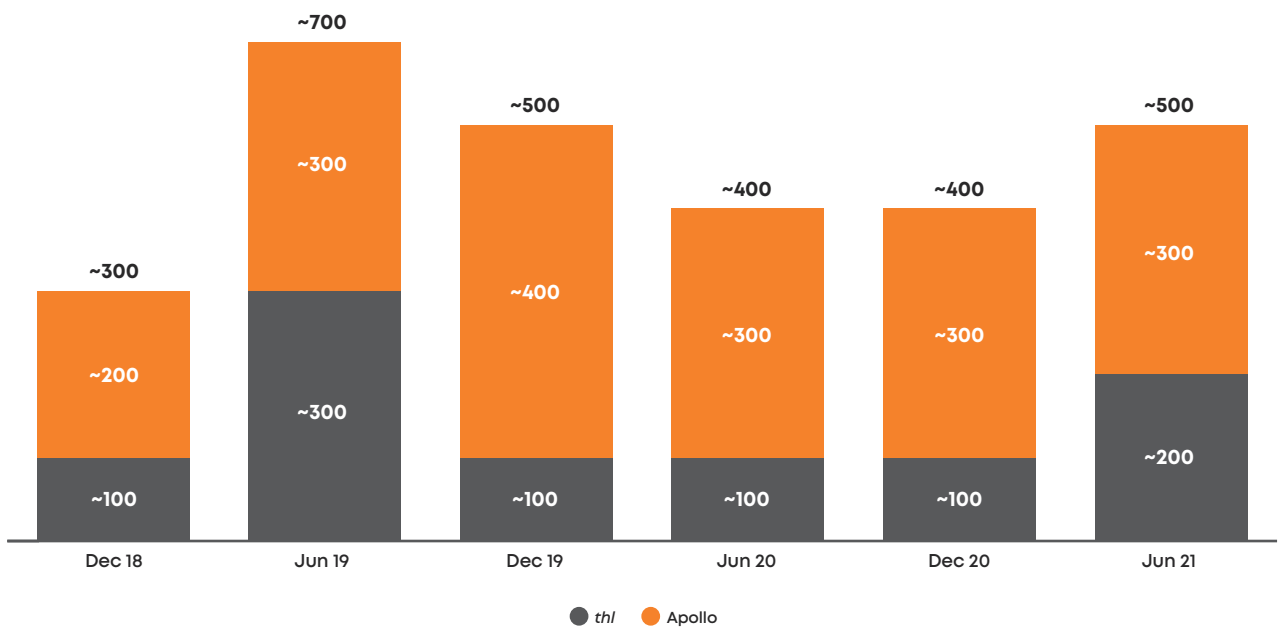
thl owns 49%

Apollo



Note: Whitehorse (in Canada) currently in hibernation. thl also has licensees in Reno, Corona, Sacramento, San Diego, Santa Cruz, Ventura/Oxnard, Victorville, Miami, Chicago and Salt Lake City. ATL is currently in hibernation in the USA.

### Closing rental fleet size<sup>2</sup>



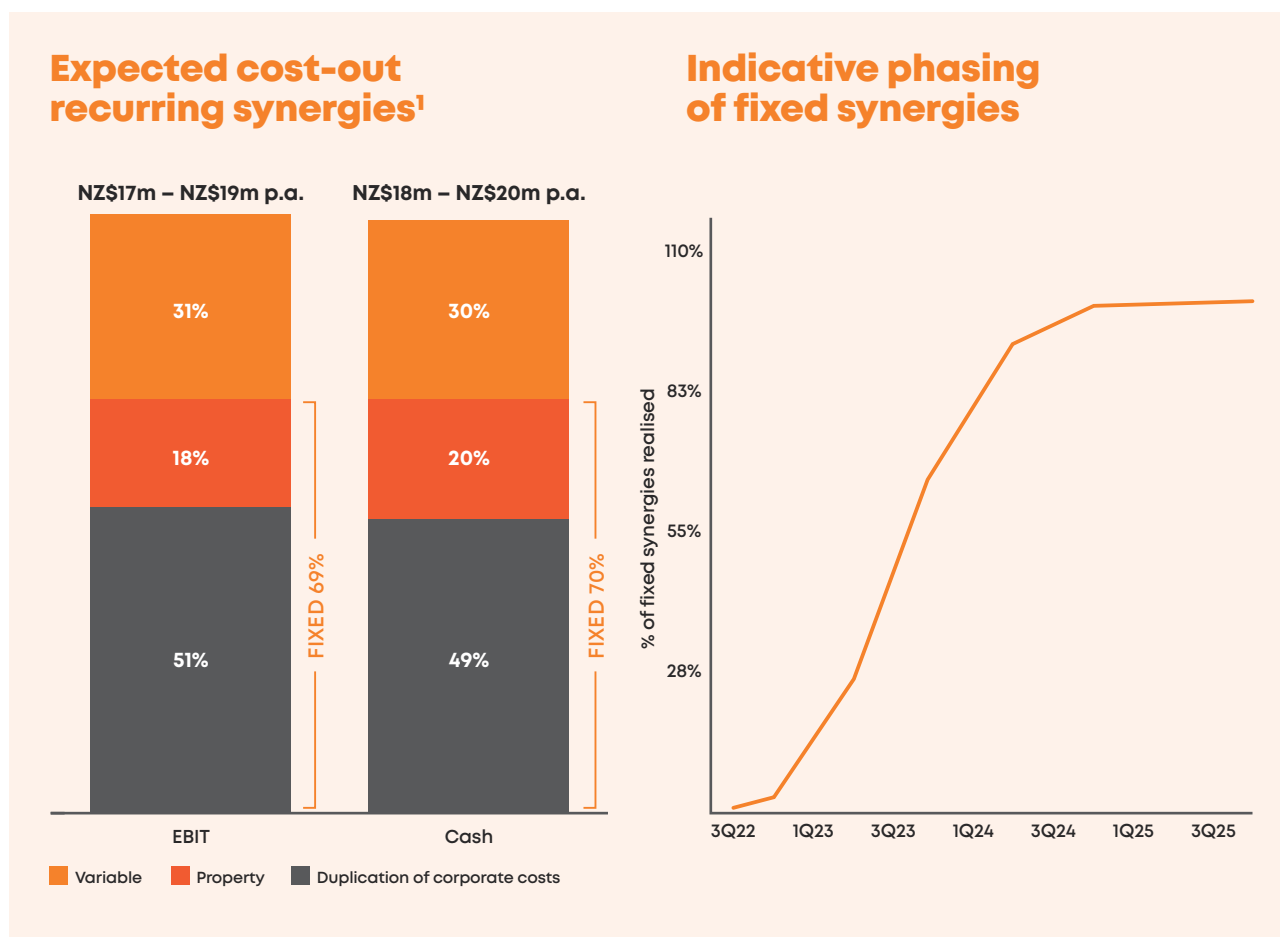
<sup>2</sup> Total closing rental fleet size may differ to the sum of thl's fleet size and ATL's fleet size due to rounding.

## Synergies – Cost out

It is expected that there will be material synergies that arise through the combination of the two businesses, which primarily relate to duplication of corporate costs and procurement benefits. As the Merged Group increases manufacturing volumes to deliver on Australasian fleet regrowth plans as tourism recovers, the value of these synergies are expected to become more significant. Bringing together and leveraging each party's existing relationships with suppliers is also expected to mitigate the current effect on each business from supply chain challenges. These synergies are expected to deliver a steady-state EBIT uplift of NZ\$17m to \$19m per annum (or a steady-state cash synergy of NZ\$18m – NZ\$20m). The 'steady-state' synergy assessment is based on the expected cost baselines for each of *thl*, *ATL* and the Merged Group in expected normal trading conditions following a post-COVID recovery.

The majority of the fixed cost synergies are expected to be fully implemented by the end of FY23, while the phasing of variable cost synergies will depend on the pace of COVID recovery. Total one-off implementation costs are expected to be NZ\$4m to NZ\$7m, with the majority of these to be incurred by the end of FY23.

The largely fixed nature of synergies should enhance the Merged Group's ability to best navigate the recovery and significant value is expected to be created regardless of the COVID recovery profile as the value of synergies comprises a relatively larger proportion of the earnings base of the Merged Group.



<sup>1</sup> Percentages based on mid point of synergy range

### Synergies – Fleet rationalisation

A significant fleet rationalisation opportunity of up to ~1,250 vehicles is expected due to the ability of the Merged Group to service rental operations on a smaller, more optimised fleet base (i.e. enhanced utilisation). This synergy comprises both:

- A one-off reduction in net debt as fleet are permanently removed; and
- An ongoing reduction in annual replacement fleet capex required due to a smaller fleet size.

Current and steady state		Potential upside	
<p><b>Current fleet reduction:</b> Vehicles which can be extracted from the Combined Group immediately</p>	~300 VEHICLES	<p><b>Additional upside fleet reduction:</b> Additional vehicles which can potentially be extracted subject to operational efficiency improvements<sup>2</sup></p>	UP TO ~350 VEHICLES OR ~NZ\$30m <sup>1</sup> ONE-OFF DEBT REDUCTION
<p><b>Steady state fleet reduction:</b> Additional vehicles which can be extracted from the Combined Group in a steady state environment</p>	~600 VEHICLES	<p><b>Recurring savings including net capex reduction:</b> Ongoing cashflow benefits of a smaller fleet base of the lower net replacement capex resulting from a smaller fleet base</p>	NOT QUANTIFIED
<p><b>One-off debt reduction:</b> Total cash flow impact of the current and steady state fleet reduction</p>	~NZ\$40m <sup>1</sup>		

1 Debt reduction per vehicle differs between current and steady state and potential upside due to differences in age of vehicles, mix of vehicles and differences in changes to both purchases and sales

2 Total fleet size is expected to continue to grow over time as the post-COVID operating environment recovers. Additional upside fleet reduction is relative to steady state fleet size

The current state fleet reduction is expected to be achieved by the start of FY23, with the steady state fleet reduction dependent on COVID recovery.

### Capital structure

*thl* management consider that by bringing together the distinct capital structures that *thl* and *ATL* operate with presently, the Merged Group will be able to operate with a more balanced capital structure.

#### Borrowing facilities of the Merged Group

The transaction is subject to refinancing the debt facilities of *thl* and/or the Merged Group with new and/or existing financiers with effect from the implementation of the Scheme, and all consents and waivers being obtained from any continuing financiers of Apollo. As such the final capital structure of the Merged Group has not yet been confirmed. The Merged Group has a significantly enhanced earnings profile, in particular given the anticipated material synergies available, and as such intends to undertake a refinance in order to optimise its borrowing mix for future growth. No additional debt is created (after the impost of transaction related expenses) because of the merger given the consideration is being paid in equity only, and debt reduction can be achieved through fleet rationalisation.

## Refinancing

It is intended that the Merged Group's funding is sourced from multiple lenders utilising various facility types, aimed at providing an effective balance of certainty of funding and quantum and cost of funding which recognises the profile of the mobile, saleable assets of the Merged Group.

Each region in which the Merged Group operates has been independently considered from a funding perspective. The funding of the Canadian business going forward is well progressed and is expected to continue to be supported by **ATL**'s existing Canadian lenders. In other regions, it is expected that a mixture of asset financing and corporate debt will be used to fund the businesses in those regions.

The expected use of corporate debt and asset financing is intended to provide the Merged Group with a mix of funding which will enable it to have access to capital to fund its fleet growth plans, non-fleet capital expenditure and general operating requirements, including working capital increases in businesses such as Action Manufacturing and the Australian manufacturing and retail dealerships, as they increase volumes in line with current forward orders.

Discussions with financiers are at various stages, however the indicative support received to date in the form of either indicative term sheets or correspondence suggests that the arrangements would, if agreed and are completed, provide sufficient funding to enable the Merged Group to undertake its intended fleet growth through to the end of FY24. To date, **thl** has had positive discussions with **ATL**'s existing lenders and change of control consents have been received, or are expected to be received, in respect of all material lenders of **ATL**. **thl** continues to consider the appropriate proportion of corporate debt (potentially including from **thl**'s existing lenders) and asset financing for the Merged Group and the final mix remains contingent on agreeing final terms and entering into relevant agreements with the various lenders.

**thl** continues to expect that the Scheme Conditions relating to (a) refinancing and (b) consent from **ATL** financiers or refinancing (as detailed in section 5.3) will be satisfied prior to the Second Court Date.

## 9.3 NZX/ASX Dual Listing

**thl** will apply to be admitted to the official list of ASX as a foreign exempt listing addition to its existing NZX listing. **thl** will use reasonable endeavours to ensure that Scheme Shareholders will be able to trade their **thl** Consideration Shares on the ASX by the Implementation Date or as soon as practicable thereafter.

## 9.4 Capital structure and substantial shareholders

Upon implementation of the Scheme, **thl** will issue an additional 50,329,236 ordinary shares in **thl**.

### Capital structure

**thl**'s current capital structure is set out in section 8.5. Based on the current capital structures of **thl** and **ATL**, it is expected that the capital structure of the Merged Group immediately following the implementation of Scheme will be as follows:

SECURITIES	NUMBER
Ordinary shares	202,369,663
Long-term incentive options	5,164,999
Redeemable ordinary shares	985,630
Retention share options	1,357,771
Retention share rights	1,328,550

Following implementation of the Scheme, and based on the capital structure of **thl** and **ATL** at the Last Practicable Date, Scheme Shareholders will together own approximately 25% of **thl** Shares on issue, with existing **thl** Shareholders owning the remaining approximately 75% (except that Foreign Scheme Shareholders will not receive **thl** Consideration Shares and will instead receive the net proceeds from the sale of the **thl** Consideration Shares that would otherwise have been issued to them, as set out in section 6.6).

Further securities may be issued by **thl** in the ordinary course of business between the date of this Scheme Booklet and implementation of the Scheme, including in respect of **thl**'s employee share schemes. Refer to section 8.13 of this Scheme Booklet for further information on **thl**'s employee share schemes.

### Substantial shareholders

Based on the capital structure of *thl* and **ATL** at the Last Practicable Date, and the substantial product holder and substantial shareholder notices lodged with the NZX and ASX respectively, or otherwise known to *thl* or **ATL** as at the Last Practicable Date, immediately following implementation of the Scheme the Merged Group is expected to have the following substantial shareholders who have Relevant Interests in a parcel of 5% or more of the total issued shares in the Merged Group:

NAME	INTEREST IN <i>thl</i> SHARES	% OF ISSUED <i>thl</i> SHARES
Trouchet Shareholders	27,008,190 (subject to rounding)	13.3% (subject to rounding)
HB Holdings Limited (a subsidiary of CITIC Capital)	26,789,440	13.2%

## 9.5 Board and management of the Merged Group

### Directors

The Merged Group will be governed by a transitional Board of ten Directors, consisting of eight Non-Executive Directors, one Executive Director and one Managing Director. It is proposed that three of **ATL**'s current Directors will join the Merged Group Board.

Rob Campbell CNZM	<b>Independent Director, Chair</b>
Robert Baker	<b>Independent Director</b>
Debbie Birch	<b>Independent Director</b>
Rob Hamilton	<b>Independent Director</b>
Sophie Mitchell	<b>Independent Director</b>
Guorong Qian	<b>Non-independent Director</b>
Cathy Quinn ONZM	<b>Independent Director</b>
Luke Trouchet	<b>Executive Director</b>
Grainne Troute	<b>Independent Director</b>
Grant Webster	<b>Managing Director</b>

Director biographies are set out in sections 7.3 and 8.4 of this Scheme Booklet.

This transitional Board is expected to be in place until the 2022 *thl* Annual Meeting at which point a new Board consisting of no more than eight directors will be appointed.

### Executive management

The Merged Group's Executive team will include Grant Webster remaining in the role of Chief Executive Officer, in addition to joining the Board as Managing Director.

Luke Trouchet will also be appointed to the new role of Executive Director – M&A and Global Transitions. In this role, Luke will oversee a number of business projects that are contemplated over the coming years, including transitional projects in relation to chassis procurement, manufacturing, dealerships and technology solutions, as well as exploration of global M&A opportunities.

Nicholas Judd will be remaining in the role of Chief Financial Officer of the Merged Group.

The specific Executive structure of the Merged Group, including how duplicate Executive roles between **ATL** and *thl* are to be addressed, are currently under review. Once determined, the remaining Executive structure will be implemented following a transitional period after completion of the Scheme.

### 9.6 *thl*'s intentions for the business, assets and employees of **ATL**

The Merged Group will operate a group of products and brands globally under the *thl* endorsing parent brand. The Merged Group will continue to use **ATL**'s Apollo flagship brand within its Australasian RV business and the CanaDream brand within the Canadian business.

Recent experience with COVID-19 lockdowns and crew working from home has proven that it is not critical that everyone in the head office and group support functions must be based out of the same office, city or country, and that people can work collaboratively across borders and offices. This provides flexibility in the countries from which the Merged Group's head office support functions can be provided as well as optimising the physical locations of the Merged Group. In addition to the arrangements for **ATL**'s executive management team outlined above in section 9.5, **ATL**'s other management and employees are expected to join *thl*'s management and employees following implementation of the Scheme with the ongoing staffing needs of the Merged Group to be determined in line with the synergy expectations and ongoing needs of the business.

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### ***New Zealand and Australian RV business***

*thl* and **ATL**'s current largely duplicated overhead structures in New Zealand and Australia are expected to enable significant cost synergies not otherwise available to the standalone entities. Synergies are expected to be realised in areas including procurement, locations and fleet rationalisation, on the basis that the Merged Group will be able to operate a smaller fleet with higher utilisation and less down time, compared to each of *thl* and **ATL** as standalone businesses. Otherwise, it is not expected that there will be any major changes to the business.

The Merged Group intends to continue to manufacture in both New Zealand and Australia with the ongoing manufacturing footprint of the Merged Group to be determined in line with the synergy expectations and ongoing needs of the business. Manufacturing in both countries is expected to generate significant freight synergies by enabling the production of the rental fleets to occur in the country that the vehicle will be operating in, reducing the need for *thl* to ship vehicles to Australia and for **ATL** to ship vehicles to New Zealand, as is currently necessary.

### ***New Zealand tourism***

There are no expected changes to *thl*'s New Zealand tourism businesses, Discover Waitomo and Kiwi Experience. The latter continues to remain in hibernation until a meaningful level of international tourism returns.

### ***North America***

*thl* operates in the USA only through Road Bear and El Monte RV, and **ATL** operates in Canada only through CanaDream. There are expected to be opportunities to leverage the expertise and procurement capabilities of each business to realise synergies for North American operations, however none have been included in the parties' quantification of the potential synergies from the merger.

### ***United Kingdom and Europe***

**ATL** has direct ownership of its United Kingdom business, while *thl* operates Just go through a joint venture with a 49% shareholding. No synergies have been included in the parties' quantification of the potential synergies from the merger for the United Kingdom and European operations, however there are expected to be opportunities to leverage the expertise and procurement capabilities of each business to realise synergies.

*thl* has a desire to move to 100% ownership of the Just go business regardless of whether the **ATL** merger transaction proceeds and the joint venture partner is aware of *thl*'s interest. However, no agreement has been reached as to the terms on which any such acquisition might occur, including as to timing or value, and therefore no view can be expressed as to the terms on which such a transaction might occur or whether it will occur at all.

### ***Intentions based on current information***

The information contained in this section 9.6 and elsewhere in this Scheme Booklet concerning the intentions of the Merged Group have been formed on the basis of facts and information concerning **ATL** and the general business environment which are known to *thl* as at the date of this Scheme Booklet.

*thl* will review and make determinations regarding the matters set out above in light of all such material information, facts and circumstances at the relevant time. Accordingly, it is important to recognise that the statements concerning the intentions of the Merged Group set out in this section 9.6 and elsewhere in this Scheme Booklet are statements of current intentions only, which may change as new information becomes available or circumstances change.

## **9.7 Dividend policy**

The establishment of an appropriate dividend policy will be considered by the Board of the Merged Group once there is greater certainty regarding the timing of recovery of the Merged Group to profitability.

The current intention of the *thl* Board is that dividends will recommence, most likely at a lower payout ratio than was paid prior to the COVID-19 pandemic, once the Merged Group returns to a sustainable level of profitability.

The review of the dividend policy will, among other matters, consider:

- the equity ratio of the Merged Group;
- the availability of tax imputation and franking credits; and
- the Merged Group's future growth capital requirements, including as it focuses on re-fleeting in the near-medium term to take advantage of expected recovery and other opportunities.

## 9.8 Pro forma financial information

### (a) Summary of information

The information included in section 9.8 is pro forma financial information for the Merged Group comprising the *thl* Group and **ATL** as at 30 June 2021 to illustrate the impact of transactions relating to the Scheme as if they had occurred on 30 June 2021 from a statement of financial position perspective, and 1 July 2020 from a statement of comprehensive income and statement of cash flows perspective (collectively, **Merged Group Pro Forma Financial Information**).

This Merged Group Pro Forma Financial Information comprises:

- Merged Group pro forma historical statement of comprehensive income for the year ended 30 June 2021 (Merged Group Pro Forma Historical Income Statement), as set out in table 1;
- Merged Group pro forma historical statement of financial position as at 30 June 2021 (Merged Group Pro Forma Historical Statement of Financial Position), as set out in table 2; and
- Merged Group pro forma historical cash flows for the year ended 30 June 2021 (Merged Group Pro Forma Historical Cash Flows), as set out in table 3.

The Merged Group Pro Forma Financial Information has been reviewed by the Investigating Accountant, in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report included in Annexure B. **ATL** Voting Shareholders should note the scope and limitations of the Independent Limited Assurance Report.

The Merged Group Pro Forma Financial Information is indicative only. *thl* has drawn conclusions based on the facts known and other information publicly available as at the date of this Scheme Booklet. If the facts, circumstances or other information should prove different to that described, the conclusions may change accordingly.

The Merged Group Pro Forma Financial Information should be read in conjunction with the:

- basis of preparation set out in section 9.8(b) below;
- Scheme adjustments described in section 9.8(f), which have been made to reflect certain financial impacts of the Scheme;
- accounting policies of *thl* and **ATL** as disclosed in their most recent financial reports;
- risk factors set out in section 10 of this Scheme Booklet; and
- other information contained in this Scheme Booklet.

### (b) Basis of preparation

The Merged Group Pro Forma Financial Information assumes the acquisition by *thl* of 100% of the shares in **ATL**. The Merged Group Pro Forma Financial Information included in this section is intended to present **ATL** Voting Shareholders with information to assist them in understanding the pro forma historical financial performance, position and cash flows of the Merged Group. *thl* management are responsible for the preparation and presentation of the Merged Group Pro Forma Financial Information.

The Merged Group Pro Forma Financial Information has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Merged Group Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies and principles applied by *thl* in preparing its Annual Report for the year ended 30 June 2021, using the assumptions set out in section 9.8(f), "Notes to the Merged Group Pro Forma Financial Information".

The Merged Group Pro Forma Financial Information presents the combination of the financial statements for *thl* for the financial year ended 30 June 2021 (**thl Historical Financial Information**) and the **ATL** financial statements for the financial year ended 30 June 2021 (**ATL Historical Financial Information**) after giving effect to the Scheme which is assumed to have occurred on 30 June 2021 from a statement of financial position perspective, and 1 July 2020 from a statement of comprehensive income and statement of cash flows perspective.

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The financial statements for *thl* for the year ended 30 June 2021 have been audited by PricewaterhouseCoopers and the financial statements for Apollo Tourism & Leisure for the year ended 30 June 2021 have been audited by BDO.

The Merged Group Pro Forma Financial Information has been derived from:

- *thl* Historical Financial Information for the year ended 30 June 2021;
- **ATL** Historical Financial Information for the year ended 30 June 2021 as adjusted for reclassifications and presentation currency as detailed in section 9.8(f) below;
- adjustments for the effects of pro forma adjustments described in section 9.8(f) below.

The consummation of the Scheme remains subject to the satisfaction of various Conditions Precedent, including **ATL** Voting Shareholder approval, Court, regulatory and other approvals. *thl* notes that the Scheme has not been consummated, and may never be consummated, including due to reasons outside of *thl*'s control.

The Merged Group Pro Forma Financial Information is presented for informational purposes only and is not intended to present, or be indicative of, what results from operations or financial position would have been had the events actually occurred on the dates indicated, nor is it meant to be indicative of future results from operations or financial position for any future period or as of any future date. The Merged Group Pro Forma Financial Information does not give effect to the potential impact of current financial conditions, or any anticipated synergies that may result from the implementation of the Scheme and subsequent integration of the two businesses.

The pro forma adjustments are based on current available information and certain assumptions that *thl* believes are reasonable. Assumptions underlying the pro forma adjustments are described in the notes, which should be read in conjunction with the Merged Group Pro Forma Financial Information. The actual adjustments to *thl* financial statements will depend on a number of factors and additional information that will be available on or after the implementation of the Scheme. Accordingly, the actual adjustments that will appear in the *thl* financial statements will differ from these pro forma adjustments, and those differences may be material.

*thl* conducted an initial review of both parties' financial statements, which comply with IFRS, to identify any material differences in **ATL**'s accounting policies or financial statement presentation that may require alignment or reclassification in order to conform with *thl* accounting policies and financial statement presentations. *thl* has not identified any material differences in accounting policies that requires an adjustment.

*thl* prepares its financial statements on the basis of a fiscal year ended 30 June and its presentation currency is New Zealand dollars ("NZ\$"). The financial statements of **ATL** have been prepared on the basis of a fiscal year ended 30 June and **ATL**'s presentation currency is Australian dollars ("A\$"). The Merged Group Pro Forma Financial Information is presented in NZ\$ and, unless otherwise noted, is presented to one decimal place. *thl* and **ATL** present numbers in thousands in their historical financial statements. For the purpose of this Scheme Booklet, numbers have been converted to millions. This may result in rounding differences in the tables presented in this section.

Due to its nature, the Merged Group Pro Forma Financial Information does not represent the Merged Group's actual or prospective financial position, performance, or cash flows.

The Merged Group Pro Forma Financial Information contained in section 9.8 is presented in an abbreviated form as it does not include all the disclosures, statements or comparative information that are required by New Zealand GAAP applicable to full financial statements or to financial statements prepared in accordance with the applicable rules and regulations of the New Zealand Stock Exchange ("NZX") and the Companies Act.

### **(c) Merged Group Pro Forma Historical Income Statement**

The table below sets out the Merged Group pro forma unaudited statement of comprehensive income for the 12 months ended 30 June 2021 which has been prepared to illustrate the impact of giving effect to the Scheme which is assumed to have occurred on 1 July 2020. The information below has been reviewed by the Investigating Accountant as part of their Independent Limited Assurance Report set out in Annexure B.



Table 1

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

<b>NZ\$'M</b>	<b>TOURISM HOLDINGS</b>	<b>APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED</b>	<b>SCHEME ADJUSTMENTS</b>	<b>ACQUISITION ADJUSTMENT AMLP</b>	<b>NOTES</b>	<b>MERGED GROUP PRO FORMA CONSOLIDATED PERFORMANCE</b>
Sales of services	130.0	57.0	–	–		187.1
Sales of goods	229.1	256.1	–	14.7	Note [8]	499.9
<b>Total revenue</b>	359.2	313.1	–	14.7		687.0
Cost of sales	(186.0)	(228.0)	–	(10.3)	Note [8]	(424.3)
<b>Gross profit</b>	173.1	85.1	–	4.4		262.6
Administration expense	(37.9)	(16.6)	(9.1)	(1.9)	Note [4,8]	(65.4)
Operating expenses	(150.0)	(85.8)	–	(3.6)	Note [8]	(239.4)
Other income	6.5	1.4	–	0.6	Note [8]	8.4
<b>Operating (loss)/profit before financing costs</b>	(8.3)	(15.8)	(9.1)	(0.5)		(33.7)
Finance income	0.0	–	–	–		0.0
Finance expense	(10.9)	(11.0)	–	(0.3)	Note [8]	(22.2)
<b>Net finance costs</b>	(10.8)	(11.0)	–	(0.3)		(22.2)
Share of profit/(loss) from associates	0.7	–	–	–		0.7
Share of profit/(loss) from joint ventures	0.0	–	–	(0.0)		0.0
<b>(Loss)/profit before tax</b>	(18.4)	(26.8)	(9.1)	(0.8)		(55.2)
Income tax benefit	3.9	7.7	0.0	–		11.5
<b>(Loss)/profit for the year</b>	(14.5)	(19.1)	(9.1)	(0.8)		(43.6)
<i>(Loss)/profit is attributable to:</i>				0.0		
Non-controlling interests	(0.8)	–	–	–		(0.8)
Equity Holders of the parent	(13.7)	(19.1)	(9.1)	(0.8)		(42.8)

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2021

NZ\$'M	TOURISM HOLDINGS	APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED	SCHEME ADJUSTMENTS	ACQUISITION ADJUSTMENT AMLP	NOTES	MERGED GROUP PRO FORMA CONSOLIDATED PERFORMANCE
(Loss)/profit for the year	(14.5)	(19.1)	(9.1)	(0.8)		(43.6)
<i>Other comprehensive losses</i>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation reserve movement (net of tax)	(8.9)	(0.4)	–	–		(9.4)
Cash flow hedge reserve movement (net of tax)	3.1	–	–	–		3.1
<b>Other comprehensive losses for the year net of tax</b>	(5.9)	(0.4)	–	–		(6.3)
<b>Total comprehensive (loss)/income for the year attributable to equity holders of the Company</b>	(20.4)	(19.6)	(9.1)	(0.8)		(49.9)
<b>Total comprehensive (loss)/income for the year is attributable to</b>						
Non-controlling interests	(0.8)	–	–	–		(0.8)
Equity Holders of the parent	(19.5)	(19.6)	(9.1)	(0.8)		(49.1)
<b>Total comprehensive (loss)/income for the year</b>	(20.4)	(19.6)	(9.1)	(0.8)		(49.9)

#### (d) Merged Group Pro Forma Historical Statement of Financial Position

The table below sets out the Merged Group pro forma unaudited statement of financial position as at 30 June 2021 which has been prepared to illustrate the impact of giving effect to the Scheme which is assumed to have occurred on 30 June 2021. The information below has been reviewed by the Investigating Accountant as part of their Independent Limited Assurance Report set out in Annexure B.

Table 2

**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2021**

<b>NZ\$'M</b>	<b>TOURISM HOLDINGS</b>	<b>APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED</b>	<b>SCHEME ADJUSTMENTS</b>	<b>ACQUISITION ADJUSTMENT AMLP</b>	<b>NOTES</b>	<b>MERGED GROUP PRO FORMA CONSOLIDATED POSITION</b>
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	273.1	115.2	–	(0.9)	Note [8]	387.4
Intangible assets (including goodwill)	51.1	25.0	115.6	–	Note [3,7]	191.7
Financial asset recognised at fair value through the income statement	20.8	0.0	–	–		20.8
Investments accounted for using the equity method	–	3.5	–	–	Note [9]	3.5
Investment in joint ventures	–	0.0	–	–		0.0
Investment in associates	4.9	0.0	–	0.0		5.0
Advance to joint ventures	–	0.0	–	–		0.0
Right-of-use assets – Fleet	–	82.3	–	–		82.3
Right-of-use assets – Property	62.3	27.4	–	–		89.7
Deferred tax assets	1.0	9.1	(10.5)	–	Note [7]	(0.4)
Other non-current assets	–	2.1	–	–		2.1
<b>Total</b>	<b>413.3</b>	<b>264.6</b>	<b>105.2</b>	<b>(0.8)</b>		<b>782.2</b>
<b>Current assets</b>						
Cash and cash equivalents	38.1	48.9	(9.1)	–	Note [4]	77.8
Trade and receivables and other assets	28.7	12.5	(0.4)	–	Note [6]	40.8
Inventories	57.5	57.1	–	–		114.6
Advance to joint venture	–	0.0	–	–		0.0
Current tax receivables	0.6	0.0	–	–		0.6
Derivative financial instruments	–	0.0	–	–		0.0
<b>Total current assets</b>	<b>124.8</b>	<b>118.5</b>	<b>(9.5)</b>	<b>–</b>		<b>233.8</b>
<b>Total assets</b>	<b>538.1</b>	<b>383.2</b>	<b>95.6</b>	<b>(0.8)</b>		<b>1,016.0</b>

## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2021

NZ\$'M	TOURISM HOLDINGS	APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED	SCHEME ADJUSTMENTS	ACQUISITION ADJUSTMENT AMLP	NOTES	MERGED GROUP PRO FORMA CONSOLIDATED POSITION
<b>Equity</b>						
Share capital	277.8	89.9	52.8	–	Note [3,6]	420.5
Retained earnings	42.3	(35.8)	26.7	(0.8)	Note [3, 4, 6]	32.3
Cash flow hedge reserve	(4.6)	(12.8)	12.8	–	Note [3]	(4.6)
Non-controlling interests	(2.9)	0.0	–	–		(2.9)
<b>Total equity</b>	<b>312.6</b>	<b>41.3</b>	<b>92.4</b>	<b>(0.8)</b>		<b>445.4</b>
<b>Non-current liabilities</b>						
Interest bearing loans and borrowings	86.7	70.6	–	–		157.2
Derivative financial instruments	5.1	0.0	–	–		5.1
Deferred income tax liability	10.0	17.0	3.3	–	Note [7]	30.3
Lease liabilities	64.5	78.6	–	–		143.1
Other liabilities	–	0.7	–	–		0.7
<b>Total non-current liabilities</b>	<b>166.3</b>	<b>166.9</b>	<b>3.3</b>	<b>–</b>		<b>336.4</b>
<b>Current liabilities</b>						
Interest bearing loans and borrowings	0.1	78.8	–	–		78.9
Trade and other payables	25.3	24.0	–	–		49.2
Revenue in advance	13.1	17.0	–	–		30.1
Employee benefits	8.0	0.0	–	–		8.0
Provisions	0.4	4.9	–	–		5.3
Derivative financial instruments	0.1	0.0	–	–		0.1
Current tax liabilities	3.4	0.1	–	–		3.5
Lease liabilities	8.8	38.2	–	–		47.0
Contract liabilities	–	11.8	–	–		11.8
Other liabilities	–	0.2	–	–		0.2
<b>Total current liabilities</b>	<b>59.2</b>	<b>175.0</b>	<b>–</b>	<b>–</b>		<b>234.2</b>
<b>Total liabilities</b>	<b>225.5</b>	<b>341.9</b>	<b>3.3</b>	<b>–</b>		<b>570.6</b>
<b>Total equity and liabilities</b>	<b>538.1</b>	<b>383.2</b>	<b>95.6</b>	<b>(0.8)</b>		<b>1,016.0</b>

Note 1: Rounding is to the nearest one hundred thousand. Totals are calculated and not rounded.

### (e) Merged Group Pro Forma Historical Cash Flows

The table below sets out the Merged Group pro forma unaudited statement of cash flows for the 12 months ended 30 June 2021 which has been prepared to illustrate the impact of giving effect to the Scheme which is assumed to have occurred on 1 July 2020. The information below has been reviewed by the Investigating Accountant as part of their Independent Limited Assurance Report set out in Annexure B.

Table 3

#### STATEMENT OF CASH FLOWS

##### AS AT 30 JUNE 2021

NZ\$'M	TOURISM HOLDINGS	APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED	SCHEME ADJUSTMENTS	ACQUISITION ADJUSTMENT AMLP	NOTES	MERGED GROUP PRO FORMA CONSOLIDATED POSITION
<b>Cash flows from operating activities</b>						
Receipts from customers	150.5	242.2	–	–		392.7
Proceeds from sale of goods	222.3	122.6	–	42.4	Note [8]	387.3
Proceeds from insurance recoveries	1.8	–	–	–		1.8
Interest received	0.0	0.2	–	0.0	Note [8]	0.2
Dividend received	0.9	–	–	–		0.9
Payments to suppliers and employees	(159.8)	(242.6)	(9.1)	(26.1)	Note [4, 8]	(437.6)
Purchase of rental assets	(119.9)	(23.4)	–	–		(143.3)
Interest paid	(10.9)	(11.7)	–	(0.2)	Note [8]	(22.8)
Taxation received/ (paid)	2.0	0.9	–	0.0	Note [8]	3.0
<b>Net cash flows from operating activities</b>	<b>87.0</b>	<b>88.4</b>	<b>(9.1)</b>	<b>16.1</b>		<b>182.3</b>
<b>Cash flows from investing activities</b>						
Sale of property, plant & equipment	0.1	0.2	–	–		0.3
Purchase of property, plant & equipment	(1.2)	(1.3)	–	(0.4)	Note [8]	(2.9)
Receipt from joint ventures	0.4	–	–	–		0.4
Purchase of intangibles	(4.1)	(0.6)	–	–		(4.8)
Net cash paid as part of the step acquisition of Outdoria	(0.4)	–	–	–		(0.4)

## STATEMENT OF CASH FLOWS

### AS AT 30 JUNE 2021

NZ\$'M	TOURISM HOLDINGS	APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED	SCHEME ADJUSTMENTS	ACQUISITION ADJUSTMENT AMLP	NOTES	MERGED GROUP PRO FORMA CONSOLIDATED POSITION
Net cash received as part of the step acquisition of AMLP	4.6	-	-	-		4.6
<b>Net cash flows used in investing activities</b>	<b>(0.6)</b>	<b>(1.8)</b>	<b>-</b>	<b>(0.4)</b>		<b>(2.8)</b>
<b>Cash flows from financing activities</b>						
Payment for lease liability principal	(7.7)	(45.0)	-	-		(52.8)
Proceeds from borrowings	61.9	129.0	-	2.8	Note [8]	193.7
Repayments of borrowings	(136.4)	(147.6)	-	(18.6)	Note [8]	(302.6)
Proceeds from share issue	0.3	0.0	-	-		0.3
<b>Net cash flows used in financing activities</b>	<b>(82.0)</b>	<b>(63.6)</b>	<b>-</b>	<b>(15.8)</b>		<b>(161.4)</b>
Net increase in cash and cash equivalents	4.4	22.9	(9.1)	(0.1)		18.1
Opening cash and cash equivalents	35.5	25.2	n/a	0.1		60.8
Exchange (losses)/gains on cash and cash equivalents	(1.8)	0.7	n/a	n/a		(1.1)
<b>Closing cash and cash equivalents</b>	<b>38.1</b>	<b>48.9</b>	<b>(9.1)</b>	<b>0</b>		<b>77.8</b>

## (f) Notes to the Merged Group Pro Forma Financial Information

Alignment, reclassification and translation adjustments

### Note (1) Conforming accounting policies

*thl* management performed an initial review of the accounting policies of **ATL** to determine if any differences in accounting policies require reclassification or adjustment to the Merged Group Pro Forma Financial Information. As a result of that preliminary review, *thl*'s management did not identify any material differences in accounting policy.

#### Depreciation rates

*thl*'s management have identified potential differences in the approach for management assessment of depreciation rates applied to fleet vehicles. *thl*'s management have undertaken a thorough analysis, using the best available information, to assess and quantify the adjustment required to realign **ATL**'s depreciation rates to be consistent with *thl*'s management assessment. The analysis was performed by quantifying the average difference on gain on sale of similar vehicle types between *thl* and **ATL**, as well as analysing the average age on fleet and book value. A realignment adjustment would give rise to an increased depreciation expense, increased gain on sale of fleet vehicles, and a reduction of the book value of fleet vehicles of the Merged Group Pro Forma Financial Information as at 30 June 2021. However, based on the analysis undertaken, *thl* have elected to not adjust the Merged Group Pro Forma Financial Information given the immaterial quantum of the adjustment.

Furthermore, the fair value exercise yet to be completed on the acquired fleet would also likely result in a depreciation rate outcome different from any notional reassessment of the depreciation rates by *thl* applying its methodology.

When *thl* management completes a final review of **ATL**'s accounting policies, additional differences may be identified that, when conformed, could have a material impact on the Merged Group Pro Forma Financial Information.

## Note (2) Foreign currency translation and historical financial information reclassification

### Foreign currency translation

**ATL**'s historical financial information and any pro forma adjustments based on **ATL** historical financial information has been translated from its presentation currency of \$A to be presented in *thl* presentation currency of NZ\$ using the following exchange rates.

### TOURISM HOLDINGS PRESENTATION CURRENCY OF NZ\$ USING THE FOLLOWING EXCHANGE RATES

	AS/NZ\$
Income statement and cash flows - average rate for the year ended 30 June 2021	0.9327
Statement of financial position - spot rate at 30 June 2021	0.9310

Note: Exchange rate expressed as Australian dollars per one NZ dollar

### Reclassifications

Certain reclassification adjustments have been made to conform **ATL** historical financial information presentation to that of *thl* as follows:

- **ATL** include right of use assets for property leases and fleet within the Property, Plant and Equipment caption. These right of use assets have been presented separately consistent with the presentation adopted by *thl*.
- **ATL** includes purchases of new fleet as an investing cash flow whereas *thl* classifies this as an operating cash flow. The purchase of new fleet has been presented as an operating cash flow consistent with the presentation adopted by *thl*.

*ATL translated and reclassified*

The following tables reflect the impact of the above adjustments and reclassifications on ATL's historical consolidated statement of comprehensive income as presented in the Merged Group Pro Forma Statement of Comprehensive Income.

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>APOLLO (A\$'M)</b>	<b>APOLLO TRANSLATED (NZ\$'M)</b>	<b>APOLLO RECLASSIFICATION (NZ\$'M)</b>	<b>FOOTNOTE</b>	<b>APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED (NZ\$'M)</b>
Sales of services	53.2	57.0	–		57.0
Sales of goods	238.9	256.1	–		256.1
<b>Total revenue</b>	292.0	313.1	–		313.1
Cost of sales	(212.7)	(228.0)	–		(228.0)
<b>Gross profit</b>	79.4	85.1	–		85.1
Administration expense	(15.4)	(16.6)	–		(16.6)
Operating expenses	(80.0)	(85.8)	–		(85.8)
Other income	1.3	1.4	–		1.4
<b>Operating (loss)/profit before financing costs</b>	(14.8)	(15.8)	–		(15.8)
Finance income	–	–	–		0.0
Finance expense	(10.2)	(11.0)	–		(11.0)
<b>Net finance costs</b>	(10.2)	(11.0)	–		(11.0)
Share of profit/(loss) from associates	–	–	–		0.0
Share of profit/(loss) from joint ventures	–	–	–		0.0
<b>(Loss)/profit before tax</b>	(25.0)	(26.8)	–		(26.8)
Income tax benefit	7.2	7.7	–		7.7
<b>(Loss)/profit for the year</b>	(17.9)	(19.1)	–		(19.1)
<b>(Loss)/profit is attributable to:</b>					
Non-controlling interests	–	–	–		0.0
Equity Holders of the parent	(17.9)	(19.1)	–		(19.1)



## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2021

	APOLLO (A\$'M)	APOLLO TRANSLATED (NZ\$'M)	APOLLO RECLASSIFICATION (NZ\$'M)	FOOTNOTE	APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED (NZ\$'M)
(Loss)/profit for the year	(17.9)	(19.1)	–		(19.1)
<i>Other comprehensive losses</i>				–	
<i>Items that may be reclassified subsequently to profit or loss</i>				–	
Foreign currency translation reserve movement (net of tax)	(0.4)	(0.4)	–		(0.4)
Cash flow hedge reserve movement (net of tax)	–	–	–		0.0
<b>Other comprehensive losses for the year net of tax</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>–</b>		<b>(0.4)</b>
<b>Total comprehensive (loss)/income for the year attributable to equity holders of the Company</b>	<b>(18.3)</b>	<b>(19.6)</b>	<b>–</b>		<b>(19.6)</b>
<b>Total comprehensive (loss)/income for the year is attributable to</b>				–	0.0
Non-controlling interests	–	–	–		0.0
Equity Holders of the parent	(18.3)	(19.6)	–		(19.6)
<b>Total comprehensive (loss)/income for the year</b>	<b>(18.3)</b>	<b>(19.6)</b>	<b>–</b>		<b>(19.6)</b>

The following table reflects the impact of the above adjustments and reclassifications on ATL's historical consolidated statement of financial position as presented in the Merged Group Pro Forma Statement of Financial Position.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	APOLLO (A\$'M)	APOLLO TRANSLATED (NZ\$'M)	APOLLO RECLASSIFICATION (NZ\$'M)	FOOTNOTE	APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED (NZ\$'M)
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	209.4	224.9	(109.7)	Note [2]	115.2
Intangible assets (including goodwill)	23.3	25.0	–		25.0
Financial asset recognised at fair value through the income statement	–	–	–		0.0
Investments accounted for using the equity method	3.3	3.5	–		3.5
Investment in joint ventures	–	–	–		0.0
Investment in associates	–	–	–		0.0
Advance to joint ventures	–	–	–		0.0
Right-of-use assets – Fleet	–	–	82.3	Note [2]	82.3
Right-of-use assets – Property	–	–	27.4	Note [2]	27.4
Deferred tax assets	8.5	9.1	–		9.1
Other non-current assets	2.0	2.1	–		2.1
<b>Total</b>	<b>246.4</b>	<b>264.6</b>	<b>–</b>		<b>264.6</b>
<b>Current assets</b>					
Cash and cash equivalents	45.5	48.9	–		48.9
Trade and receivables and other assets	11.7	12.5	–		12.5
Inventories	53.2	57.1	–		57.1
Advance to joint venture	–	–	–		0.0
Current tax receivables	–	–	–		0.0
Derivative financial instruments	–	–	–		0.0
<b>Total current assets</b>	<b>110.4</b>	<b>118.5</b>	<b>–</b>		<b>118.5</b>
<b>Total assets</b>	<b>356.7</b>	<b>383.2</b>	<b>–</b>		<b>383.2</b>

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	APOLLO (A\$'M)	APOLLO TRANSLATED (NZ\$'M)	APOLLO RECLASSIFICATION (NZ\$'M)	FOOTNOTE	APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED (NZ\$'M)
<b>Equity</b>					
Share capital	83.7	89.9	–		89.9
Retained earnings	(33.4)	(35.8)	–		(35.8)
Cash flow hedge reserve	(11.9)	(12.8)	–		(12.8)
Non-controlling interests	–	–	–		0.0
<b>Total equity</b>	<b>38.4</b>	<b>41.3</b>	<b>–</b>		<b>41.3</b>
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	65.7	70.6	–		70.6
Derivative financial instruments	–	–	–		0.0
Deferred income tax liability	15.8	17.0	–		17.0
Lease liabilities	73.2	78.6	–		78.6
Other liabilities	0.7	0.7	–		0.7
<b>Total non-current liabilities</b>	<b>155.3</b>	<b>166.9</b>	<b>–</b>		<b>166.9</b>
<b>Current liabilities</b>					
Interest bearing loans and borrowings	73.3	78.8	–		78.8
Trade and other payables	22.3	24.0	–		24.0
Revenue in advance	15.8	17.0	–		17.0
Employee benefits	–	–	–		0.0
Provisions	4.6	4.9	–		4.9
Derivative financial instruments	–	–	–		0.0
Current tax liabilities	0.1	0.1	–		0.1
Lease liabilities	35.6	38.2	–		38.2
Contract liabilities	11.0	11.8	–		11.8
Other liabilities	0.2	0.2	–		0.2
<b>Total current liabilities</b>	<b>163.0</b>	<b>175.0</b>	<b>–</b>		<b>175.0</b>
<b>Total liabilities</b>	<b>318.3</b>	<b>341.9</b>	<b>–</b>		<b>341.9</b>
<b>Total equity and liabilities</b>	<b>356.7</b>	<b>383.2</b>	<b>–</b>		<b>383.2</b>

The following table reflects the impact of the above adjustments and reclassifications on ATL's historical consolidated statement of cash flows as presented in the Merged Group Pro Forma Statement of Cash Flow.

## STATEMENT OF CASH FLOWS

### AS AT 30 JUNE 2021

	APOLLO (A\$'M)	APOLLO TRANSLATED (NZ\$'M)	APOLLO RECLASSIFICATION (NZ\$'M)	FOOTNOTE	APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED (NZ\$'M)
<b>Cash flows from operating activities</b>					
Receipts from customers	225.9	242.2	-		242.2
Proceeds from sale of goods	114.4	122.6	-		122.6
Proceeds from insurance recoveries	-	-	-		0.0
Interest received	0.2	0.2	-		0.2
Dividend received	-	-	-		0.0
Payments to suppliers and employees	(226.3)	(242.6)	-		(242.6)
Purchase of rental assets	-	-	(23.4)	Note [2]	(23.4)
Interest paid	(10.9)	(11.7)	-		(11.7)
Taxation received/(paid)	0.9	0.9	-		0.9
<b>Net cash flows from operating activities</b>	<b>104.2</b>	<b>111.7</b>	<b>(23.4)</b>		<b>88.4</b>
<b>Cash flows from investing activities</b>					<b>0.0</b>
Sale of property, plant & equipment	0.1	0.2	-		0.2
Purchase of rental fleet	(21.8)	(23.4)	23.4	Note [2]	0.0
Purchase of property, plant & equipment	(1.2)	(1.3)	-		(1.3)
Advance to joint ventures	-	-	-		0.0
Receipt from joint ventures	-	-	-		0.0
Purchase of intangibles	(0.6)	(0.6)	-		(0.6)
Net cash paid as part of the step acquisition of Outdoria	-	-	-		0.0
Net cash received as part of the step acquisition of AMLP	-	-	-		0.0
<b>Net cash flows used in investing activities</b>	<b>(23.5)</b>	<b>(25.1)</b>	<b>23.4</b>		<b>(1.8)</b>

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**STATEMENT OF CASH FLOWS****AS AT 30 JUNE 2021**

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	<b>APOLLO (A\$'M)</b>	<b>APOLLO TRANSLATED (NZ\$'M)</b>	<b>APOLLO RECLASSIFICATION (NZ\$'M)</b>	<b>FOOTNOTE</b>	<b>APOLLO ADJUSTED, TRANSLATED AND RECLASSIFIED (NZ\$'M)</b>
<b>Cash flows from financing activities</b>					0.0
Payment for lease liability principal	(42.0)	(45.0)	–		(45.0)
Proceeds from borrowings	120.3	129.0	–		129.0
Repayments of borrowings	(137.7)	(147.6)	–		(147.6)
Dividends paid	–	–	–		0.0
Proceeds from share issue	–	–	–		0.0
Net cash flows used in financing activities	(59.4)	(63.6)	–		(63.6)
Net increase in cash and cash equivalents	21.4	22.9	–		22.9
Opening cash and cash equivalents	23.5	25.2	–		25.2
Exchange (losses)/ gains on cash and cash equivalents	0.6	0.6	–		0.6
<b>Closing cash and cash equivalents</b>	<b>45.5</b>	<b>48.8</b>	<b>–</b>		<b>48.8</b>

## Scheme adjustments

### Note (3) Preliminary purchase price accounting

The Scheme is expected to be accounted for as a business combination using the acquisition method of accounting as prescribed in NZ IFRS 3 Business Combinations, under New Zealand GAAP. *thl* is expected to be treated as the acquirer for accounting purposes. *thl* is expected to record the assets acquired, including identifiable intangible assets, and the liabilities assumed from *ATL* at their respective estimated fair values at the date of the implementation of the Scheme. Any excess of the purchase price over the net fair value of such assets and liabilities will be recorded as goodwill.

For the purpose of the Merged Group Pro Forma Financial Information, the fair value of *ATL*'s identifiable assets acquired, and liabilities assumed, have been presented on a provisional basis at book value. This assessment has been made on the basis that:

- Following a review by *thl* management there is insufficient reliable information, such that any fair value estimates may not be of a high enough quality to include in the Scheme Booklet;
- There is no impact on the net assets in the Merged Group Pro Forma Financial Information as the fair value allocated to identifiable intangibles, fleet assets and or liabilities assumed will reduce goodwill by an equivalent amount, which means total assets and net assets will be consistent.
- NZ IFRS 3 guidance supports the view that all of the purchase price allocation can be provisional and determined at a later date. The measurement period requirements of NZ IFRS 3 (para 46) provide the acquirer with reasonable time to obtain the information necessary to identify and measure the following as of the acquisition date:
  - the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree;
  - the consideration transferred for the acquiree (or the other amount used in measuring goodwill);
  - in a business combination achieved in stages, the equity interest in the acquiree previously held by the acquirer; and
  - the resulting goodwill or gain on a bargain purchase.

The assets and liabilities shown in the tables above may be impacted when the purchase price accounting is finalised.

#### Calculation of purchase consideration

The following table summarises the preliminary calculation of the purchase consideration transferred as if the Scheme had been completed on 3 December 2021, based upon the *thl* share price and shares to be issued under the Scheme to Scheme Shareholders. The share price and consequently the purchase consideration below is indicative only and may differ from the acquisition date for accounting purposes.

#### CALCULATION OF THE PURCHASE CONSIDERATION

NZ\$'000	30-JUN-21
# Shares in <i>thl</i> ('000)	151,964
<i>thl</i> share price as at 3 December 2021 (NZ\$)	2.83
Market capitalisation	430,057
Proportion shares held by Apollo shareholders post merger (%)	25%
Number of shares held by Apollo shareholders post merger ('000)	50,655
Number of shares held by Apollo shareholders (other than <i>thl</i> ) post merger ('000)	50,329
<i>thl</i> share price as at 3 December 2021 (NZ\$)	2.83
Preliminary Purchase Consideration (NZ\$m)	142,432

#### Note (4) Transaction and adviser costs

*thl* and *ATL* are expected to collectively incur transaction and adviser costs of NZ\$9.1m, noting that the final transaction and adviser costs may vary. These costs have been reflected within the Scheme adjustments as an increase in administration expenses in the pro forma unaudited statement of comprehensive income and a reduction in cash and retained earnings in the pro forma unaudited statement of financial position.

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### **Note (5) One-off items and the impact of COVID pandemic**

No adjustments have been made to the statutory reported statement of comprehensive income, statement of financial position or statement of cash flows for one-off and unusual items on the basis that no items were recognised during that period.

No adjustments have been made for the impact of the COVID pandemic, including Government incentives, which has impacted both *thl* and *ATL*. This is on the basis that the quantification of the adjustments may be misleading, and the impact of the pandemic is not limited to one period.

### **Note (6) ATL shares held by *thl***

*thl* acquired shares in *ATL* in periods prior to 30 June 2021. *thl* held approximately 898,000 shares as at 30 June 2021. This has been reflected in the pro forma unaudited statement of financial position as an adjustment to the 'trade and other receivables' asset and share capital based on the market value of *ATL* shares as at 30 June 2021.

### **Note (7) Carried forward tax losses**

#### ***Australia***

As at 30 June 2021, the *ATL* tax consolidated group (the "*ATL* TCG") had carried forward Australian tax losses of A\$37.9m.

Generally, entities joining tax consolidated groups can transfer their carried forward tax losses to the head company of the acquiring tax consolidated group, provided that modified versions of the continuity of ownership ("COT") or business continuity test ("BCT") are satisfied. Where the *ATL* TCG is acquired by *thl*'s multiple entry consolidated group (the "*thl* MEC Group"), we would expect the COT to be failed at the point the Proposed Transaction occurs. Consequently, the *ATL* TCG's carried forward Australian tax losses can only be transferred to the *thl* MEC Group where the modified BCT is satisfied. The modified BCT broadly requires the entity joining the tax consolidated group, to carry on the same or similar business during the 12 months before joining the tax consolidated group and at the time immediately before the end of the income year in which the loss was made by the joining entity. We note the modified BCT is a complex test, and the Australian Taxation Office ("ATO") generally applies a strict approach to its application.

Where these carried forward Australian tax losses are successfully transferred to the *thl* MEC Group, their utilisation will be subject to the ongoing satisfaction of the COT or BCT by the *thl* MEC Group. Further, the utilisation of such tax losses will also be limited by the available fraction attributable to those losses. Broadly, the available fraction for a particular loss bundle is set by reference to the joining entity's market value at the transfer time as a proportion of the group's market value. In addition, the available fraction for transferred losses may be adjusted if, inter alia, the market value of the company to which the losses were most recently transferred is increased as a result of an injection of capital into the group, or a non-arm's length transaction that involves the group.

As the ability to use the balance of carried forward Australian tax losses will depend upon whether these loss utilisation tests will be satisfied (and, if so, the relevant available fraction), there is a risk that the carried forward Australian tax losses may not be available (or practically limited) at a future time for use by *thl* MEC Group. No deferred tax asset has been recognised in the Historic pro forma for the Australian tax losses.

#### ***New Zealand***

As at 30 June 2021, the New Zealand *ATL* entities had approximately NZ\$2.8 million of New Zealand tax losses. Further work will be required to determine whether any of these tax losses will be able to be carried forward and utilised post the Proposed Transaction. No deferred tax asset has been recognised in the Historic pro forma for the New Zealand tax losses.

#### ***Canada***

As at 30 June 2021, the Canadian *ATL* entities had approximately C\$2.8 million of Canadian tax losses. Further work will be required to determine whether any of these tax losses will be able to be carried forward and utilised post the Proposed Transaction. No deferred tax asset has been recognised in the Historic pro forma for the Canadian tax losses.

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## Summary

ATL recognised the following deferred tax assets in its consolidated financial statements as at 30 June 2021:

- Australian tax losses A\$11,369,000
- New Zealand tax losses A\$729,000
- Canadian tax losses A\$708,000

Work will be undertaken post the Proposed Transaction to determine what amount (if any) of these tax losses can be carried forward and utilised post the Proposed Transaction. A pro forma adjustment has been made to reduce to nil the tax benefit on the Australian tax losses.

## Business acquisitions and disposals

### Note (8) Pro forma adjustment for the acquisition of AMLP

During the 2021 financial year, *thl* acquired the remaining 50% interest in AMLP, an RV manufacturer, that it did not already own. This transaction occurred on 28 February 2021. A pro forma adjustment has been included to reflect the impact of this acquisition as if it occurred from 1 July 2020. The pro forma adjustment includes eight months of trading for the period 1 July 2020 to 28 February 2021. These adjustments include the elimination of the impact of intercompany trading between *thl* and AMLP.

### Note (9) *thl* sale of Highway and SHAREaCAMPER businesses to Camplify

On 26 October 2021, *thl* announced that it had entered into an agreement to sell its Highway and SHAREaCAMPER businesses to Camplify, an Australian listed peer-to-peer RV rental company, for a purchase price of A\$7.37m. The purchase price is to be satisfied by Camplify issuing new fully paid ordinary shares to *thl* in two tranches. This transaction is pending settlement subject to the completion of required competition approvals. The sale is not included within the Merged Group Pro Forma Financial Information Scheme adjustments on the basis that it is a non-adjusting post-balance date event. Assuming the transaction completes, this would provide *thl* with approximately 5.4% of the outstanding shares in Camplify, assuming the share price applied for the second tranche is equal to the first tranche and there are no further capital transactions that impact the number of issued Camplify shares. On completion of the transaction the Merged Group will hold approximately 22% of the shares in Camplify, when combined with the Camplify shares already held by ATL. The transaction is subject to approval from the New Zealand Commerce Commission.

### (g) Prospective financial information of the Merged Group

*thl* has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information for the Merged Group. The Directors of *thl* have concluded that providing forecast financial information would be misleading. A reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly in light of uncertainty arising from COVID-19 pandemic.

For the reasons stated above this section 9.8 does not include any forward looking statements.



SECTION 10

# Risk Factors



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## 10.1 Overview

This section describes certain key risks associated with the Scheme. It outlines:

- (a) risks relating to the Scheme;
- (b) specific risks relating to the Merged Group; and
- (c) risks to **ATL** Shareholders if the Scheme does not proceed.

The outline of risks in this section is a summary only and should not be considered exhaustive. This section does not attempt to set out every risk that may be associated with an investment in **ATL**, **thl** or the Merged Group now or in the future. The occurrence or consequences of some of the risks described in this section may be partially or completely outside the control of **ATL**, **thl** or the Merged Group.

## 10.2 Risks relating to the Scheme

### (a) Implied value of Scheme Consideration

Under the terms of the Scheme, **thl** will issue **thl** Consideration Shares to Scheme Shareholders (other than Foreign Scheme Shareholders) as the Scheme Consideration.

The value that a Scheme Shareholder may realise on the sale of the **thl** Consideration Shares issued as the Scheme Consideration will depend on the price at which **thl** Shares trade on the ASX and NZX after the Implementation Date.

Some Scheme Shareholders may not wish to continue to hold their **thl** Consideration Shares and may sell them on the ASX or NZX soon after the Implementation Date. There is a risk that such sales, or the perception that such sales may occur, may drive down the price of **thl** Shares in the short term.

In any event, there is no guarantee regarding the market price of **thl** Shares before the Scheme Meeting or after the Implementation Date. Future market prices may be either above or below current or historical market prices. Information about the current trading prices of **thl** Shares may be obtained from the NZX.

### (b) Completion of the Scheme is subject to various Scheme Conditions

The implementation of the Scheme is subject to the satisfaction or waiver of the Scheme Conditions (which are summarised in section 5.3 of this Scheme Booklet).

The Scheme will not proceed if the relevant Scheme Conditions are not satisfied or waived (as applicable) before the End Date (which is currently 29 April 2022 unless at that time the only Scheme Conditions that need to be satisfied are the approval by the ACCC, the Commerce Commission and FIRB, in which case the End Date will be 30 June 2022). If certain Scheme Conditions are waived by **thl** or **ATL** (or the both of them), as applicable, it is possible that the Scheme may proceed notwithstanding that those Scheme Conditions have not been satisfied (for example, if the **thl** is not admitted to ASX as an ASX foreign exempt listing).

There can be no certainty, nor can **ATL** or **thl** provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. There are also a number of conditions which are outside the control of **ATL** and **thl**, including, but not limited to, approval of the Scheme by the Requisite Majority of **ATL** Voting Shareholders and approval by the Court.

In addition, one of the Scheme Conditions relates to **thl** entering into an agreement with new and/or existing financiers to refinance its existing debt facilities or the debt facilities of all or part of the Merged Group, and obtaining all necessary approvals in respect of the entry into any such refinancing. There can be no assurance that refinancing will be able to be achieved or the terms on which that refinancing may be able to be obtained.

A failure to satisfy any of the Scheme Conditions, or a delay in satisfying the Scheme Conditions and implementing the Scheme, may adversely affect the market price of **ATL** Shares.

### **(c) Scheme Implementation Deed may be terminated**

Each of **ATL** and *thl* has the right to terminate the Scheme Implementation Deed in certain circumstances as set out in section 5.9 of this Scheme Booklet. Accordingly, there is no certainty that the Scheme Implementation Deed will not be terminated by either **ATL** or *thl* before the implementation of the Scheme if any of those circumstances occur.

If the Scheme Implementation Deed is terminated, there is no assurance that the **ATL** Board will be able to find a party willing to pay equivalent or greater consideration for **ATL** Shares than the consideration to be paid pursuant to the terms of the Scheme Implementation Deed.

### **(d) Court Approval**

There is a risk that the Court may not approve the Scheme, either at all or in the form proposed, or the Court's approval of the Scheme may be delayed. In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Date, the Court will take the change into account in deciding whether it should approve the Scheme. If there is a material change of sufficient importance so as to materially alter the Scheme, there is a risk that the Court may not approve the Scheme on the Second Court Date.

### **(e) Break fees under Scheme Implementation Deed**

Either **ATL** or *thl* may be liable to pay a break fee of A\$1,400,000 to the other party if the Scheme does not proceed in the circumstances set out in sections 13.3(a) and 13.4(a) of the Scheme Implementation Deed. A break fee is not payable by **ATL** if the Scheme does not proceed merely because **ATL** Voting Shareholders do not approve the Scheme by the Requisite Majority. More information about the respective break fees is set out in section 5.11 of this Scheme Booklet.

### **(f) Transaction costs may vary**

Transaction costs and other costs incurred (or which are expected to be incurred by **ATL**) in relation to the successful implementation of the Proposed Transaction are currently estimated at approximately A\$2.8 million (exclusive of GST and disbursements).

### **(g) Litigation risk**

**ATL** and/or *thl* could face new claims and litigation, in particular brought by third parties in connection with the Scheme, including their respective shareholders, suppliers, competitors and/or regulators of **ATL** or *thl*.

### **(h) Change in risk and investment profile**

After implementation of the Scheme, Scheme Shareholders will be exposed to certain additional risks relating to the Merged Group.

While the operations of **ATL** and *thl* are similar in a number of respects, there will be differences between the size, capital structure, infrastructure, business offerings and customers of the Merged Group, including increased exposure in New Zealand, and **ATL** currently which may give rise to a different investment risk profile. Holding shares in a New Zealand company listed on the NZX (with a foreign exempt listing on ASX) is different to holding shares in an Australian company listed on ASX. A non-exhaustive summary of the key differences between the rights attaching to *thl* Consideration Shares and **ATL** Shares is set out in Annexure G.

### **(i) Superior Proposal may emerge**

The **ATL** Directors are not currently aware of any Superior Proposal for **ATL** and note that since **ATL** and *thl* announced the Proposed Transaction, there has ample opportunity for a Competing Proposal which provides a different outcome for **ATL** Shareholders to emerge. Since the date the Proposed Transaction was announced to ASX, no Competing Proposal has emerged, and the **ATL** Directors have decided that the Proposed Transaction is in the best interests of **ATL** Voting Shareholders at the date of this Scheme Booklet.

It is possible that a Superior Proposal for **ATL**, which is more attractive for **ATL** Shareholders than the Scheme, may materialise in the future. **ATL** has the ability to respond to any bona fide Competing Proposal made by or on behalf of a person that the **ATL** Board considers is of sufficient commercial standing, is reasonably expected to lead to a Superior Proposal and (subject to receiving legal advice from **ATL**'s external legal advisers) failure to respond to the competing proposal would be likely to constitute a breach of fiduciary or statutory duties of the **ATL** Board). If **ATL** receives such a Competing Proposal then *thl* may be unwilling to increase its offer under the Scheme which may mean that the Scheme does not proceed.

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## **(j) Tax consequences for Scheme Shareholders**

If the Scheme proceeds, there may be tax consequences for Scheme Shareholders. General information on the Australian and certain New Zealand tax consequences of the Scheme is set out in section 11 of this Scheme Booklet.

## **(k) Other risks**

Additional risks and uncertainties not currently known to **ATL** or **thl** may also have a material adverse effect on the business of **ATL**, **thl** or the Merged Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks of **ATL**, **thl** or the Merged Group.

## **10.3 Risks relating to the business of the Merged Group**

The following risks are relevant to each of **ATL** and **thl** as standalone entities, unless otherwise identified. Accordingly, they will also be relevant to the Merged Group after implementation of the Scheme.

### **(a) Integration risk and realisation of synergies**

There is a risk that **ATL**'s business and assets are not integrated effectively with **thl**'s business and assets, that the expected synergies are unable to be realised or implementation costs are greater than anticipated. Any failure to achieve expected synergies (including the consolidation of systems and processes and operational efficiencies) or an increase in implementation costs may impact on the financial performance and position of the Merged Group and the future price of **thl** Shares. The integration of **ATL** and **thl** into a Merged Group may encounter unexpected challenges or issues. There is a risk that integration could take longer or cost more than anticipated, including as a result of the COVID-19 pandemic, travel restrictions and social distancing requirements, or that the expected benefits and synergies of the Scheme may be less than estimated. There is further risk of disruption to the ongoing operation of both businesses, reduced employee productivity or unintended loss of key personnel or expert knowledge arising as a result of the Scheme, particularly through the period between announcement and implementation of the Scheme (which has the potential to be significant given the lengthy court and regulatory processes).

### **(b) COVID-19**

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously developing. The COVID-19 pandemic has had and continues to have a significant adverse impact on the tourism industry globally. It has also had and may continue to have unpredictable and significant impact on capital markets and share prices and may adversely impact the Merged Group's business and financial performance for the foreseeable future.

The Merged Group may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations. To date, the COVID-19 pandemic has affected, amongst other things, economic conditions, employment markets, equity markets, regulatory policy and caused governmental action including, mandatory quarantine, self-isolations, border closures and other travel related restrictions. Both **thl** and **ATL**'s businesses have been impacted by various domestic and international travel restrictions in New Zealand and Australia and in the other jurisdictions in which **thl** and **ATL** operate. In the United States and Canada, there is yet to be a meaningful return of international tourism activity.

Over the medium to longer term, the extent to which the COVID-19 pandemic will continue to impact the Merged Group will be primarily based on how long it takes for international tourism to return and whether international tourism returns to pre-COVID-19 levels. However, given the ongoing and dynamic nature of the COVID-19 pandemic, the measures implemented to try to control it and the resulting volatility in financial, commodity and other markets, it is not possible to predict the impact that the COVID-19 pandemic and related measures taken to try to control the COVID-19 pandemic will have on the Merged Group's business (or on the operations of the Merged Group's customers, suppliers and other businesses upon which the Merged Group relies), and the length of time of such impact.

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Given the nature of the Merged Group's business, it is likely to continue to be affected by, among others, the geographic spread of the virus; changes in the severity of the disease; mutations in the COVID-19 virus (including Omicron); the duration of the pandemic; the availability and effectiveness of vaccines; actions that may be taken by Australian and New Zealand governmental authorities and governmental authorities in the other jurisdictions outside Australia and New Zealand in which the Merged Group operates in response to the pandemic, including actions to relax or further tighten existing travel, self-isolation, social distancing and other restrictions. The COVID-19 pandemic and such responsive measures could also impact the Merged Group's ability to effectively implement its strategy, risk management framework and internal controls and procedures.

To the extent that the COVID-19 pandemic outbreak adversely affects the Merged Group's business and financial performance, it may also have the effect of exacerbating many of the other risks identified in this section 10.

### **(c) Decline in vehicle sales demand and pricing**

In committing to capital expenditure decisions purchase vehicles, **ATL** and *thl* have, and the Merged Group will have, regard to its ability to manage its fleet size by forecasting and managing vehicle sales volumes in each country it operates in. Globally, recent demand for motorhomes has been high. If, for whatever reason, there was a decline in vehicle sales demand, in conjunction with a potential extended border closure environment as a result of the COVID-19 pandemic, the Merged Group may be unable to adjust fleet size downwards, resulting in excess fleet being carried globally. As the purchase of a motorhome is often viewed as a discretionary purchase, a reduction in demand could occur for a number of reasons including negative consumer confidence, higher unemployment rates, recessionary market conditions, higher interest rates, the ability of purchasers to obtain finance on acceptable terms, inflationary pressures, as well as general economic conditions. A reduction in vehicle sales demand may also lead to a reduction in pricing, impacting the quantum of 'embedded equity' (the difference between market value and book value of vehicles in the Merged Group's fleet) and the Merged Group's revenue.

### **(d) Supply chain/Market conditions**

The COVID-19 pandemic has had a significant impact on global supply chains, which in turn has had and continues to have an adverse impact on **ATL** and *thl*.

Both **ATL** and *thl* are facing supply chain difficulties. Both *thl* and **ATL** are reliant on a delivery of vehicles that have been ordered for their respective businesses, in order to replenish a proportion of vehicles that have been recently sold. If for whatever reason, the delivery of vehicles does not eventuate, or is delayed, then this will have an impact on the Merged Group's performance as (a) the Merged Group may need to reduce vehicle sales to ensure it maintains an appropriate fleet size, and (b) the Merged Group would have a smaller fleet if vehicle sales were continued at the expected pace. Future supply shortages may have an adverse effect on the financial performance of the Merged Group.

In addition, there are several expected synergies resulting from *thl* and **ATL** leveraging each other's suppliers to procure inputs at lower costs (e.g. chassis, tyres, brakes, etc.). There is a potential risk that notwithstanding such synergies, the Merged Group will face increasing costs on an aggregate basis, due to supply chain difficulties.

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### **(e) Financial/Debt funding**

As noted in section 9.2, it is intended that the Merged Group's funding will be sourced from multiple lenders utilising various facility types, aimed at providing an effective balance of quantum, conditions and cost of funding which recognises the profile of the mobile, saleable assets of the Merged Group, with the expectation that those arrangements, if agreed, would provide sufficient funding to enable the Merged Group to undertake its intended fleet growth through to the end of FY24. Those arrangements have yet to be fully negotiated with the financiers and there is a risk that the Scheme Conditions relating to (a) refinancing and (b) consent from **ATL** financiers or refinancing (as detailed in section 5.3) may not be satisfied, in which case the Scheme would not proceed unless the Scheme Conditions are waived by **thl** and **ATL**. If those financing arrangements are entered into, then the Merged Group's ongoing financial performance will need to be sufficient to allow the Merged Group to continue to meet its obligations under those financing arrangements, including maintaining compliance with applicable covenants, and to allow it to renew, extend or enter into new financing arrangements in respect of any existing financing arrangements as and when they are due to expire. A decrease in the availability of financing facilities could prevent the Merged Group from carrying adequate fleet, which may limit the vehicles it is able to rent and sell, which could in turn have an adverse impact on the Merged Group's financial performance. If the Merged Group was to default on any of its financing arrangements, it may not have sufficient funds or access to other resources to satisfy all of its obligations, which could result in enforcement action being taken by its financiers.

### **(f) Personnel risk**

The Merged Group will be heavily reliant on the skills and services offered by its personnel with the requisite industry and/or technical experience. The dynamic and rapid changes in the Merged Group's industry requires the Merged Group's skilled professionals to keep abreast of changing industry standards and trends to adapt to the changing requirements and business environment. An ongoing risk of the industry that the Merged Group operates within is key employees leaving the business to join competitors or to exit the industry entirely. Key personnel may also leave the business where the Merged Group implements COVID-19 vaccine mandates.

There is also a risk of not being able to replace employees if they have left the business. In the short to medium term the Merged Group will have less of a need to recruit employees in certain jurisdictions given the operational consolidation that is expected to take place. However, the competitive environment, the Merged Group's ongoing reputation and that of its competitors, and wage rates will be key in ensuring the Merged Group can retain and as necessary, replace employees at all levels. Efforts to retain or attract skilled professionals may result in significant additional expenses, which could adversely affect the Merged Group's profitability.

### **(g) Occupational health and safety**

The Merged Group will have a number of facilities and operations where potentially hazardous tasks are undertaken by employees, such as manufacturing plants, or that involve potentially dangerous environments, such as **thl's** caving operations at Waitomo. Workplace accidents may occur for various reasons including as a result of non-compliance with safety rules and regulations. The Merged Group may be liable for injuries that occur to its employees or any other persons under relevant occupational health and safety laws. If the Merged Group was found to be liable under such laws, the penalties could be significant and the Merged Group may also be liable for compensation.

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### **(h) Reputation**

The Merged Group will be reliant on its reputation in respect to all aspects of its business and there is a continuing risk of the Merged Group's good corporate standing and reputation being affected by any negative publicity (for example, due to a safety incident, dispute, regulatory action, public customer complaint or the current lack of long range vehicle options which can reduce greenhouse gas emissions), poor performance (including poor return on investments) and key personnel exiting the business. Also, given that *thl* and **ATL** are currently competitors, there is the potential risk of confusion if the Merged Group does not have a unified vision and mission.

### **(i) Growth strategy**

There are ongoing risks with the growth of a business which include the costs associated with staffing, third party services, regulation and compliance. While the Merged Group seeks to design and implement an appropriate strategy, it may not always be effective in doing so. The Merged Group's decisions and actions relating to the allocation of capital across assets or reserves, acquisition, maintenance, growth, innovation, development or divestment may impact its financial performance.

There is also a risk that significant management time and attention may be required for the purposes of integrating the businesses of the Merged Group, which may impact on the ability of management to execute growth strategies and may cause a delay in the implementation of the Merged Group's growth strategy. There is also the risk that the integration of the businesses will take management focus away from the general day-to-day needs of each business. This will be particularly so if there is a ramp up in activity with international tourism returning to all countries, increasing the attention required to be given to each business.

The Merged Group may also undertake further acquisitions in the future as one aspect of its growth strategy. Successfully integrating and extracting synergies from acquisitions will be critical to the Merged Group achieving growth through acquisitions.

### **(j) Contract risk**

Some contracts to which **ATL** is a party may contain 'change of control' or deemed assignment provisions (or equivalent) that could be triggered by implementation of the Scheme (including by entry into the Scheme Implementation Deed), potentially allowing the counterparty to renegotiate or terminate the contract. If a counterparty to any such contract were to terminate or seek to renegotiate the contract this may have an adverse effect on the Merged Group, depending on the relevant contract.

It is a Scheme Condition that all consents, approvals or waivers of rights by parties other than **ATL** under any Material Contracts which are necessary or desirable in the reasonable opinion of *thl* are obtained in a form and subject to conditions acceptable to *thl* and **ATL** (acting reasonably), and such consents, approvals or waivers have not been withdrawn, cancelled or revoked before the Delivery Time on the Second Court Date.

As at the date of this Scheme Booklet, **ATL** has undertaken a process to identify the Material Contracts in respect of which consents or waivers may be required as a consequence of the Scheme and intend to seek those consents or waivers as soon as practicable.

### **(k) Competitive industry**

Products and services targeting RV lifestyle or enthusiast customers are highly fragmented and competitive, with peer-to-peer platforms for RV rentals expanding significantly. New competitors, including global operators and manufacturers of RVs, may offer RV rental products or services or existing competitors could invest in growth or join together to consolidate their positions. It is also possible for new and existing competitors to create new opportunities through digital market disruption, as they have done recently with peer-to-peer RV rentals, and potentially change the manner in which consumers use RV rental services. Increased or improved competition may adversely affect the Merged Group's financial performance and key business. Factors that may impact Merged Group's performance include: new or improved products made available by its new and existing competitors, both in terms of RVs available for rent and RVs available for sale; increased supply of, or consumers switching to, other travel options; the Merged Group's pricing, quality and competitiveness; technological and regulatory change; ability to respond to changing preferences of the Merged Group's customers; and competitiveness and growth of other destinations.

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### **(l) Climate-related risks**

The Merged Group will be exposed to a broad range of climate-related risks arising from the physical and non-physical impacts of climate change. The impacts of climate change may materially and adversely affect demand for the products offered by the Merged Group.

The Merged Group cannot predict the potential direct physical consequences of climate change on its operations. While those impacts are likely to be geographically specific, these could include increases in the occurrence and intensity of extreme weather events (including bushfires, storms and floods). Any increase in the frequency and severity of weather events could interrupt supply chains, critical infrastructure and workforce productivity, as well as cause direct damage to the Merged Group's fleet and other equipment.

In addition, growing worldwide public concerns over greenhouse gas emissions (**GHG**) and climate change, as well as increasingly strict regulations in this area could materially adversely affect the business of the Merged Group's business, which involves the manufacturing, rental and retail sale of RVs. All of the RVs manufactured and sold by the Merged Group currently run on fossil fuels and although the Merged Group has a small number of electric RVs on its fleet, these do not currently make up a significant proportion of the fleet due to the lack of long range electric vehicle options for RVs. Government institutions have responded to the issue of climate change in a number of ways, including imposing taxes on GHG emissions and incentivising a progressive shift to renewable energy and by introducing new regulations with increased compliance obligations. These measures may increase the cost of compliance and other operating costs for the Merged Group, especially given the nature of the Merged Group's current fleet. In addition, further regulatory change could have a material adverse effect on results of operations, cash flow, liquidity, business prospects, financial condition as well as shareholder returns.

### **(m) Road vehicle standards**

*The Road Vehicle Standards Act 2018 (Cth) (RVSA)* is a new regulation, effective from 1 July 2021. Manufacturers and importers of RVs have a 12 month transitional period to comply with the new regulation. The main changes are the inclusion of caravans into the federal government approval scheme and for manufacturers to provide evidence of vehicle compliance through conformity of production (**CoP**) audits. A key element of being eligible to obtain compliance under RVSA 2018 is to demonstrate through CoP audits that the Merged Group has adequate control over all stages of design, componentry, and manufacture of the RVs. Failure by the Merged Group to comply with the RVSA will have a negative impact on the Merged Group.

### **(n) Regulatory matters**

The Merged Group will be subject to a variety of laws and regulations in Australia, New Zealand, USA, Canada, Europe, the United Kingdom and more generally around the world. Specifically, the Merged Group is required to comply with laws and regulations that apply to the manufacture of vehicles, motor vehicle dealerships and vehicle hire operators. The Merged Group must comply with laws and regulations which apply to many other businesses, such as employment, taxation, consumer protection, continuous disclosure and intellectual property, as well as laws focused on electronic commerce and the internet. The Merged Group is focused on ensuring compliance with its regulatory obligations and regularly reviews its operations in light of regulatory developments that may impact its business. However, a breach of, or an unfavourable change to, introduction or interpretation of, laws and regulations may have an adverse effect on the ability of the Merged Group to operate all or parts of its business and may cause reputational damage to the Company, which may have a corresponding effect on its share price and/or financial performance. The Company's customers are obliged to be appropriately licensed to drive the Merged Group's RVs. If there was an unfavourable change to any legislation or interpretation of government policy relating to the relevant licensing regimes in any of the jurisdictions in which the Merged Group operates, it could have a negative impact on the financial results of the Merged Group.



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The Merged Group will be subject to privacy laws in relevant jurisdictions. These laws regulate the handling of personal information and data collection. Such laws impact the way the Merged Group can collect, use, analyse, transfer and share personal and other information. Any actual or perceived failure by the Merged Group to comply with relevant privacy laws and regulations may result in the imposition of fines or other penalties, client losses, a reduction in existing services, and limitations on the use and development of technology requiring the input of such data.

Changes to the New Zealand Accounting Standards could materially adversely affect the financial performance and position reported in the financial statements of the Merged Group.

Separately, the New Zealand Government has publicly stated an intention to discourage the recovery of inbound tourism volumes to pre-COVID-19 levels in favour of 'high-value' tourism, with the inference being that the RV sector is not considered high value. Any additional New Zealand Government regulation that has a detrimental effect on the RV sector would also likely have a negative effect on the financial performance of the Merged Group.

#### **(o) Insurance coverage**

*thl* currently has what it considers to be adequate levels of insurance (subject to deductibles and limits) for property, travel, RV fleet cover, cyber-security liability, directors and officers liability, marine cargo, third party personal and property liability and worker's compensation, however the deductibles applicable to certain of *thl*'s fleet insurance policies are substantial. There are other aspects of insurance, e.g. certain elements of business interruption insurance, where *thl* has determined that the appropriate approach is to self-insure, so does not carry insurance to cover that risk. As such, *thl*'s financial performance may be adversely impacted to the extent that liabilities are incurred up to the applicable deductible, and therefore *thl* is unable to recover under the applicable insurance policy, or where *thl* has decided to self-insure in respect of that risk. Such insurance policies are intended to cover the Merged Group from settlement of any potential liability following completion of the Scheme. The occurrence of events which are not adequately covered by existing insurance policies (including as a result of high deductibles), or an increase in the cost of insurance to the Merged Group, could restrict the ability of Merged Group to conduct its business which could have a negative impact on the financial results of the Merged Group.

#### **(p) Litigation and claims**

The Merged Group will face a risk of litigation (including litigation instigated by regulators) and disputes arising in the ordinary course of its business which has the potential to affect its financial standing or its reputation and to divert the attention of staff from the ordinary business of the Merged Group.

Litigation and disputes may arise from a regulator, by the Merged Group originating proceedings or by a third party originating proceedings, with such events having the potential to affect the value of any investments made as well as the reputation and standing of the Merged Group.

#### **(q) Future earnings**

The future earnings of the Merged Group are subject to a number of risk factors including customers' demand for the Merged Group's products and services, competitors' pricing, the ongoing COVID-19 pandemic and the quality of the service offerings provided by the Merged Group. Future earnings will also be affected by expenses incurred by the Merged Group which are subject to staff costs, cost of materials, regulatory and compliance costs as well as other costs such as software and third-party services. Current macroeconomic conditions have caused significant increases in input costs, including the costs of employment, costs of goods and RV running costs. These could have an impact on the Merged Group's financial performance if they cannot be passed onto customers.

The future earnings of the Merged Group may change materially relative to its historical pre-COVID-19 earnings for various reasons, including global tourism activity not returning to pre-COVID-19 levels, changes to the Merged Group's business operations and direction as well as factors beyond its control, such as change in economic direction, rules and regulations of the relevant jurisdictions and the domestic and international competitive landscape of the industries in which the Merged Group operates its business.

#### **(r) Relationship with manufacturers**

The Merged Group's right to manufacture and sell certain RVs derive exclusively from the rights granted to it under distribution and licence agreements with key suppliers. A failure by the Merged Group to renew any of these agreements, or to renew them on favourable terms, could adversely impact on the Merged Group's financial performance.

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### **(s) Dependence on key suppliers**

The Merged Group depends upon arrangements with vehicle manufacturers to source completed RVs and chassis on which the Merged Group can manufacture its own RVs, and other certain key suppliers, to provide the Merged Group with reliable products and services that compare favourably with competing products in terms of price, discounts, quality, performance, innovation, safety and advanced features. Any adverse change in the product price, available discounts, quality, production efficiency, product development efforts, technological advancement, marketplace acceptance, ability to supply, reputation, marketing capabilities or financial condition of its key suppliers or any product recall could have an adverse impact on the financial performance of the Merged Group. The Merged Group will also be reliant in the future on being able to enter into arrangements with manufacturers to acquire long range electric RVs (both in terms of chassis and completed RVs) once these become available in a form that is suitable for widespread use in the Merged Group's business.

### **(t) Seasonal business**

In addition to the ongoing risks related to COVID-19, the Merged Group's business is seasonal in nature and differs by region, with significant variability in revenue, net income and cash flows in different quarters. The Merged Group's financial performance may be impacted by severe weather conditions, political and civil unrest, epidemics/pandemics, terrorism and other circumstances, particularly if they occur during peak travel seasons. If the Merged Group miscalculates the seasonal demand, this would result in higher labour costs as a percentage of sales, lower margins and excess inventory.

### **(u) Liquidity**

Any investment in the Merged Group is subject to the liquidity of *thl* Shares on the ASX and NZX and is dependent on market appetite, the size of the shareholding and the price sought for any shares. There is a risk that any *thl* Shares owned by a holder of *thl* Shares may not be able to be sold at a desired price above the current trading prices of *thl* Shares. Further, depressed economic and investment activities as a result of the COVID-19 pandemic has reduced and may continue to reduce global market liquidity.

### **(v) Inability to pay dividends or make distributions**

The payment of dividends (if any) by *thl* will be determined by the *thl* Board from time to time at its discretion. Due regard is given to relevant factors, which include available profits, cashflow, financial conditions, operating results, future capital requirements, covenants in relation to financing agreements, as well as legislative requirements and economic conditions more broadly. There is no guarantee that a dividend will be paid or, if paid, paid at historical levels.

### **(w) Equity dilution**

*thl* may undertake offerings of equities in the future. Factors including the increase in the number of fully paid shares issued, the ability of an individual shareholder to participate in the equity offer, the issue price and the possibility of selling such equities may have an adverse effect on the financial position or voting power of any individual shareholder.

### **(x) Securities market fluctuations**

There are various risks associated with investing in any form of business and with investing in listed entities generally. As with any entity listed on the ASX or NZX, the value of *thl* Shares is influenced by a variety of factors, including macroeconomic factors and broader social occurrences which are beyond *thl*'s ability to control or predict. The events relating to the COVID-19 pandemic have previously resulted in significant market falls and volatility including in the prices of securities trading on the ASX and NZX. The value of *thl* Shares following implementation of the Scheme will depend upon general share market and economic conditions, which are uncertain and subject to fluctuation, as well as the specific performance of the Merged Group. There is no guarantee of profitability, dividends, return of capital, or the price at which *thl* Shares will trade on the ASX and NZX. The past performance of *thl* Shares is not necessarily an indication as to future performance as the trading price of shares can go down or up in value.

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### **(y) General economic conditions**

The financial performance of the Merged Group and the value of the *thl* Shares may fluctuate due to various factors, including movements in the Australian, New Zealand and international capital markets, recommendations by brokers and analysts, interest rates, exchange rates, inflation, Australian and international economic conditions, change in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events and hostilities, global health pandemics, acts of terrorism, investor perceptions and various other factors which may affect the Merged Group's financial position and earnings. In the future, these factors may affect the Merged Group and may cause the price of *thl* Shares to fluctuate and trade below current prices.

In light of recent global macroeconomic events, including the impact of the COVID-19 pandemic, the jurisdictions in which the Merged Group will operate may experience an economic recession or downturn of uncertain severity and duration which could impact the Merged Group's operations and the operations of its portfolio companies. These economic disruptions may adversely impact the Merged Group's earnings and assets, as well as the value of the *thl* Shares.

### **(z) Product defects and malfunctions**

Specific product failures, defects or recalls or inadequate maintenance could adversely affect the Merged Group's reputation, earnings and revenue. This could occur for a number of reasons including but not limited to breach of third-party maintenance contracts or non-compliance with maintenance and safety rules, policies and legislation. If any claim, recall or issue arising from a product defect or failure is determined adversely and the Merged Group's insurance arrangements or supplier warranties do not cover the liability, there could be an adverse effect on the financial performance of the Merged Group.

### **(aa) Vehicle type, fuel availability and pricing**

Most of the Merged Group's fleet operate on unleaded or diesel fuel, and at this stage there are limited options available for electric RVs, primarily due to their limited range. If viable long range electric RV are developed then there is a risk that the Merged Group's existing fleet could become obsolete or the price at which these can be sold will reduce. Shortages of, or increased pricing for, fuel can have an adverse effect on the RV industry by reducing customer demand, which could have an adverse impact on the Merged Group's financial performance. These conditions may also affect air travel volumes, negatively impacting the size of the Merged Group's target market.

### **(bb) Technology and cyber-security risks**

While the Merged Group will have measures in place to protect its technology, systems and information from unauthorised access, any interruption, cyber-attacks, loss or delay of the Merged Group's internet or communication facilities or transaction processing facilities, loss or corruption of data, failure of backup and restoration procedures or failure of disaster recovery plans may adversely impact the Merged Group's short term financial position and may have a longer term adverse impact on client and supplier satisfaction. Some of the information technology systems operated by the Merged Group are proprietary in nature and maintained by third party suppliers, while other systems are operated under licence. In both cases, the relevant suppliers may be subject to events, such as insolvency or technical failures, leading to temporary or long term loss of services and systems. There is also the risk that suppliers will not further develop, implement or upgrade services and systems as and when required. *thl* and **ATL** have in the past and the Merged Group may in the future be subject to cyber or malware attacks.

### **(cc) Tax**

A change to the current tax regime may affect **ATL**, *thl* or the Merged Group, and Scheme Shareholders.

Any changes to the current rate of company income tax, availability of tax losses or recalculation of the tax cost of assets may impact shareholder returns. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns. Personal tax liabilities are the responsibility of each individual Scheme Shareholder. **ATL**, *thl* and the Merged Group are not responsible for tax or penalties incurred by Scheme Shareholders.

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#### **(dd) Force majeure events**

Events may occur within or outside Australia that could impact upon the global or Australian economy, the operations of the Merged Group and the price of the *thl* Consideration Shares. These events include but are not limited to acts of terrorism, a global health pandemic such as the current COVID-19 pandemic, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, climate change or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Merged Group's services and its ability to conduct business. The Merged Group has only a limited ability to insure against some of these risks.

#### **(ee) Additional risks and uncertainties**

Additional risks and uncertainties not currently known to **ATL** or *thl* may also have a materially adverse effect on the Merged Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting the Merged Group.

### **10.4 Risks if the Scheme does not proceed**

If the Scheme does not proceed, **ATL** will continue on a standalone basis and **ATL** Voting Shareholders will retain their **ATL** Shares and will not receive any Scheme Consideration. In these circumstances, there is a risk that **ATL** Shares may trade below their current market price.

**ATL** Voting Shareholders will also remain exposed to the normal risks inherent in the **ATL** business if the Scheme and the acquisition of **ATL** by *thl* does not proceed.

If the Scheme is not implemented, **ATL** expects to pay an aggregate of approximately A\$1.8 million (excluding GST and disbursements) in transaction costs in connection with the Scheme. These transaction costs are primarily payable to **ATL** financial, legal, tax and accounting advisers, the Independent Expert, the Investigating Accountant and the Share Registry.

SECTION 11

# Taxation Implications



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## 11.1 Australian taxation implications

### Scope of comments

This section 11.1 contains a general overview of the Australian income tax (including Capital Gains Tax (**CGT**)), Good and Services tax (**GST**) and stamp duty implications for certain Australian and foreign resident Scheme Shareholders on implementation of the Scheme.

The categories of Scheme Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts and complying superannuation funds that hold their **ATL** Shares on capital account.

The tax comments outlined in this summary are not applicable to all Scheme Shareholders and do not cover Scheme Shareholders who:

- (a) hold their **ATL** Shares as a revenue asset (i.e. trading entities or entities who acquired their **ATL** Shares for the purposes of resale at a profit) or as trading stock;
- (b) are partnerships or individuals who are partners of such partnerships;
- (c) hold their **ATL** Shares as an asset in a business that is carried on through a permanent establishment in Australia;
- (d) acquired their **ATL** Shares pursuant to an employee share plan;
- (e) are under a legal disability;
- (f) are exempt from Australian income tax;
- (g) are Foreign Scheme Shareholders;
- (h) are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains and losses on their **ATL** Shares;
- (i) are subject to the Investment Manager Regime under Subdivision 842-I of the Income Tax Assessment Act 1997 (Cth) in respect of their **ATL** Shares; or
- (j) are a significant stakeholder as defined in Section 124-783 of the Income Tax Assessment Act 1997 (Cth).

This summary is prepared solely for Scheme Shareholders as described and limited above. This summary has been prepared for the purpose of enabling certain Scheme Shareholders to broadly understand certain Australian taxation implications of the proposed Scheme as outlined in this Scheme Booklet.

This summary is based on the Australian tax law, and the practice of the tax authorities, at the time of issue of this Scheme Booklet. The Australian tax laws are complex and subject to change periodically as is their interpretation by the courts and the tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not take into account the tax law of countries other than Australia. The precise implications of ownership or disposal of their **ATL** Shares will depend upon each Scheme Shareholder's specific circumstances.

These comments should not be a substitute for advice from an appropriate professional adviser having regard to each Scheme Shareholder's individual circumstances. All Scheme Shareholders are strongly advised to obtain and rely only on their own professional advice on the tax implications based on their own specific circumstances.

### Australian resident shareholders

This section applies to Scheme Shareholders who are residents of Australia for income tax purposes. Under the Scheme, Scheme Shareholders will dispose of their **ATL** Shares to *thl* in exchange for the Scheme Consideration, comprising 1 *thl* Consideration Share for every 3.680818 **ATL** Shares held.

### (a) CGT event on the disposal of **ATL** Shares to *thl*

The disposal of the **ATL** Shares to *thl* under the Scheme will give rise to CGT event A1 for Scheme Shareholders. The timing of the CGT event for the Scheme Shareholders should be the date the **ATL** Shares are disposed of, which will occur on the Implementation Date when *thl* becomes the registered holder of the shares in **ATL**.

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### **(b) Calculation of capital gain or capital loss**

In the absence of CGT roll-over relief (discussed below), Scheme Shareholders will make a capital gain on the disposal of **ATL** Shares to the extent that the capital proceeds from the disposal are more than the cost base of those **ATL** Shares. Conversely, Scheme Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those **ATL** Shares.

Capital losses can only be offset against capital gains derived in the same income year or later income years but cannot be offset against ordinary income nor carried back to offset net capital gains arising in earlier income years. Specific loss recoupment rules apply to companies which must be satisfied if those carry forward tax losses are to be used in future years. Scheme Shareholders should seek their own tax advice in relation to the operation of these rules.

### **(c) Capital proceeds received by Scheme Shareholders**

The capital proceeds on the disposal of the **ATL** Shares should be equal to the Scheme Consideration received by the Scheme Shareholders.

Therefore, the capital proceeds should be equal to the market value of the *thl* Consideration Shares (or cash in the case of a Foreign Scheme Shareholder) received by the Scheme Shareholders. *thl* will determine the relevant market value of the *thl* Consideration Shares for the Scheme Shareholders following the implementation of the Scheme and publish this on the *thl* and **ATL** investor websites.

### **(d) Cost base and reduced cost base of a ATL Share**

The cost base of an **ATL** Share will generally be equal to the cost of acquiring that **ATL** Share, plus any incidental costs of acquisition and disposal (such as brokerage fees and legal costs). The reduced cost base of an **ATL** Share is determined in a manner similar to the cost base although some differences in the calculation of reduced cost base do exist depending on the Scheme Shareholder's individual circumstances. The cost base and reduced cost base of each **ATL** Share will depend on the individual circumstances of each Scheme Shareholder.

### **(e) CGT scrip-for-scrip roll-over relief**

As *thl* will become the owner of 100% of the shares in **ATL** following implementation of the Scheme, Scheme Shareholders who make a capital gain from the disposal of their **ATL** Shares should generally be eligible to choose CGT scrip-for-scrip roll-over relief.

Broadly, CGT scrip-for-scrip roll-over relief enables Scheme Shareholders to disregard the capital gain they make from the disposal of their **ATL** Shares under the Scheme.

Scheme Shareholders do not need to inform the ATO or document their choice to claim CGT scrip-for-scrip roll-over relief in any particular way, other than to complete their income tax return in a manner consistent with their choice. The choice must be made by the day in which the Scheme Shareholder lodges their income tax return for the income year in which the Scheme Implementation Date occurs, or within any further time allowed by the Commissioner.

Scheme Shareholders should note that **ATL** has not and does not intend to apply for a class ruling from the ATO on the applicability of the CGT scrip-for-scrip roll-over relief. Scheme Shareholders should seek independent professional advice to confirm the eligibility for CGT roll-over relief in light of their own specific circumstances.

### **(f) Consequences for choosing CGT scrip-for-scrip roll-over relief**

If a Scheme Shareholder chooses to obtain CGT scrip-for-scrip roll-over relief, the capital gain arising on the disposal of their **ATL** Shares under the Scheme should be disregarded.

The first element of the cost base for their *thl* Consideration Shares is then determined by attributing, on a reasonable basis, the existing cost base of the **ATL** Shares exchanged under the Scheme. The first element of the reduced cost base is determined similarly.

For the purposes of determining a Scheme Shareholder's future eligibility for the CGT Discount, the acquisition date of the *thl* Consideration Shares is taken to be the date when the relevant Scheme Shareholder originally acquired their **ATL** Shares.

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### **(g) Consequences if CGT scrip for scrip roll-over relief is not available or is not chosen**

If a Scheme Shareholder does not qualify for CGT scrip-for-scrip roll-over relief, or the Scheme Shareholder chooses not to obtain CGT scrip-for-scrip roll-over relief, the general CGT treatment outlined at paragraph 11.1(a) will apply.

If a Scheme Shareholder makes a capital loss from the disposal of their **ATL** Shares, this loss may be used to offset capital gains in the same or subsequent years of income (subject to satisfying certain conditions). The capital loss cannot be offset against ordinary income or carried back to offset net capital gains arising in earlier income years.

The first element of the cost base (and reduced cost base) of the **thl** Consideration Shares received by a Scheme Shareholder should be equal to the market value of the **ATL** Shares it exchanges for the **thl** Consideration Shares. In the absence of any contrary indication of the value of the **ATL** Shares, their market value could be taken to be equal to the market value of the **thl** Consideration Shares on the date the **thl** Consideration Shares are issued (being the Implementation Date).

The acquisition date of the **thl** Consideration Shares for Scheme Shareholders for CGT Discount purposes should be the Implementation Date. This means a Scheme Shareholder will need to hold their **thl** Consideration Shares for at least 12 months after that date before the CGT Discount (as described above) may apply on a subsequent disposal of the **thl** Consideration Shares.

### **(h) Ongoing ownership of thl Shares**

Generally, a Scheme Shareholder will be required to include in its assessable income the gross amount of any dividends it receives from **thl** (being a New Zealand tax resident company) when those dividends are paid or credited to them. An Australian resident company holding a 10% or greater interest in **thl** may qualify to treat the dividend as non-assessable non-exempt income where the relevant requirements are satisfied.

If **thl** were to elect into the trans-Tasman imputation regime, the Merged Group should be able to attach available Australian imputation credits, as they arise, to future dividends for the benefit of the post-merger **thl** Shareholders that are resident in Australia for tax purposes. In this situation, an Australian franking offset may be available to Australian resident shareholders in relation to the Australian income tax paid by the Merged Group.

On a future disposal of **thl** shares, Scheme Shareholders may make a capital gain if the capital proceeds of that disposal are more than the cost base or a capital loss if the capital proceeds of that disposal are less than the reduced cost base. The cost base and acquisition date of the **thl** Shares, and eligibility for the CGT discount, are as described earlier.

Any capital gain derived by Australian resident company holding a 10% or greater interest in **thl** may be reduced to the extent of the active foreign base asset percentage of **thl**.

### **(i) CGT Discount**

A CGT discount may apply to Scheme Shareholders that are individuals, complying superannuation funds or trusts, who have held, or are taken to have held, their **ATL** Shares for at least 12 months (not including the date of acquisition or the date of disposal) at the time of the disposal of their **ATL** Shares to **thl** (CGT Discount).

The CGT Discount is:

- i. one-half if the Scheme Shareholder is an individual or trustee: meaning only 50% of the capital gain (without any allowance for indexation) will be included in assessable income; and
- ii. one-third if the Scheme Shareholder is a trustee of a complying superannuation entity: meaning only two-thirds of the capital gain (without any allowance for indexation) will be included in assessable income.

The CGT Discount is not available to Scheme Shareholders that are companies.

If the Scheme Shareholder makes a discounted capital gain, any current year and/or carried forward capital losses will be applied to reduce the undiscounted capital gain before the relevant CGT discount is applied. The resulting amount is then included in the Scheme Shareholder's net capital gain for the income year and included in assessable income.

The CGT Discount rules relating to trusts are complex. Subject to certain requirements being satisfied, the capital may flow through to the beneficiaries in that trust, who will assess eligibility for the CGT Discount in their own right. Accordingly, we recommend trustees seek their own independent advice on how the CGT Discount applies to them and the trust's beneficiaries.



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### **Foreign tax resident shareholders**

For any Scheme Shareholder who:

- (a) is not a resident of Australia for Australian income tax purposes; and
- (b) does not hold their **ATL** Shares in carrying on a business through a permanent establishment in Australia,

the disposal of **ATL** Shares should generally only result in Australian CGT implications if:

- (c) that Scheme Shareholder together with its associates held an interest of 10% or more in **ATL** at the time of disposal or for a 12-month period within 2 years preceding the disposal (referred to as a “non-portfolio interest”); and
- (d) more than 50% of the market value of **ATL**’s assets is attributable to direct or indirect interests in “taxable Australian real property” (as defined in the income tax legislation).

**ATL** has determined that, currently and up to the Implementation Date, less than 50% of the market value of **ATL**’s assets is attributable to direct or indirect interests in “taxable Australian real property”. Therefore, non-resident Scheme Shareholders who do not hold their **ATL** Shares in carrying on a business through a permanent establishment in Australia should not be subject to CGT as a result of the Scheme. CGT scrip-for-scrip rollover relief should not be applicable.

A foreign resident CGT withholding tax of 12.5% applies to transactions involving the acquisition of the legal ownership of an asset that is indirect Australian real property interest. Given that **ATL** has determined that less than 50% of the market value of **ATL**’s assets are attributable to direct or indirect “taxable Australian real property”. On this basis, the foreign resident CGT withholding tax should not apply.

Any foreign resident individual Scheme Shareholder who was previously a resident of Australia and chose to disregard a capital gain or capital loss on ceasing to be an Australian resident will be subject to Australian CGT consequences on disposal of their **ATL** Shares as set out above, although the CGT Discount should only be available to the extent of the period that the foreign resident individual Scheme Shareholder was an Australian resident.

Foreign Scheme Shareholders should seek independent professional advice in relation to their own particular circumstances, including in respect of taxation in the jurisdiction where they are resident.

### **GST**

Scheme Shareholders should not be liable to Australian GST in respect of a disposal of their **ATL** Shares, regardless of whether the Scheme Shareholder is registered for GST or not.

Scheme Shareholders may incur GST included in costs (such as adviser fees relating to their participation in the Scheme) that relate to the Scheme. Scheme Shareholders that are registered for GST may be entitled for input tax credits or reduced input tax credits for such costs. This will depend on each Scheme Shareholder’s individual circumstances.

### **Stamp duty**

No stamp duty should be payable by Scheme Shareholders in any Australian State or Territory on the acquisition by *thl* of their **ATL** Shares under the Scheme or on receipt by Scheme Shareholders of the *thl* Consideration Shares.

## **11.2 New Zealand tax implications**

### **Scope of comments**

This section 11.2 contains a general overview of certain New Zealand income tax and GST implications for New Zealand and foreign Scheme Shareholders who become *thl* Shareholders on implementation of the Scheme.

This summary has been prepared solely for the Scheme Shareholders. It has also been prepared solely for purposes of enabling the Scheme Shareholders to broadly understand certain New Zealand tax implications of the proposed Scheme as outlined in this Scheme Booklet.

This summary is based on the New Zealand tax law, and the practise and publications of the tax authorities, at the time of issue of this Scheme Booklet. New Zealand tax law is complex and subject to change periodically, as is its interpretation by the courts and the tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable tax law. It does not take into account the tax law of countries other than New Zealand. The precise tax implications of ownership or disposal of the **ATL** Shares or the *thl* Consideration Shares will depend on each Scheme Shareholder’s specific facts and circumstances.

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These comments are not a substitute for advice from an appropriate professional adviser having regard to each Scheme Shareholder's specific facts and circumstances. All Scheme Shareholders are strongly advised to obtain and rely only on their own professional advice as to the tax implications of the Scheme (and/or of their future shareholding in *thl*) based on their own specific facts and circumstances.

In addition, this summary is limited to the following New Zealand tax issues:

- (a) in relation to the Scheme, the New Zealand tax implications for New Zealand-resident Scheme Shareholders in relation to the exchange of **ATL** Shares for *thl* Consideration Shares; and
- (b) in relation to the post-Scheme holding of *thl* Shares by Scheme Shareholders, the New Zealand tax implications of receiving *thl* dividends and of the disposal of *thl* Shares, for both New Zealand-resident *thl* Shareholders and non-New Zealand-resident *thl* Shareholders (**Foreign *thl* Shareholders**).

***New Zealand tax implications for New Zealand-resident Scheme Shareholders in relation to the exchange of ATL Shares for thl Consideration Shares***

**(a) Income tax**

Assuming that the New Zealand-resident Scheme Shareholders are eligible for the exemption for ASX-listed Australian companies under the "foreign investment fund" rules, the disposal of the **ATL** Shares to *thl* under the Scheme should not give rise to any adverse New Zealand income tax implications for the New Zealand-resident Scheme Shareholders to the extent that they hold the **ATL** Shares on capital account.

**ATL** Shares should be held by each New Zealand-resident Scheme Shareholder on capital account if they were not acquired for the dominant purpose of disposal, if the New Zealand-resident Scheme Shareholder does not carry on a business of dealing in shares, and/or if the **ATL** Shares were not acquired and are not exchanged for *thl* Consideration Shares in the course of a profit-making undertaking or scheme.

To the extent that the **ATL** Shares are not held on capital account (i.e., they are held on revenue account) by the New Zealand-resident Scheme Shareholders, an assessable gain or tax-deductible loss should be recognised by the New Zealand-resident Scheme Shareholders on the difference between the cost of the **ATL** Shares and the fair market value of the *thl* Consideration Shares on the Implementation Date.

**(b) GST**

The exchange of **ATL** Shares for *thl* Consideration Shares should not be subject to GST in New Zealand.

**(c) Stamp duty and transfer tax**

New Zealand does not impose stamp duty or transfer tax.

***New Zealand tax implications of receiving thl dividends and on the disposal of thl Consideration Shares, for both New Zealand-resident thl Shareholders and Foreign thl Shareholders***

**(a) New Zealand-resident *thl* Shareholders**

This section applies to New Zealand-resident Scheme Shareholders who will become *thl* Shareholders on implementation of the Scheme.

**i. Dividends received by New Zealand-resident *thl* Shareholders**

Dividends received by New Zealand-resident *thl* Shareholders should give rise to assessable income subject to resident withholding tax (RWT), unless the *thl* Shareholders hold certificates of exemption from RWT.

RWT will generally give rise to a refundable tax credit. As such, RWT is first applied to satisfy the taxpayer's income tax liability for the income year in which it is withheld and returned to Inland Revenue. Any excess is generally allowed as a refund to the taxpayer.

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New Zealand has an imputation regime (which is very similar to the franking regime in Australia), under which income tax paid by a company such as *thl* will generally give rise to imputation credits that can be attached to dividends. These imputation credits can be used by the company's New Zealand-resident *thl* Shareholders to offset their RWT liabilities (or settle their other income tax liabilities) on a one-for-one basis. For corporate New Zealand-resident *thl* Shareholders, excess/unused imputation credits can generally be converted into tax losses and carried forward to future income years (subject to a minimum standard of ultimate shareholder continuity or business continuity being maintained). The maximum ratio at which imputation credits can be attached to a dividend is 28:72 (i.e., \$28 of imputation credits for every \$72 of ordinary dividends). This is known as a "fully-imputed dividend."

RWT for a given New Zealand-resident *thl* Shareholder is generally calculated by multiplying the amount of the gross dividend (i.e., the amount of the ordinary dividend plus the amount of any imputation credits attached to the ordinary dividend) by the shareholder's RWT rate, and subtracting the amount of imputation credits attached to the dividend. If the *thl* Shareholder's RWT rate is greater than 28%, the company will be required to return RWT to Inland Revenue, and the shareholder will have a refundable RWT credit (see above). For individuals and trusts that do not hold certificates of exemption, the RWT rate is usually 33%, and RWT is most often required to be withheld on fully-imputed dividends at 5%.

Certain distributions paid by *thl* might not be subject to tax as dividends for *thl* Shareholders (for example, non-taxable bonus issues and certain returns of capital and capital gains).

#### ii. Disposal of *thl* Consideration Shares by New Zealand-resident *thl* Shareholders

The future disposal of *thl* Consideration Shares, if any, should not give rise to any adverse New Zealand income tax implications for the New Zealand-resident *thl* Shareholders to the extent that they hold the *thl* Consideration Shares on capital account.

*thl* Consideration Shares should be held by each New Zealand-resident *thl* Shareholder on capital account if they are not acquired for the dominant purpose of disposal, if the New Zealand-resident *thl* Shareholder does not carry on a business of dealing in shares, and/or if the *thl* Consideration Shares are not acquired and are not disposed of in the course of a profit-making undertaking or scheme.

To the extent that the *thl* Consideration Shares are not held on capital account (i.e., they are held on revenue account) by the New Zealand-resident *thl* Shareholders, an assessable gain or tax-deductible loss should be recognised by the New Zealand-resident *thl* Shareholders on the difference between the fair market value of the *thl* Consideration Shares on the Implementation Date, and the fair market value of the consideration received by the *thl* Shareholders on the date on which the *thl* Consideration Shares are disposed.

The future disposal of the *thl* Consideration Shares, if any, should not be subject to GST in New Zealand.

#### (b) Foreign *thl* Shareholders

This section applies to non-New Zealand-resident Scheme Shareholders who will become Foreign *thl* Shareholders on implementation of the Scheme.

##### i. Dividends received by Foreign *thl* Shareholders

Dividends received by Foreign *thl* Shareholders should give rise to assessable income subject to non-resident withholding tax (NRWT).

The rate of NRWT on dividends paid by *thl* will vary depending on each Foreign *thl* Shareholder's specific facts and circumstances.

To the extent that dividends are fully imputed, Foreign *thl* Shareholders that have 10%-or-greater direct voting interests in *thl* should be subject to NRWT at 0% under domestic tax law. Similarly, if Foreign *thl* Shareholders have a post-tax treaty NRWT rate on unimputed dividends of less than 15%, NRWT on fully-imputed dividends should be reduced to 0% under domestic tax law irrespective of their direct voting interests in *thl*. Where these requirements/tests are not satisfied, *thl* should be able to use "supplementary dividends" to reduce the economic NRWT cost to zero.

By contrast, to the extent that dividends are unimputed, NRWT should apply at the post-tax treaty NRWT rate (which will generally range from 5% to 15%, depending on the tax treaty) or at 30% under domestic tax law if there is no applicable tax treaty.

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Importantly, New Zealand NRWT may give rise to foreign tax credits in the Foreign **thl** Shareholders' countries of residence, which can generally be used to eliminate double tax on dividends paid by **thl**.

ii. **Disposal of *thl* Consideration Shares by Foreign *thl* Shareholders**

The future disposal of **thl** Consideration Shares, if any, should not give rise to any adverse New Zealand income tax implications for the Foreign **thl** Shareholders to the extent that they hold the **thl** Consideration Shares on capital account.

**thl** Consideration Shares should be held by each Foreign **thl** Shareholder on capital account if they are not acquired for the dominant purpose of disposal, if the Foreign **thl** Shareholder does not carry on a business of dealing in shares, and/or if the Foreign **thl** Consideration Shares are not acquired and are not disposed of in the course of a profit-making undertaking or scheme.

To the extent that the **thl** Consideration Shares are not held on capital account (i.e., they are held on revenue account) by the Foreign **thl** Shareholders, an assessable gain or tax-deductible loss should be recognised by the Foreign **thl** Shareholders on the difference between the fair market value of the **thl** Consideration Shares on the Implementation Date, and the fair market value of the consideration received by the Foreign **thl** Shareholders on the date on which the **thl** Consideration Shares are disposed.

If a Foreign **thl** Shareholder is a resident of a country that has a tax treaty with New Zealand, and that Foreign **thl** Shareholder does not hold its **thl** Consideration Shares on capital account, New Zealand's right to tax the future disposal of the **thl** Consideration Shares may be ceded to the Foreign **thl** Shareholder's country of residence if certain terms and conditions are met. This will generally require the **thl** Consideration Shares to have been held for a certain period of time (or longer), for the Foreign **thl** Shareholder to not have a permanent establishment in New Zealand, and for the Foreign **thl** Shareholder to otherwise be eligible for relief under the applicable tax treaty.

The future disposal of **thl** Consideration Shares, if any, should not be subject to GST in New Zealand.

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SECTION 12

# Additional Information



This section sets out additional information required to be disclosed to **ATL** Voting Shareholders pursuant to the Corporations Act and the Corporations Regulations, together with other information that may be of interest to **ATL** Voting Shareholders.

## 12.1 Interests of **ATL** Directors

### (a) Interest of **ATL** Directors in **ATL** securities

The following table shows the marketable securities of **ATL** owned by, or on behalf of, each **ATL** Director, or in which they have a Relevant Interest, as at the Last Practicable Date:

<b>ATL DIRECTOR</b>	<b>NUMBER OF <b>ATL</b> SHARES</b>
Sophie Mitchell	234,504 <b>ATL</b> Shares indirectly held
Robert Baker	130,000 <b>ATL</b> Shares indirectly held
Brett Heading	250,000 <b>ATL</b> Shares indirectly held
Luke Trouchet and Karl Trouchet	99,412,231 <b>ATL</b> Shares indirectly held

As at the Last Practicable Date, the **ATL** Directors hold in aggregate a Relevant Interest in approximately 53.73% of all **ATL** Shares on issue.

All **ATL** Directors intend to vote in favour of the Scheme in respect of all **ATL** Shares in which they have a Relevant Interest, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of **ATL** Voting Shareholders.

### (b) Dealings of **ATL** Directors in **ATL** securities

No **ATL** Director has acquired or disposed of a Relevant Interest in any **ATL** Shares in the four-month period ending on the date immediately prior to the date of this Scheme Booklet.

### (c) Interests of **ATL** Directors in *thl*

As at the date of this Scheme Booklet, no **ATL** Director has a Relevant Interest in *thl* Shares and no such persons are otherwise entitled to securities in *thl* as at the date of this Scheme Booklet, other than to the extent that an **ATL** Director may hold *thl* Shares as part of a diversified portfolio of shares (such as through independently managed funds or accounts).

## 12.2 Interests of **ATL** in *thl* Shares

As at the Last Practicable Date, **ATL** does not hold any *thl* Shares.

## 12.3 Benefits and agreements

### (a) Deeds of indemnity, insurance and access

**ATL** has entered into deeds of indemnity, insurance and access with the **ATL** Directors and officers on customary terms.

In addition, **ATL** pays premiums in respect of a directors' and officers' insurance policy for the benefit of the directors and officers of the **ATL** Group. **ATL** may enter into an arrangement to provide insurance coverage for all current directors and officers of the **ATL** Group for a period of up to seven years from implementation of the Scheme.

### (b) Payments in connection with retirement from office

Other than as disclosed in this Scheme Booklet there is no payment or other benefit that is proposed to be made or given to any **ATL** Director or secretary or executive officer of **ATL** (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with their retirement from, office in **ATL** or any of its Related Bodies Corporate.

### (c) Agreements or arrangements with **ATL** Directors in connection with, or conditional on, the outcome of the Scheme

There are no agreements or arrangements made between any **ATL** Director and another person in connection with, or conditional on, the outcome of the Scheme other than as disclosed in this Scheme Booklet or in their capacity as an **ATL** Shareholder.

Hamilton Locke Pty Ltd is the legal adviser to **ATL** and will be paid fees for services in accordance with the terms of its engagement letter with **ATL**. Non-executive **ATL** Director Brett Heading is the Chairman of Partners of Hamilton Locke Pty Ltd and may be considered to have an indirect interest in the engagement. The implementation of the Scheme will not have any effect on the fees paid or payable to Hamilton Locke Pty Ltd.

#### **(d) Payments and benefits to ATL Directors, secretaries and executive officers in connection with the Scheme**

Other than as disclosed in this Scheme Booklet, no ATL Director, secretary or executive officer of ATL (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from *thl* which is conditional on, or is related to, the Scheme, other than in their capacity as an ATL Shareholder.

#### **(e) Interests of ATL Directors in contracts with *thl***

None of the ATL Directors has any interest in any contracts entered into by *thl*.

### **12.4 Creditors of ATL**

The Scheme, if implemented, is not expected to materially prejudice ATL's ability to pay its creditors as it involves the acquisition of securities in ATL for consideration provided by a third party. No material new liability is expected to be incurred by ATL because of the implementation of the Scheme. ATL has paid and is paying all of its creditors within normal terms and is solvent and trading in an ordinary commercial manner.

### **12.5 ASIC relief and ASX waivers**

No ASX waiver or ASIC relief has been sought for the purposes of the Scheme or the issue of this Scheme Booklet.

### **12.6 Disclosures and consents**

#### **(a) Consents**

The following parties have given and have not withdrawn, before the time of registration of this Scheme Booklet by ASIC, their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- Morgans Corporate Limited as financial adviser to ATL;
- Hamilton Locke Pty Ltd as legal adviser to ATL;
- Grant Thornton Corporate Finance Pty Ltd as the Independent Expert;
- BDO Audit Pty Ltd as the Investigating Accountant;
- BDO Audit Pty Ltd as the auditor to ATL;
- Deloitte as tax adviser to ATL;
- the Trouchet Shareholders, as ATL's major shareholder group; and
- Computershare Investor Services Pty Limited as the Share Registry.

Grant Thornton Corporate Finance Pty Ltd has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to that report in the form and context in which they appear.

BDO Audit Pty Ltd has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of its Independent Limited Assurance Report and the information in section 9.8 in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to that report in the form and context in which they appear.

*thl* and *thl* Acquirer has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, their written consent to the inclusion of the *thl* Information in the form and context in which it is included and to all references in this Scheme Booklet to the *thl* Information in the form and context in which they appear.

The Trouchet Shareholders has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of the information in section 4.1(c) in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to the statements made in that section in the form and context in which they appear.

#### **(b) Disclaimers**

None of the persons referred to above has authorised or caused the issue of this Scheme Booklet and does not make or purport to make any statement in this Scheme Booklet other than those statements made in the capacity and to the extent the person has provided its consent, as referred to above.

To the maximum extent permitted by law, each person referred to above disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Scheme Booklet,

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## 12.7 Privacy and personal information

**ATL** and **thl**, their respective share registries and investor relations advisers may collect personal information about you in the process of implementing the Scheme. The personal information may include the names, contact details and details of the security holdings of **ATL** Voting Shareholders, and the names of individuals appointed by **ATL** Voting Shareholders as proxies, corporate representatives or attorneys at the Scheme Meeting.

The personal information is collected for the primary purpose of implementing the Scheme. **ATL** Voting Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them.

Such individuals should contact the Share Registry at 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) in the first instance if they wish to request access to that personal information. **ATL** Voting Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

## 12.8 Right to inspect and obtain copies of the Share Register

**ATL** Shareholders have the right to inspect the Share Register which contains the name and address of each **ATL** Shareholder and certain other prescribed details relating to **ATL** Shareholders, without charge.

**ATL** Shareholders also have the right to request a copy of the Share Register upon payment of a fee (if any) up to a prescribed amount.

**ATL** Shareholders have these rights by virtue of section 173 of the Corporations Act.

## 12.9 Foreign selling restrictions

Law may restrict the distribution of this Scheme Booklet outside of Australia, New Zealand or the United Kingdom and persons who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. **ATL** disclaims all liabilities to such persons. **ATL** Voting Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside of Australia.

## 12.10 No unacceptable circumstances

The **ATL** Directors believe that the Scheme does not involve any circumstances in relation to the affairs of **ATL** that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

## 12.11 Interests of advisers

Other than as set out in this Scheme Booklet, no person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet holds, or held at any time during the last two years before the date of this Scheme Booklet, any interest in:

- (a) the formation or promotion of **ATL**; or
- (b) any property acquired or proposed to be acquired by **ATL** in connection with its formation or promotion or in connection with the Scheme.

## 12.12 Fees

**ATL** will incur external transaction costs in connection with the Scheme. Certain of these costs are conditional on the Scheme proceeding, and if the Scheme is implemented these will effectively be borne by **thl** who will have acquired **ATL** from implementation.

If the Scheme is Implemented, the amount of the external fees and expenses expected to be incurred by **ATL** in connection with the Scheme, including the fees and expenses of financial advisers, lawyers, accountants, and communication consultants, is estimated at approximately A\$2.8 million (excluding GST and disbursements).

If the Scheme is not Implemented, **ATL** expects to pay approximately A\$1.8 million (excluding GST and disbursements) in external transaction costs.



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### 12.13 Status of regulatory Scheme Conditions

The regulatory approvals that are Scheme Conditions are set out in section 5.3 of this Scheme Booklet. As at the Last Practicable Date, all of the Scheme Conditions which are outlined in section 5.3 of this Scheme Booklet remain outstanding.

As at the date of this Scheme Booklet, *thl*, **ATL** and the **ATL** Directors are not aware of any reasons why the Scheme Conditions will not be satisfied or the Scheme Implementation Deed terminated.

### 12.14 Supplementary information

**ATL** will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date:

- (a) a material statement in this Scheme Booklet is materially false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included 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 it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

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

- (a) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- (b) posting the supplementary document on **ATL**'s website at [www.apollotourism.com](http://www.apollotourism.com); or
- (c) making an announcement to ASX,

as **ATL**, in its absolute discretion, considers appropriate, subject to any approval that may be required from the Court. In particular, where the matter is not materially adverse to **ATL** Voting Shareholders such circulation and publication may be only by an announcement to ASX.

### 12.15 Lodgement of Scheme Booklet

The Scheme Booklet was given to ASIC on 1 February 2022 in accordance with section 411(2)(b) of the Corporations Act. ASIC takes no responsibility for the content of this Scheme Booklet.

### 12.16 No other material information

Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision by an **ATL** Voting Shareholder whether or not to vote in favour of the Scheme (as applicable) which is known to any **ATL** Director and which has not previously been disclosed to **ATL** Voting Shareholders at the date of lodgement of this Scheme Booklet with ASIC for registration.

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SECTION 13

# Glossary



## 13.1 Definitions

The meaning of the terms used in this Scheme Booklet are set out below:

DEFINED TERM	MEANING
AAS	(a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; and (b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a).
ACCC	Australian Competition and Consumer Commission.
ASIC	Australian Securities and Investments Commission.
Associate	has the meaning given in Division 2 of Part 1.2 of the Corporations Act, as if subsection 12(1) of the Corporations Act includes a reference to this Scheme Booklet and <b>ATL</b> was the designated body.
ASX	ASX Limited (ABN 98 008 624 691) or, if the context requires, the financial market known as the Australian Securities Exchange operated by it.
ASX Listing Rules	the official listing rules of ASX.
<b>ATL</b>	Apollo Tourism & Leisure Ltd (ACN 614 714 742).
<b>ATL Board</b>	the board of directors of <b>ATL</b> .
<b>ATL Constitution</b>	the company constitution of <b>ATL</b> .
<b>ATL Director</b>	a director of <b>ATL</b> as at the date of this Scheme Booklet.
<b>ATL Group</b>	<b>ATL</b> and its Subsidiaries.
<b>ATL Information</b>	the information contained in this Scheme Booklet other than: (a) the <i>thl</i> Information; (b) the Independent Expert's Report; and (c) the Independent Limited Assurance Report.
<b>ATL Material Adverse Change</b>	has the meaning given in the Scheme Implementation Deed.
<b>ATL Prescribed Occurrence</b>	has the meaning given in the Scheme Implementation Deed.
<b>ATL Share</b>	a fully paid ordinary share in <b>ATL</b> .
<b>ATL Shareholder</b>	each person who is registered as the holder of an <b>ATL Share</b> in the Share Register from time to time.
<b>ATL Shareholder Information Line</b>	the information telephone line that <b>ATL Voting Shareholders</b> can contact for further information about the Scheme, being 1300 396 584 (within Australia) or +61 3 9415 4151 (outside Australia).
<b>ATL Voting Shareholders</b>	all <b>ATL Shareholders</b> excluding the <i>thl</i> Entities.
<b>ATL Warranties</b>	has the meaning given in the Scheme Implementation Deed.
ATO	the Australian Taxation Office.
Business Day	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Brisbane, Queensland, Australia or Auckland, New Zealand.
Camplify	Camplify Holdings Limited ACN 647 333 962 (ASX:CHL).

<b>DEFINED TERM</b>	<b>MEANING</b>
CGT	has the meaning given to that term in section 11.1 of this Scheme Booklet.
CGT Discount	has the meaning given to that term in section 11.1 of this Scheme Booklet.
Commerce Commission	New Zealand Commerce Commission.
Companies Act	<i>the Companies Act 1993 (NZ)</i> .
Competing Proposal	has the meaning in the Scheme Implementation Deed.
Corporations Act	<i>Corporations Act 2001 (Cth)</i> .
Corporations Regulations	<i>Corporations Regulations 2001 (Cth)</i> .
Counter Proposal	a proposal provided by <b>thl</b> to amend the terms of the Proposed Transaction or proposing another form of transaction under clause 14.8(b) of the Scheme Implementation Deed.
Court	the Supreme Court of Queensland, or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing.
Deed Poll	the deed poll dated 15 February 2022 executed by <b>thl</b> and the <b>thl</b> Acquirer in relation to the Scheme as set out in Annexure E.
Delivery Time	two hours before the commencement of the hearing or, if the commencement of the hearing is adjourned, two hours before the commencement of the adjourned hearing, of the Court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act.
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	(a) 29 April 2022, unless at that time the only Scheme Conditions that need to be satisfied are the approval by the ACCC, the Commerce Commission and FIRB, in which case it is 30 June 2022; or (b) such other date and time agreed in writing between <b>thl</b> and <b>ATL</b> .
Exclusivity Period	the period commencing on 10 December 2021 and ending on the earliest of: (a) the End Date; (b) the Effective Date; and (c) the date the Scheme Implementation Deed is terminated in accordance with its terms.
FATA	<i>the Foreign Acquisitions and Takeovers Act 1975 (Cth)</i> .
FIRB	Foreign Investment Review Board.
First Court Date	the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
First Court Hearing	the Court hearing on the First Court Date.

**DEFINED TERM****MEANING**

Foreign Scheme Shareholders	a Scheme Shareholder whose address as shown in the Share Register (as at the Scheme Record Date) is located outside of: (a) Australia and its external territories; (b) New Zealand; (c) the United Kingdom; and (d) any other jurisdictions as may be agreed in writing by <b>ATL</b> and <b>thl</b> , unless <b>thl</b> determines (in its absolute discretion), that <b>thl</b> is permitted to allot and issue <b>thl</b> Consideration Shares to that Scheme Shareholder by the laws of that place either unconditionally or after compliance with conditions that <b>thl</b> considers are not unduly onerous or impracticable.
Foreign <b>thl</b> Shareholders	has the meaning given to that term in section 11.2 of this Scheme Booklet.
GST	has the meaning given to that term in section 11.1 of this Scheme Booklet.
Headcount Test	the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of <b>ATL</b> Voting Shareholders present and voting, either in person or by proxy, attorney or corporate representative.
Implementation Date	the fifth Business Day following the Scheme Record Date or such other date as <b>ATL</b> and <b>thl</b> agree.
Independent Expert	Grant Thornton Corporate Finance Pty Ltd.
Independent Expert's Report	the report of the Independent Expert, as set out in Annexure A.
Independent Limited Assurance Report	the report of the Investigating Accountant set out in Annexure B.
Investigating Accountant	BDO Audit Pty Ltd.
Last Practicable Date	15 February 2022, being the last practicable day before finalising the information in this Scheme Booklet.
Material Contract	the contracts identified as material contracts as agreed in writing by <b>ATL</b> and <b>thl</b> on or before the date of the Scheme Implementation Deed.
Merged Group	the <b>thl</b> Group including the <b>ATL</b> Group following implementation of the Scheme.
NRWT	has the meaning given to that term in section 11.2 of this Scheme Booklet.
NZ Takeovers Panel	the Takeovers Panel established by section 5(1) of the <i>Takeovers Act 1993</i> (NZ).
NZX	where the context requires, NZX Limited (Co. No. 1266120) or NZX Regulation Limited (Co. No. 8072017) and, where the context requires, the main board financial market that NZX Limited operates.
NZX Listing Rules	the official listing rules of NZX.
Proposed Transaction	(a) the proposed acquisition by <b>thl</b> of all the shares in <b>ATL</b> not already owned by it through the implementation of, and in accordance with, the Scheme; and (b) all associated transactions and steps contemplated by the Scheme Implementation Deed.
Proxy Form	the proxy form for the Scheme Meeting, which accompanies this Scheme Booklet.

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<b>DEFINED TERM</b>	<b>MEANING</b>
Related Body Corporate	has the meaning given in the Corporations Act.
Relevant Date	(a) in relation to a Scheme Condition in the Scheme Implementation Deed, the date or time specified in the Scheme Implementation Deed for its satisfaction or, if no date or time is specified, the Delivery Time on the Second Court Date, or such extension of that time and date as agreed between <i>thl</i> and <b>ATL</b> ; and (b) in relation to a Scheme Condition in the Scheme, the date or time specified in the Scheme for its satisfaction (if any).
Relevant Interest	has the meaning given in the Corporations Act.
Requisite Majority	In respect of the Scheme, approval by: (a) more than 50% in number of <b>ATL</b> Voting Shareholders present and voting; and (b) at least 75% of the total number of votes cast on the Scheme Resolution by <b>ATL</b> Voting Shareholders.
RVs	recreational vehicles.
RWT	has the meaning given to that term in section 11.2 of this Scheme Booklet.
Scheme	the proposed scheme of arrangement under Part 5.1 of the Corporations Act between <b>ATL</b> and Scheme Shareholders, a copy of which is contained in Annexure D.
Scheme Booklet	this document, to be approved by the Court for distribution to the <b>ATL</b> Voting Shareholders and includes the annexures to this document.
Scheme Conditions	the conditions set out in clause 3.1 of the Scheme Implementation Deed.
Scheme Consideration	the consideration to be provided by <i>thl</i> for the transfer of each <b>ATL</b> Share as at the Scheme Record Date under the Scheme, being for every 3.680818 <b>ATL</b> Shares held by a Scheme Shareholder, 1 <i>thl</i> Consideration Share.
Scheme Implementation Deed	the Scheme Implementation Deed dated 10 December 2021 between <i>thl</i> , <i>thl</i> Acquirer and <b>ATL</b> relating to implementation of the Scheme, among other things, as announced to the ASX on 10 December 2021.
Scheme Meeting	the meeting of <b>ATL</b> Voting Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the second Business Day following the Effective Date (or such other Business Day as the parties agree in writing)
Scheme Resolution	the resolution set out in the Notice of Scheme Meeting set out in Annexure F.
Scheme Shareholder	an <b>ATL</b> Shareholder as at the Scheme Record Date, other than the <i>thl</i> Entities.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard.
Second Court Hearing	the Court hearing on the Second Court Date.

<b>DEFINED TERM</b>	<b>MEANING</b>
Share Register	the register of shareholders maintained by <b>ATL</b> under section 168(1) of the Corporations Act.
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
Subsidiary	has the meaning given to that term in section 46 of the Corporations Act.
Superior Proposal	has the meaning in the Scheme Implementation Deed.
Takeovers Panel	the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
<b>thl</b>	Tourism Holdings Rentals Limited ARBN 655 142 028, a foreign company registered in its original jurisdiction of New Zealand as Tourism Holdings Limited, and where the context requires, <b>thl</b> Acquirer in its capacity as the nominated acquirer of the <b>ATL</b> Shares under the Scheme Implementation Deed.
<b>thl</b> Acquirer	<b>Thl</b> Group (Australia) Pty. Ltd. ACN 055 966 222.
<b>thl</b> Board	the board of directors of <b>thl</b> , being comprised of, as at the date of this Scheme Booklet, the individuals listed in section 8 of this Scheme Booklet.
<b>thl</b> Consideration Share	a <b>thl</b> Share to be issued under the terms of the Scheme as Scheme Consideration.
<b>thl</b> Constitution	the company constitution of <b>thl</b> .
<b>thl</b> Directors	the directors of <b>thl</b> , being, as at the date of this Scheme Booklet, the individuals listed in section 8.4(a) of this Scheme Booklet.
<b>thl</b> Entities	has the meaning given in the Scheme Implementation Deed.
<b>thl</b> Group	<b>thl</b> and each of its Subsidiaries (excluding, at any time, <b>ATL</b> and its Subsidiaries to the extent that <b>ATL</b> and its Subsidiaries are Subsidiaries of <b>thl</b> at that time). A reference to a member of the <b>thl</b> Group or a <b>thl</b> Group Member is a reference to <b>thl</b> or any such Subsidiary.
<b>thl</b> Information	the information regarding the <b>thl</b> Group and the Merged Group provided by <b>thl</b> to <b>ATL</b> for inclusion in this Scheme Booklet, being: <ul style="list-style-type: none"> <li>(a) the letter from the Chairman of <b>thl</b>;</li> <li>(b) the information contained in sections 8, 9, 10.3 and Annexure G of this Scheme Booklet (including the information contained in those sections as summarised in section 2 of this Scheme Booklet), except to the extent it pertains to the <b>ATL</b> Group or <b>ATL</b>'s contribution to the information regarding the Merged Group or there is a specific allocation of responsibility for part of any of these sections to <b>ATL</b> or to both <b>ATL</b> and <b>thl</b>.</li> </ul>
<b>thl</b> Material Adverse Change	has the meaning given in the Scheme Implementation Deed.
<b>thl</b> Prescribed Occurrence	has the meaning given in the Scheme Implementation Deed.
<b>thl</b> Register	the register of shareholders of <b>thl</b> maintained by or on behalf of <b>thl</b> .
<b>thl</b> Share	a fully paid ordinary share in the capital of <b>thl</b> .
<b>thl</b> Shareholder	each person who is registered in the <b>thl</b> Register as a holder of <b>thl</b> Shares.
<b>thl</b> Warranties	has the meaning given in the Scheme Implementation Deed.

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<b>DEFINED TERM</b>	<b>MEANING</b>
Trouchet Shareholders	Barmil Enterprises Pty Ltd as trustee for Lurk Investment Trust, Eastglo Pty Ltd as trustee for the Trouchet Super Fund, KRLG Pty Ltd as trustee for the KL Trust and any other person or entity holding <b>ATL</b> Shares for or on behalf of Luke Trouchet or Karl Trouchet.
Voting Entitlement Time	the date for determining voting eligibility at the Scheme Meeting, being 7.00pm on Monday, 18 April 2022.
VWAP	the volume weighted average price.

### **13.2 Interpretation**

In this Scheme Booklet, unless the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act, unless inconsistent with the meaning given in this section;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (f) a reference to a section or annexure is a reference to a section of or an annexure to this Scheme Booklet as relevant;
- (g) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (h) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (i) a reference to time is a reference to time is to Australian Eastern Daylight Time until 3 April 2022 and thereafter is a reference to Australian Eastern Standard Time, unless otherwise indicated;
- (j) a reference to writing includes facsimile transmissions; and
- (k) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.



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# Annexure A

Independent Expert's Report





# Apollo Tourism & Leisure Ltd

Independent Expert's Report and Financial Services Guide

17 February 2022

#6844636V1

The Directors  
Apollo Tourism & Leisure Ltd  
698 Nudgee Road  
Northgate, QLD 4013

17 February 2022

**Grant Thornton Corporate Finance Pty Ltd**  
ABN 59 003 265 987  
AFSL 247140

Level 17, 383 Kent Street  
Sydney NSW 2000  
PO Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230  
T + 61 2 8297 2400  
F + 61 2 9299 4445  
E [info@qinsw.com.au](mailto:info@qinsw.com.au)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

Dear Directors

## Introduction

Apollo Tourism & Leisure Ltd (“Apollo” or “the Company” or “ATL”) is a diversified and vertically integrated manufacturer, rental fleet operator, wholesaler and retailer of recreational vehicles (“RVs”), including motorhomes, campervans and caravans. The Company has operations in Australia, New Zealand (“NZ”), Canada and Europe / the UK. It is listed on the Australian Securities Exchange (“ASX”) with a market capitalisation of c. A\$108 million<sup>1</sup> as at 24 January 2022. As at 30 June 2021, it had an RV rental fleet of 2,701 vehicles.

Similarly, Tourism Holdings Limited (“*thl*”) is a vertically integrated global tourism operator engaged in the design, manufacture, sale and rent of motorhomes, campervans, RV accessories and the provision of other tourism related activities. It operates predominantly in NZ, Australia and the United States of America (“US”). *thl* is listed on the NZ Stock Exchange (“NZX”) with a market capitalisation of c. NZ\$418 million<sup>2</sup> as at 24 January 2022. As at 30 June 2021, it had a RV rental fleet of 4,242 vehicles.

On 10 December 2021, the Company and *thl* jointly announced that they had entered into a binding Scheme Implementation Deed (“SID”) under which it is proposed that *thl* will acquire 100% of the issued capital of ATL that it does not already own<sup>3</sup> by way of scheme of arrangement (“Scheme”). Under the terms of the SID, the consideration will be paid 100% in *thl* shares (“*thl* Shares”) based on a conversion ratio (“Conversion Ratio”) of 3.680818 Apollo shares (“ATL Shares”) for each *thl* Share (“Scheme Consideration”) equivalent to a value per ATL Share of A\$0.736 based on the closing share price of *thl* on 9 December 2021 of NZ\$2.85<sup>4</sup>.

If the Scheme is implemented, the following will occur:

- ATL shareholders (“ATL Shareholders”<sup>5</sup>) will collectively hold c. 25% of the shares in the enlarged *thl* (“Merged Group”) as at the Scheme record date.
- The Merged Group will continue to be led by the *thl* Management Team and Directors, however, Luke Trouchet, the current Managing Director and CEO of ATL, will join *thl*'s Board as Executive

<sup>1</sup> Based on a share price of A\$0.58 and 186,150,908 ordinary shares outstanding as at 24 January 2022.

<sup>2</sup> Based on a share price of NZ\$2.75 and 152,040,427 ordinary shares outstanding as at 24 January 2022.

<sup>3</sup> *thl* currently holds 898,150 ATL Shares being 0.5% of ATL Shares on issue. No new shares will be issued to *thl* in relation to its shareholding in Apollo under the Scheme.

<sup>4</sup> Conversion at NZ\$:A\$ exchange rate of 0.9503 as a 9 December 2021 which is used throughout the report unless otherwise stated (“Exchange Rate”).

<sup>5</sup> All ATL shareholders other than *thl* - (*thl* currently holds 898,150 shares in ATL).



Director – M&A and Global Transitions. Existing Apollo Directors Sophie Mitchell and Robert Baker will also join *thl*'s board with the other current *thl* Directors remaining in place. Grant Webster, *thl* CEO, will also join the *thl* Board as Managing Director.

- Following a detailed two-way due diligence process, ATL and *thl* have estimated recurring cost synergies (“Recurring Synergies”) of between A\$16.2 million and A\$18.1 million per annum<sup>6</sup> (NZ\$17 million to NZ\$19 million) and one-off rental and dealership fleet rationalisation synergies (“Fleet Rationalisation”) of between A\$38.0 million and A\$66.5 million (NZ\$40 million to NZ\$70 million) (Recurring Synergies and Fleet Rationalisation synergies herein collectively referred to as “Synergies”). One-off implementation costs are estimated at between A\$3.8 million and A\$6.7 million (c. NZ\$4 million to NZ\$7 million).
- *thl* is currently listed on the NZX and as part of the Scheme, it has agreed to apply for a foreign exempt listing on the ASX, which is a condition precedent for the implementation of the Scheme.
- The Merged Group will have pro-forma statutory FY21 Revenue of NZ\$687 million, net assets of NZ\$445.4 million and a combined fleet of approximately 7,000 RVs.

The Scheme is subject to ATL Shareholders, the Supreme Court of Queensland, ACCC<sup>6</sup>, NZCC<sup>7</sup> and FIRB<sup>8</sup> approvals of the merger, refinancing of the debt facilities of the Merged Group and other conditions precedent as discussed in Section 1.

The Scheme contains customary exclusivity provisions including no shop, no talk and no due diligence restrictions and a notification obligation, subject to ATL Directors’ fiduciary obligations. The SID also details circumstances under which ATL or *thl* may be required to pay each other a break fee of A\$1.4 million if the Scheme is not implemented (refer to Section 1 for further details).

The Directors of ATL (“ATL Directors”) unanimously recommend that ATL Shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an independent expert concluding and continuing to conclude that the Scheme is in the best interests of ATL Shareholders. Subject to the same qualifications, the ATL Directors intend to vote the ATL Shares held or controlled by them in favour of the Scheme.

Apollo was founded by the Trouchet Family in 1985. Entities associated with Luke Trouchet and Karl Trouchet (“Founding Family Shareholders”) currently own 53.4% of ATL Shares and intend to vote in favour of the Scheme subject to the aforementioned two qualifications<sup>9</sup>. The Founding Family Shareholders have also agreed to enter into voluntary escrow arrangements in relation to 90% of the *thl* Shares for 12 months and 50% for 24 months as part of the Consideration received under the Scheme<sup>10</sup>.

<sup>6</sup> On an EBIT basis.

<sup>7</sup> Australian Competition and Consumer Commission (“ACCC”).

<sup>8</sup> New Zealand Commerce Commission (“NZCC”).

<sup>9</sup> New Zealand Commerce Commissions (“NZCC”).

<sup>10</sup> Foreign Investment Review Board (“FIRB”).

<sup>9</sup> In the absence of a superior proposal and subject to an independent expert concluding and continuing to conclude that the Scheme is in the best interests of ATL Shareholders.

<sup>10</sup> From the implementation date of the Scheme.

## Purpose of the report

The Directors of the Company have requested Grant Thornton Corporate Finance to prepare an Independent Expert's Report ("IER") stating whether the Scheme is in the best interests of the Shareholders of the Company for the purposes of section 411 of the Corporations Act 2001 (Cth) ("Corporations Act").

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission's ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

## Summary of opinion

**Grant Thornton Corporate Finance has concluded that the Scheme is FAIR AND REASONABLE and hence IN THE BEST INTERESTS of ATL Shareholders in the absence of a superior proposal emerging.**

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Scheme is fair and reasonable to ATL Shareholders and has had regard to other quantitative and qualitative considerations.

## **Fairness Assessment**

In accordance with the requirements of the ASIC RG 111, in forming our opinion in relation to the fairness of the Scheme, Grant Thornton Corporate Finance has compared the value per ATL Share before the Scheme (on a control basis) to the assessed value of the Scheme Consideration, being shares in *thl* after the Scheme (on a minority basis).

The following table summarises our fairness assessment:

Fairness assessment A\$ per share	Section Reference	Low	High
ATL Share before the Scheme (on a standing alone and control basis)	8.1	0.709	0.859
Scheme Consideration	9.1	0.753	0.913
<b>Premium/(discount)</b>		<b>0.044</b>	<b>0.054</b>
<b>Premium/(discount) (%)</b>		<b>6.2%</b>	<b>6.3%</b>
<b>FAIRNESS ASSESSMENT</b>		<b>FAIR</b>	

Source: GTCF analysis

Our assessment of the fair market value of the Scheme Consideration is within our assessed fair market value per share of ATL before the Scheme on a control basis with the Scheme Consideration at the low-end and high-end of the range above the value of ATL before the Scheme on a control basis. Accordingly, we concluded that the Scheme is **FAIR** to ATL Shareholders.

We note that our valuation assessment of ATL before the Scheme is significantly in excess of the trading prices after the announcement of the Scheme which ranged between c. A\$55c and c. A\$70c. In theory, the trading prices of ATL should reflect the control value of the Company. As discussed in



more detail in the balance of this executive summary, we are of the opinion that this is due to the following:

- General market sell-off in the month of January which saw the ASX 200 Index reducing by c. 8%.
- The spread of the COVID-19 Omicron variant, with its high levels of infectiousness and transmissibility, has resulted in a significant increase in COVID-19 cases worldwide and a worsening of the outlook for the tourism and international travel businesses.
- ATL share price is likely to reflect the risks attached to the Scheme completing, in particular in relation to the key regulatory approvals.
- The downside risks for ATL of not completing the Scheme is, in our opinion, greater than for *thl*. This is primarily due to its constrained financial position relative to *thl* that may require ATL to undertake further asset sales or source alternative funding sooner than *thl* if the Scheme is not implemented and the tourism industry's conditions do not recover.

ATL Shareholders should be aware that our assessment of the value per ATL Share should not be considered to reflect the price at which ATL Shares may trade if the Scheme is not implemented. The price at which ATL Shares will ultimately trade depends on a range of factors, including: the liquidity of ATL Shares, the COVID-19 recovery profile, macro-economic conditions, the underlying performance of ATL's business and the supply and demand for ATL Shares.

We have assessed the fair market value of ATL Shares and the Scheme Consideration having regard to the discounted cash flow method ("DCF Method") which we have cross checked with the enterprise value as a multiple of EBIT ("EBIT Multiple Method")<sup>11</sup> and the Quoted Security Price Method.

For the purpose of our valuation assessment of ATL Shares and the Scheme Consideration, Grant Thornton Corporate Finance has had regard to the cash flow projections up to 30 June 2024 for Apollo and the Merged Group prepared by Apollo and *thl* Management and incorporated by their advisors in a financial model ("Corporate Model"). Given the significant uncertainty regarding the COVID-19 recovery and the current market volatility, the respective management teams have prepared the projections under different scenarios, including a base case and a downside case scenario. Relative to the base case, the downside case assumes a more drawn out recovery. For the purpose of our valuation assessment Grant Thornton Corporate Finance has taken into consideration Management's scenarios included in the Corporate Model and incorporated them into our valuation model which has been extended by three years to 30 June 2027 to allow the business to reach a steady state and normalise certain key assumptions ("GT Model").

Whilst we consider the scenarios included in the Corporate Model suitable to be integrated into the GT Model and used for the purpose of our valuation assessment, they present certain limitations in relation to the ability to sensitise the timing and extent of the COVID-19 recovery profile and the timing and quantum of the Synergies. However, we note that the industry's recovery profile adopted in the Corporate Model, under the base case is broadly consistent with investment analysts and the Synergies have been independently reviewed. We have also reflected the risks underlying the projection in our assessment of the discount rate rather than in a scenario analysis and we have

<sup>11</sup> Calculated as enterprise value divided by EBIT.

extended the discrete forecast period in the model by three years to FY27 to allow us to normalise certain assumptions<sup>12</sup>. Throughout the remainder of this independent expert's report, our discussion of the assumptions underlying our valuation are in relation to the base case, unless otherwise stated.

#### Valuation assessment of ATL

##### *DCF Method*

The table below sets out a summary of our valuation assessment of ATL Shares before the Scheme based on the DCF Method:

ATL - valuation summary A\$	Section Reference	Low	High
<b>Enterprise value on a control basis</b>	8.1	<b>287,024,823</b>	<b>314,362,605</b>
Add: Investment in Camplify	8.1.2	18,773,756	19,256,449
Less: Net Debt 31 December 2021	8.1.3	(173,800,000)	(173,800,000)
<b>Equity value (control basis)</b>		<b>131,998,579</b>	<b>159,819,054</b>
Number of outstanding shares (fully diluted)	8.1.4	186,150,908	186,150,908
<b>Value per share (control basis) (A\$ per share)</b>		<b>0.709</b>	<b>0.859</b>

Sources: ATL Management; GTCF analysis

We have outlined below the key assumptions adopted in our valuation assessment:

- **COVID-19 recovery** – FY22 is projected to remain subdued reflecting the current short term uncertainty. The post COVID-19 recovery is projected to ramp up from FY23 as ATL quickly rebuilds the fleet during FY23 and FY24, returning to a level of operations that is more reflective of pre-COVID-19 conditions by the end of FY24. We have assumed ATL to rebuild the fleet in line with pre-COVID-19 levels to approximately 4,500 vehicles by FY27.
- **Rental Division Revenues** – Between FY19 and FY21, Apollo approximately halved its fleet size from ~5,600 units at 30 June 2019, to ~2,700 units at 30 June 2021, including selling its entire US fleet as a consequence of putting the US operations into hibernation. We have assumed that Apollo will rebuild its fleet to pre-pandemic levels (FY19) by the end of FY27 in the GT Model. The total fleet annual turnover is projected to reduce to circa 30% by FY24 after spiking to above 40% in FY21 as a result of the Company downsizing the rental fleet. This is in line with Apollo's historical trends. A recovery in the average utilisation rate is assumed in line with historical levels which we have maintained into perpetuity.
- **Sale Division Revenues** – The number of ex-rental vehicles sold is a function of the fleet turnover. Apollo was able to achieve sales margins on ex-rental fleet above historical levels during COVID-19 due to increases in the average sales prices resulting from strong demand, and supply constraints. Management has assumed a long term position that margins return to historical norms which we have maintained in the GT Model.
- **EBIT margins** – They are expected to improve until FY24 in line with better economic conditions. In the GT Model we have benchmarked the EBIT Margins against ATL's historical

<sup>12</sup> We also note that as a result of the large capital expenditure expected to be incurred by ATL to re-fleet the business, free cash flows are expected to still be negative in FY24.

financial performance and broker forecasts, noting these support our assumed margin of 10.5% in the GT Model after FY24.

- *Capital expenditure for rental and dealership fleet* – The number of new vehicles for the rental fleet is based on the turnover of vehicles sold each year plus the required additions to meet the fleet growth targets. The number of new vehicles for the sales fleet is based on an assumed number of sales per year, which is in line with historical sales volumes. Capital expenditure is partially offset by the cash proceeds from the sale of the ex-rental fleet and new units (“Net Capital expenditure”). Overall, Net Capital expenditure is higher between FY22 and FY24 as Apollo plans to rebuild its fleet, and then progressively normalises to a maintainable level in the terminal year in line with a steady state level of fleet.
- *Discount rate* – We have assessed the discount rate between 10.0% to 10.5% based on the WACC. In the computation of the WACC, we have reflected the risk attached to the COVID-19 ramp-up profile and we also had regard to the discount rate adopted by investment analysts in the industry. While *thl* and ATL are very similar from a business operations point of view, ATL has a higher gearing compared to *thl* which translates into a higher risk profile and may have less financial flexibility when compared to *thl* to withstand a slower than forecasted recovery from COVID-19. We have reflected these risks in the WACC by utilising a relatively higher beta of between 1.4 to 1.5 and a specific risk premium of 2.0% for ATL on a standalone basis.
- *Synergies* – We have valued the business on a 100% control basis and accordingly have allowed for certain cost synergies that would be available to a pool of potential purchasers of ATL after one-off implementation costs. These cost synergies, estimated at around A\$4 million per annum, are mainly associated with the gradual elimination of duplicate functions and other costs associated with being a listed company (i.e. audit fees, share registry costs, ASX fees and investor relation costs). We note that the synergies adopted in the valuation of ATL before the Scheme are materially lower than the Recurring Synergies expected to be realised by the Merged Group of between A\$16.2 million and A\$18.1 million<sup>13</sup>. This is because the combination of ATL and *thl* is expected to realise savings which may not be available to a pool of potential purchasers in relation to property rationalisations at branch levels and fleet optimisation. The components of the synergies expected to be realised by the Merged Group which are associated with the elimination of duplicate costs is c. A\$8.5 million<sup>14</sup>. In our estimate, we have also taken into account that it is not reasonable to expect that a pool of potential purchasers will be prepared to pay-away 100% of the expected synergies in the absence of a highly competitive sale process and considering the currently challenging market conditions for the industry.

#### *EBIT Multiple*

In order to provide a cross check of our valuation conclusions under the DCF methodology, we have also considered the EBIT Multiples of comparable companies and transactions. For the purpose of our cross-check we have sought to benchmark an implied EBIT Multiple which is reflective of a normalised financial performance for the Company. As such, we have placed greater reliance on the longer-term forecast (i.e. FY24) EBIT Multiples and we have also utilised the FY19 multiples before the outbreak of COVID-19, and not utilising FY20 and FY21. Below we set out the multiples implied in our valuation assessment:

<sup>13</sup> On an EBIT basis.

<sup>14</sup> Calculated as 51% of the Synergies.



ATL - Implied EBIT multiple	Section		
A\$ million	Reference	Low	High
Enterprise value (control basis)	8.1	287	314
<b>EBIT</b>			
Underlying EBIT FY19		35	35
EBIT FY22 Brokers Consensus Estimate		8	8
EBIT FY23 Brokers Consensus Estimate		28	28
EBIT FY24 Brokers Consensus Estimate		35	35
<b>Implied EV/EBIT</b>			
EV/Underlying EBIT FY19		8.2x	8.9x
EV/EBIT FY22 Brokers Consensus Estimate		35.0x	38.3x
EV/EBIT FY23 Brokers Consensus Estimate		10.3x	11.3x
EV/EBIT FY24 Brokers Consensus Estimate		8.2x	8.9x

Sources: GTCF analysis

In assessing the applicable EBIT Multiple, we have considered listed global RV manufacturers and related businesses and tourism related companies operating in Australia. We consider *thl* before the announcement of the Scheme to be the most comparable listed company to Apollo whilst the other listed companies offer limited comparability. We have set out below a detailed comparison between the ATL and *thl* businesses.

Comparison of ATL and <i>thl</i>	Units	ATL KPIs	<i>thl</i> KPIs
Market Capitalisation <sup>1</sup>	Millions	A\$103	NZ\$433
Enterprise Value <sup>1</sup>	Millions	A\$257	NZ\$481
Average revenue split - (5 yr) <sup>2</sup>	%	R 45% / S 55%	R 52% / S 40% / T 8%
Geographic breakdown by revenue <sup>3</sup>	%	A 58% / US 30% / NZ 8% / E 4%	NZ 41% / US 41% / AU 18%
Total Fleet size - (FY21 year end)	No. of units	2,701	4,242
Net Current Assets	Millions	A\$(52.6)	NZ\$65.6
Gearing <sup>4</sup> - 30 June 2021	%	68.0%	11.3%
Net Tangible Assets	Millions	A\$15.1	NZ\$261.5

Sources: S&P Global; GTCF analysis.

Note (1): Market Capitalisation and Enterprise value are calculated as at 9 December 2021.

Note (2): R = Rental Income, S = Sales Income, T = Tourism Income

Note (3): Geographic breakdown by revenue is the historical five year average. AU = Australia, NZ = New Zealand, US = United States and E = Europe & the UK.

Note (4): Gearing has been calculated as Net Debt / (Market Capitalisation + Net Debt). Net Debt is calculated excluding AASB 16 / IFRS 16 liabilities.

*thl*'s EBIT Multiple has historically traded at a premium to ATL's which does not seem unreasonable due to the following:

- *thl*'s EBIT margins are higher than ATL.
- ATL has also been more severely impacted by the downturn due to COVID-19 and has reduced its fleet by over 50% between FY19 and FY21. This compares to a smaller rental and dealership fleet reduction of 34% for *thl*.
- ATL has higher gearing levels than *thl* and in FY20, it impaired its assets by A\$38.9 million as a result of COVID-19.



We are of the opinion that the FY24 EBIT Multiple implied in our valuation assessment supports our fairness opinion due to the following:

- It is at the low-end of the range of ATL's rolling NTM EBIT Multiple between 8.0x and 12.0x before the outbreak of COVID-19 (on a minority basis). This seems reasonable considering the uncertainty in relation to the pathway to the recovery and the fact that we are using EBIT forecast almost three years in the future rather than NTM<sup>15</sup>.
- It is slightly below *thl*'s FY24 trading multiple of 10.0x on a minority basis, based on *thl*'s share price prior to the announcement of the Scheme. We consider this reasonable for the discussion outlined above.
- It is substantially in line with the average of the transaction multiple of 9.2x (on a control basis).

Based on the above, we consider the FY24 EBIT Multiple implied in our valuation reasonable as it reflects ATL recovery to pre COVID-19 level, notwithstanding the uncertainty related to the timing of such recovery.

#### *ATL Quoted Security Prices*

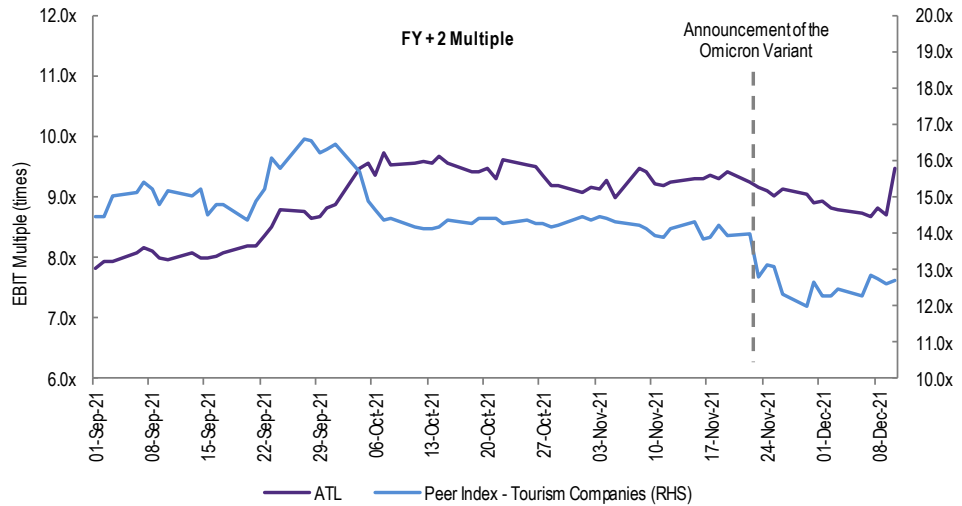
Given the significant volatility and limited liquidity in ATL trading prices, we have placed less reliance on ATL's trading price immediately before the announcement of the Scheme and have instead considered it over a longer period of time. While ATL's share price mostly traded below 50 cents since mid-2019, for a limited period of time between mid-September 2021 and mid November 2021 its share price rallied from c. 40 cents to c. 75 cents due to perceived improving market conditions. However, the share price sharply reduced to c. 55 cents as the new Omicron variant resulted in a worsening outlook for the industry.

In order to gather further insights into the trading prices of ATL between September and November 2021, we have considered the broker consensus estimates around this time and note that none of the brokers covering ATL's stock revised either of their target share price or earnings estimates for ATL. Furthermore, while the Tourism Peers<sup>16</sup> also materially increased around this time, similarly to the trading prices of ATL, they decreased sharply in late November, following the outbreak of the highly transmissible Omicron variant and as case numbers rose dramatically both in Australia and overseas.

<sup>15</sup> In a growing market, future EBIT multiples are usually lower than actual or NTM multiples.

<sup>16</sup> The aggregated index for Tourism Peers includes Flight Centre Travel Group Ltd, Webjet Ltd, Kelsian Group Ltd, Corporate Travel Management Ltd, Helloworld Travel Ltd, Experience Co Ltd, and Event Hospitality & Entertainment Ltd.

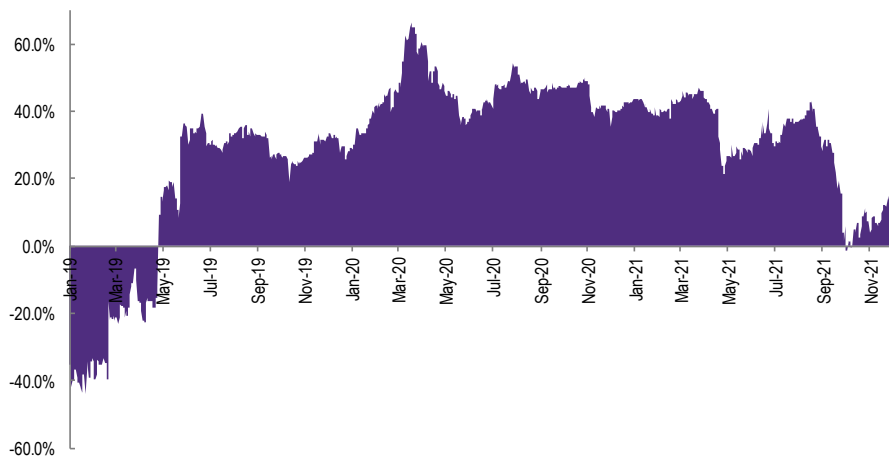
**Rolling forecast EBIT Multiples - Sep 2021 to Scheme Announcement**



Source: S&P Global, GTCF analysis

Accordingly, we have placed greater reliance on the trading price of ATL over a longer period of time and we are of the opinion that the trading prices increased up to 75c in mid-October was driven by short term factors and market volatility which were not necessarily reflective of market conditions at that point in time. In the graph below, we have presented the premium for control implied in the trading prices of ATL since mid-2019 compared with the Scheme Consideration.

**Premium (%) of implied Scheme Consideration to ATL trading price since Jan 2019**



Source: S&P Global, GTCF analysis

Note (1): In calculating the premium (%) of the implied Scheme Consideration to ATL trading prices we have converted thl's historical trading prices into AS\$ at the prevailing spot rate of c. 0.9503 as at 9 December 2021 (the day prior to announcement of the Scheme). Following this we multiplied the daily AS\$ thl prices by the Conversion Ratio of 3.680818 and took the net difference between ATL and converted thl prices each day to find the historical premium / (discount) to the implied Scheme Consideration.

As set out in the graph above, outside of the period discussed above between October and November 2021, the premium for control is substantially in line or in excess with the average premium for control paid on average in Australia for successful takeovers between 20% and 40% which supports our fairness assessment.

Valuation assessment of the Scheme Consideration

*DCF Method*

The table below sets out a summary of our valuation assessment of *thl* and of the Scheme Consideration on a minority basis after implementation of the Scheme:

Merged Group - valuation summary A\$'000	Section Reference	Low	High
<b>Enterprise value on a control basis</b>	<b>9.1.1</b>	<b>886,300</b>	<b>1,045,733</b>
Add: <i>thl</i> sale of Mighway and Shareacamper to Camplify	9.1.2	7,370	7,370
Add: Togo preference shares	9.1.3	20,060	20,060
Add: ATL holding in Camplify	9.1.2	18,774	19,256
Add: Cash from <i>thl</i> Rights and Options exercised <sup>1</sup>	9.1.5	12,684	12,684
Less: Net Debt as at 31 December 2021	9.1.4	(191,804)	(191,804)
<b>Equity value (control basis)</b>		<b>753,383</b>	<b>913,298</b>
Number of outstanding shares (fully diluted) <sup>2</sup>	9.1.5	209,111,614	209,111,614
<b>Value per share (control basis) (A\$ per share)</b>		<b>3.603</b>	<b>4.368</b>
Discount for Control Premium <sup>3</sup>	<i>App. E</i>	23%	23%
<b>Value per share (on minority basis) (A\$ per share)</b>		<b>2.771</b>	<b>3.360</b>
Conversion Ratio	1	3.680818	3.680818
<b>Value of the Scheme Consideration</b>		<b>0.753</b>	<b>0.913</b>

Sources: ATL and *thl* Management; GTCF analysis

Notes: (1) For the Rights and Options considered as exercised, we have included the corresponding cash converted from NZ\$ to A\$ with the exchange ratio adopted in the Corporate and GT Models (2) The total number of shares of the Merged Group of 202,369,663 as at the implementation of the Scheme have been adjusted by adding 6,741,951 shares related to *thl* Rights and Options considered exercised; (3) The discount for control premium has been calculated as the inverse of a premium for control of 30%.

We have outlined below the key assumptions adopted in our valuation assessment:

- **Synergies** - Management has assumed the full realisation of the Recurring Synergies and the Fleet Rationalisation synergies over a transitional period. The majority of the projected Recurring Synergies at an EBIT level (circa 69%<sup>17</sup>) are fixed cost savings and accordingly not dependant on the Merged Group's COVID-19 recovery profile. In addition, the Merged Group is expected to benefit from one-off synergies associated with the Fleet Rationalisation achieved through the elimination of up to c. 1,250 vehicles.
- **Rental Division Revenues** – We have assumed the Merged Group fleet reflects both ATL and *thl* returning to pre-COVID-19 levels before the Fleet Rationalisation. We have adopted a similar assumption for the fleet turnover whereas the utilisation rate is expected to initially ramp-up in conjunction with the Fleet Rationalisation and improved market conditions but we have adjusted it in line with the historical performance in the outer years of the GT Model. We have assumed that both business will rebuild the fleets in line with pre-COVID-19 levels to approximately 8,900 vehicles (combined) by FY27 after considering the Fleet Rationalisation.
- **EBIT margins** – EBIT margins are expected to improve until FY24 as economic conditions improve and the Synergies are realised. In the GT Model we have benchmarked the EBIT Margins against ATL's and *thl*'s historical financial performance plus the Synergies, and broker

<sup>17</sup> The sum of synergies associated with duplicate corporate costs and property.

forecasts, noting these support our assumed margin of 13.5% in the outer year of the GT Model.

- *Capital Expenditure for rental and dealership fleet* – Between FY22 and FY24, we have relied on Management’s assumptions. Beyond FY24, we have increased the average purchase/production price per unit in line with inflation. Regarding capital expenditure for the sale of new fleet, this is in line with ATL on a standalone basis, as this specifically relates to ATL.
- *Discount Rate* – We have assessed the discount rate between 9.0% and 10.0% based on the WACC. In our assessment of the WACC, we have reflected the risk attached to achieving the Synergies and ramp up of the COVID-19 recovery profile. We note that Management has assessed significant one-off net debt/capex synergies through higher utilisation rates by FY24. In the GT Model, we have gradually reduced the utilisation rate in line with historical levels and accordingly, we have not reflected this risk into the discount rate.
- *Minority discount* – Given the DCF Method produces a control valuation, we have applied a minority discount of 23.1% based on the inverse of a 30% control premium. Refer to Appendix E for further details.

#### *Value of the Scheme Consideration based on thl Quoted Security Prices*

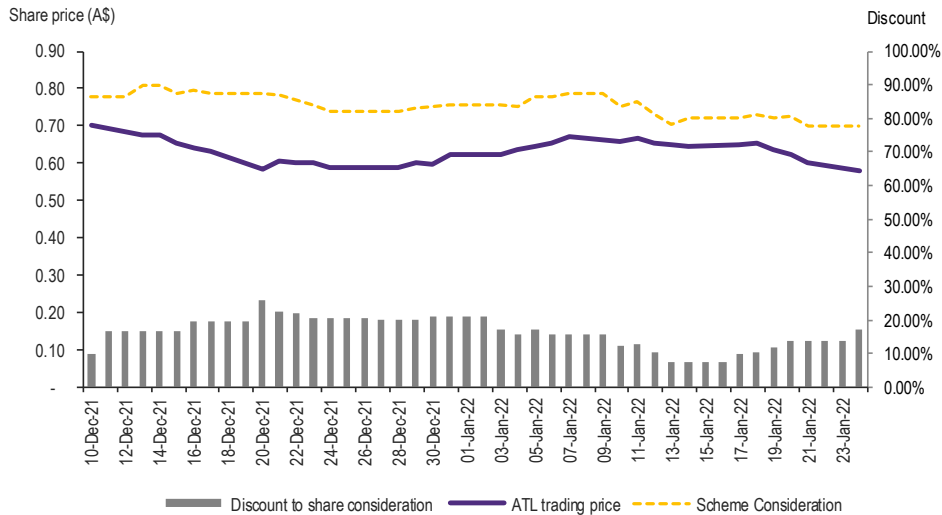
In the valuation assessment of the Scheme Consideration, we have also had regard to the trading prices of *thl* on a minority basis after the announcement of the Scheme. We are of the opinion that this is reasonable due to the following:

- It reflects the views of investors of the market value of the Merged Group, including realisation of the Synergies.
- ATL Shareholders as at the Scheme record date will collectively own c. 25% of the Merged Group and no individual ATL Shareholder will hold a significant interest (on a fully diluted basis), except for the Founding Family Shareholders. Accordingly, they will not be able to influence and change the strategic direction of *thl*, which is consistent with the portfolio value reflected in *thl*'s trading price.
- As discussed in section 9, there is liquidity in *thl* trading prices to allow ATL Shareholders to realise in an ordinary manner the *thl* Shares received as consideration at market value if they desire to do so.

In our valuation assessment, we have considered the trading price of *thl* Shares after the announcement of the Scheme, which we have converted to Australian Dollars and divided by the Conversion Ratio (“Scheme Consideration based on *thl*'s trading price”) to provide a like-for-like comparison between ATL’s trading price and the Scheme Consideration.

*thl*'s trading price after the announcement of the Scheme should be treated with a degree of caution given it is likely to incorporate the market’s view of the risk of the deal completing. As discussed in Section 8.3.2, this risk appears to be reflected in ATL’s trading price, given it has persistently traded at a discount to the Scheme Consideration (based on *thl*'s trading price) since the announcement of the Scheme as presented below:

### ATL trading price and discount to the implied Scheme Consideration



Sources: S&P Global, GTCF analysis.

Note: Scheme Consideration assessed based on the closing price of *thl* shares converted into Australian Dollars using the closing NZ\$:A\$ FX rate on each day and divided by the Conversion Ratio.

It is therefore also likely that *thl*'s share price reflects some level of risk attached to the Scheme completing. As the Scheme progresses and key regulatory approvals are obtained and the completion of the transaction is materially de-risked, we would expect *thl*'s and ATL's share prices to re-rate with ATL's share price converging towards the Scheme Consideration with the discount illustrated above to largely dissipate.

In our view, the fact that ATL's trading price is at a discount to the Scheme Consideration (based on *thl*'s trading price) is due to the greater downside risks to ATL than *thl* if the Scheme does not complete. This is primarily due to its constrained financial position relative to *thl* that may require ATL to undertake further asset sales or source alternative funding if the Scheme is not implemented.

The value of the Scheme Consideration implied in the trading prices of *thl* is towards the low-end of our assessed fair market value based on the DCF Method. We are of the opinion that this is reasonable considering the completion risks currently reflected in *thl*'s trading price.

#### EBIT Multiple

In order to provide a cross check of our valuation conclusions under the DCF Method, we have also considered the EBIT Multiples of comparable companies and transactions. We have placed greater reliance on the longer-term forecast (i.e. FY24) EBIT Multiples and we have also utilised the FY19 multiples before the outbreak of COVID-19. Below we set out the multiples implied in our valuation assessment:

Merged Group - Implied EBIT multiple	Section		
A\$ million	Reference	Low	High
Enterprise value (control basis)	9.1	886	1,046
<b>EBIT</b>			
Underlying EBIT FY19	9.2	111	111
EBIT FY22 Brokers (sum ATL and THL brokers consensus plus synergies)	9.2	(6)	(6)
EBIT FY23 Brokers (sum ATL and THL brokers consensus plus synergies)	9.2	82	82
EBIT FY24 Brokers (sum ATL and THL brokers consensus plus synergies)	9.2	110	110
<b>Implied Enterprise value/EBIT</b>			
EV/Underlying EBIT FY19		8.0x	9.4x
Implied EV/EBIT FY22 Brokers		Nmf	Nmf
Implied EV/EBIT FY23 Brokers		10.8x	12.8x
Implied EV/EBIT FY24 Brokers		8.0x	9.5x

Sources: ATL and thl brokers, GTCF analysis

To compute the implied EBIT Multiple, we have added together the standalone ATL and *thl* consensus forecast projections prepared by the brokers covering the two companies. Furthermore in both FY23 and FY24, we have added the midpoint of the Synergies estimated at the EBIT level.

In our analysis, we have put greater reliance on the FY24 EV/EBIT Multiple as it reflects a more steady state of operations following a COVID-19 recovery. Regarding the implied FY24 EV/EBIT multiple, we note the following:

- It is lower than the *thl*'s FY24 trading EV/EBIT Multiple on a standalone basis of c. 10x as it reflects the risk attached to realising the Synergies and the premium for control paid to ATL Shareholders.
- It is at the low end of the range of FY24 EV/EBIT Multiple of Tourism Companies between 10.3x and 13.3x. We note that most of these companies are significantly larger than the Merged Group, with an average market cap of c. A\$1,766 million as at 24 January 2021.

Having regards to the above, we consider the implied FY24 EBIT Multiple by our valuation assessment as reasonable, because a reflection of the material synergies of the Merged Group mitigated by the uncertainty regarding the timing of the post COVID-19 recovery.

### **Reasonableness Assessment**

RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, there are sufficient reasons for the security holders to accept the offer in the absence of any superior proposal. In assessing the reasonableness of the Scheme, we have considered the following advantages, disadvantages and other factors.

## Advantages

### *Premium for control*

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access to economy of scales, access tax benefits and control of the board of ATL Directors of the Company. Below we provide a comparison between ATL's and *thl*'s<sup>18</sup> share price prior to the announcement of the Scheme, to calculate the implied premium for control received by ATL Shareholders. In estimating the implied control premium we have considered three reference points for the share price of ATL and *thl* being the 1-day, 10-day and 1-month VWAPs before the announcement of the Scheme.

Implied control premium			
A\$ per share	1-day VWAP <sup>2</sup>	10-day VWAP <sup>3</sup>	1-month VWAP <sup>4</sup>
ATL share price	0.568	0.581	0.622
Consideration to ATL shareholders <sup>1</sup>	0.737	0.728	0.745
Implied control premium	29.6%	25.3%	19.8%

Sources: S&P Global and GTCF calculations

Note (1): Represents *thl*'s trading prices divided by the Conversion Ratio and converted into Australian Dollars.

Note (2): We have converted *thl*'s 1-day VWAP into Australian dollars using an NZ\$:A\$ exchange rate of 0.9497 and dividing by the Conversion Ratio.

Note (3): We have converted *thl*'s 10-day VWAP into Australian dollars using an NZ\$:A\$ exchange rate of 0.9559 and dividing by the Conversion Ratio.

Note (4): We have converted *thl*'s 1-month VWAP into Australian dollars using an NZ\$:A\$ exchange rate of 0.9599 and dividing by the Conversion Ratio.

Based on the above, we have calculated an implied control premium of between 19.8% and 29.6% payable to ATL Shareholders.

This premium for control will not be available to ATL Shareholders in the absence of the Scheme or a superior proposal, and we are of the opinion that it is unlikely that ATL's trading price will increase in line with the Scheme Consideration, at least in the short term, based on the current industry conditions and specific circumstances of the business.

### *Synergies realisation and business combination benefits*

The merger is expected to create material Synergies for the Merged Group that are not otherwise available to ATL and *thl* on a standalone basis. The assessment of the Synergies, which also involved both *thl* and ATL engaging separate independent third parties to risk assess them, is summarised below:

- Recurring Synergies of between A\$16.2 million and A\$18.1 million per annum<sup>19</sup> (NZ\$17 million to NZ\$19 million). Of the Recurring Synergies, 69% are fixed cost synergies ("Fixed Synergies") relating to the duplication of corporate costs or property, the majority of which are expected to be realised by the end of FY23. The realisation of the balance of the Recurring Synergies ("Variable Synergies") relate to procurement savings on manufacturing costs of Apollo and *thl* motorhomes as well as procurement savings on motorhome repairs and maintenance. These

<sup>18</sup> Converted into Australian Dollars and divided by the conversion ratio of 3.680818.

<sup>19</sup> On an EBIT basis.



are dependent on market conditions and the pace of the global recovery from COVID-19 and the associated impact on the RV and tourism industry.

- Fleet Rationalisation synergies are expected to generate in excess of c. A\$38 million (c. NZ\$40 million) of net debt<sup>20</sup> benefit with the potential for additional c. A\$28.5 million (c. NZ\$30 million) arising from a reduction of the future net debt/capital expenditure which is based on rationalising between c. 900 and c. 1,250 RVs. These savings include both the rationalisation of the current fleet (c. 300 units), and future savings from a smaller and better utilised fleet in a post COVID-19 environment which is also dependent on the extent of the recovery (estimated between c. 600 and c.950 units depending on the recovery).

One-off implementation costs are estimated at between A\$3.8 million and A\$6.7 million (c. NZ\$4 million to NZ\$7 million).

While the timing of the Variable Synergies and Fleet Rationalisation depend on the pace and trajectory of the recovery from COVID-19, the Fixed Synergies are not dependent on the timing of the COVID recovery with most of those synergies expected to be implemented by the end of FY23 and fully realised by approximately the first quarter FY25.

#### *Strategic and financial benefits*

The Scheme will result in the creation of a leading and globally diversified RV travel company that will be in a stronger position to recover from the COVID-19 pandemic and pursue growth opportunities. The latest Omicron COVID-19 variant has led to a spike in infections globally which has negatively affected consumer confidence and travel demand. The risk of new variants, outbreaks and restrictions, and the associated uncertainty may continue to affect consumer sentiment and reduce travel demand in the short term making the path to recovery more uncertain and potentially volatile.

Within this context, the Merged Group will be in a better financial position and have greater balance sheet flexibility than Apollo on a standalone basis, making it more capable of withstanding further economic shocks. In a situation of improving market conditions, the improved financial standing should enable the Merged Group to re-fleet faster enabling the Merged Group to better meet growing consumer demand.

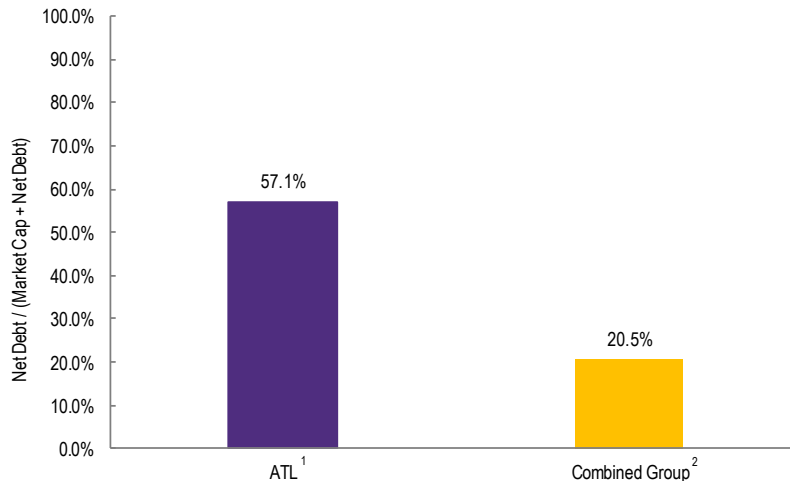
We also note that the gearing level of Apollo before the Scheme was c. 57.1%<sup>21</sup> which is significantly higher than the Merged Group pro-forma gearing of c. 20.5%<sup>22</sup>. In addition, ATL's lending covenants are under pressure as disclosed in its FY21 annual report with certain lending covenants at risk of being breached during FY22. While ATL has obtained temporary waivers from its lenders in respect of the covenants at risk, ATL's high gearing levels could make it challenging for the Company to obtain finance and re-fleet as quickly as the Merged Group ahead of improving industry conditions. Below we compare ATL and the Merged Group's gearing levels:

<sup>20</sup> Due to a one-off reduction in net capital expenditures.

<sup>21</sup> Calculated using net debt of c. A\$154.0 million as at 30 June 2021 and a market cap of A\$115.8 million based on ATL's 1-month VWAP of c. A\$0.62 per share prior to the announcement of the Scheme and 186,150,908 ordinary shares outstanding.

<sup>22</sup> Calculated using pro-forma net debt of c. NZ\$151.2 million as at 30 June 2021, *th/s* VWAP since the announcement of the Scheme of NZ\$3.03 per share and c. 202,369,663 ordinary shares outstanding.

**Pro-Forma ATL and Merged Group Gearing ratio – As at 9 December 2021**



Source: S&P Capital IQ, various company presentations and GTCF analysis

Note (1): ATL's market capitalisation has been calculated as the 1 month VWAP prior to announcement of the Scheme (c. A\$0.622) multiplied by 186,150,908 outstanding ordinary shares on issue as at 9 December 2021.

Note (2): GTCF has used thl's 1 month VWAP since the announcement of Scheme (c. NZ\$3.025) multiplied by the pro-forma, ordinary number of share on issue as at 9 December 2021 (c. 202,369,663) as a proxy for the Merged Group's market capitalisation.

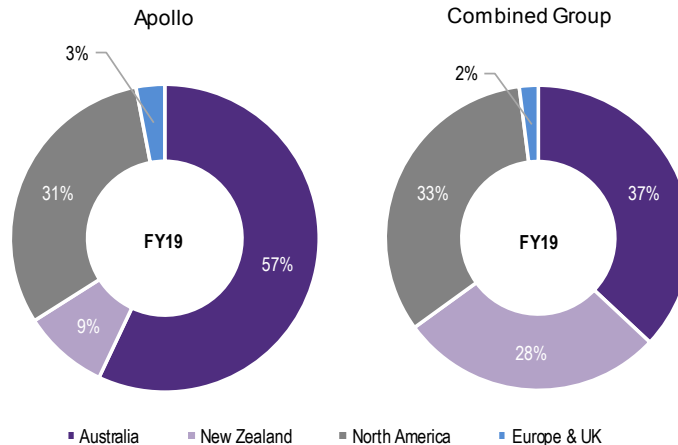
Note (3): Net debt for both ATL and Merged Group have been calculated excluding AASB 16 / IFRS 16 liabilities.

In the absence of the Scheme or another transaction and assuming industry conditions remain subdued for longer than currently anticipated, ATL could be forced to undertake further asset sales or undertake other funding transactions.

Other strategic benefits from the merger are detailed below:

- The Scheme will increase the scale of the Merged Group in Australia, New Zealand, North America and Europe / the UK, which should enhance its cost positioning and provide long-term benefits for shareholders.
- The Merged Group will be a leading RV rental group in Australia and New Zealand. Additionally, the two businesses have complementary international operations, with both ATL and thl operating in North America and ATL operating in Europe and the UK. Additionally, thl will be operating in the UK via its Just go joint venture. Should the Scheme proceed, ATL Shareholders will re-gain exposure to the United States, the largest RV sector globally, which the Company previously placed into hibernation in FY20 due to COVID-19. Below we present the geographical breakdown of revenues for Apollo and the Merged Group, noting the improved diversification of the Merged Group:

**FY19 Revenue Composition by Geography**



Source: Proposed merger of Apollo and thl Investor Presentation

Note (1): thl revenue excludes earnings of joint ventures Just go and Togo Group (exited in 2020);

Note (2) Merged Group metrics have been currency converted at an average foreign exchange ("FX") rate of 0.9383 NZ\$:A\$;

Note (3) Apollo FY19 financials include its US business. The US fleet was sold in FY20 and the business put in hibernation.

- thl and Apollo have historically generated a strong financial performance with strong growth in revenue, EBIT and client base. The combination of increased balance sheet flexibility combined with the realisation of the Synergies will likely enable the Merged Group to more quickly return to pre-pandemic earnings levels than ATL would be able to achieve on its own. As a result the Merged Group should be in a position to recommence the payment of dividends faster.

**Volatile industry conditions**

We note that although the economic outlook has recently improved as a result of vaccination rates and the re-opening of some state and international borders, the medium-term outlook still remains relatively uncertain. We have set out below some key areas of uncertainty:

- **Emergence of Omicron variant** – First reported in South Africa on 24 November 2021, the Omicron COVID-19 variant is already the dominant strain globally due to its high levels of infectiousness and transmissibility. This has resulted in a significant increase in cases worldwide. According to the World Health Organisation ("WHO"), there were c. 20.4 million confirmed cases of COVID-19 globally in the week ending 10 January 2022 (latest data), compared to c 4.0 million in the week ending 22 November 2021, just before Omicron was first reported. The previous highest week of cases since the beginning of the pandemic occurred during April 2021 around the time of the Delta outbreak when c. 5.7 million cases were reported. Notably, the social and economic impacts of Omicron are still relatively unknown, with initial studies showing that both severity and mortality associated with the strain remain comparatively lower than prior variants.
- **Staggered re-opening of New Zealand international borders** – The New Zealand government has announced staggered re-opening plans of its international borders relative to other nations, largely a precautionary measure in response to rising Omicron numbers. Initially, the New Zealand Government had planned to open to New Zealand citizens residing in Australia in mid-January 2022 but in December 2021 this was delayed to the end of February 2022 due to high Omicron case numbers. Based on the latest advice, New Zealand citizens and visa holders will

be able to enter the country from the end of February 2022, followed by other fully vaccinated visitors from the end of April 2022 onwards. However, visitors and returning New Zealand citizens and residents will still be required to undertake a seven-day isolation period upon arrival in the country. Given the proportion of income derived as well as level of operations present within New Zealand for both ATL and *thl*, this staggered re-opening adds complexity and a degree of uncertainty to the proposed Scheme.

- *International border restrictions on Australia* – Recent high COVID-19 case numbers in Australia has resulted in additional travel restrictions imposed by the European Union and the United States. In late January 2022, the European Council removed Australia from its list of countries that should have travel restrictions lifted, making it harder for Australians to visit EU countries. Non-essential travel from countries not on the European Council's list is subject to temporary travel restrictions, with each EU country making its own rules on testing and isolation. On January 18, the United States Centers for Disease Control and Prevention issued a travel advisory health notice advising US citizens not to travel to Australia. The current restrictions are likely to reduce international travel and tourism between Australia and the US, and Australia and the EU.

The Merged Group will have significantly greater ability to face the above challenges compared with ATL standalone.

#### *Improved liquidity*

The market capitalisation of the Merged Group will be significantly higher than Apollo's market capitalisation on a standalone basis and it will be dual listed on the ASX and NZX. This should result in greater analyst coverage and investor awareness. Furthermore, Luke Trouchet and Karl Trouchet, who currently control 53.4% of the ordinary share capital in Apollo, will own c. 13.4% of the shares in the Merged Group. This should improve liquidity and make the Merged Group more appealing to potential acquirers and increase its attractiveness to institutional investors, which could lead to greater diversity of investors on the share register.

#### *Likelihood to receive a premium for control in the future*

As previously discussed, we have estimated that ATL Shareholders will receive a premium for control in conjunction with the Scheme. In addition, given the shareholders' structure of the Merged Group, no shareholders will be able to exert a significant influence over the strategic and operational decisions of the Merged Group or block/prevent the Merged Group from receiving a premium for control in the future.

#### *Roll-over relief*

Australian resident ATL Shareholders who would otherwise recognise a capital gain on the disposal of their ATL Shares should generally be eligible to choose Capital Gain Tax ("CGT") scrip-for-scrip roll-over relief. Broadly, CGT scrip-for-scrip roll-over relief enables ATL Shareholders to disregard the capital gain they make from the disposal of their ATL Shares under the Scheme.

## Disadvantages

### *Risks in integration of companies*

There is a risk that the integration of the two businesses may take longer than expected and the expected synergies may not be realised within the anticipated timeframe, to their full extent or at all. A failure to achieve targeted synergies may have an adverse impact on the operations and financial performance and position of the Merged Group and affect the value of the Scheme Consideration for those ATL Shareholders who have decided to retain their investment.

### *Relative contribution to the Merged Group*

If the Scheme is implemented, ATL Shareholders will hold c. 25% of the Merged Group. Set out below, we have considered the relative contribution by each company to the Merged Group in relation to certain key metrics and compared with the relative shareholdings.

Relative contribution FY21 - unless otherwise stated	ATL A\$m	thl <sup>1</sup> A\$m	ATL Contribution	thl Contribution
<b>Merger ratio</b>	-	-	<b>24.9%</b>	<b>75.1%</b>
<b>FY21</b>				
Revenue	293.4	341.0	46%	54%
Net Assets	38.4	291.0	12%	88%
Fleet Size	2,701	4,242	39%	61%
Market cap prior to Scheme announcement <sup>2</sup>	103	411	20%	80%
<b>FY23 Broker Consensus<sup>3</sup></b>				
EBIT consensus (standalone)	27.8	32.4	46%	54%
NPAT consensus (standalone)	9.0	18.8	32%	68%
<b>FY24 Broker Consensus<sup>3</sup></b>				
EBIT consensus (standalone)	35.2	60.9	37%	63%
NPAT consensus (standalone)	13.4	36.6	27%	73%

Source: GTCF analysis, Management Information

Note (1): NZ\$:A\$ exchange rates used for the conversion of revenue was 0.9327 (average over FY21), for net assets it was 0.9310 (spot rate as at 30 June 2021) and for FY23 and FY24 EBIT consensus it was 0.9359 (spot rate as at 24 January 2022).

Note (2): Market Capitalisation was calculated as at 9 December 2021 (the date prior to announcement of the Scheme). The NZ\$:A\$ exchange rate used as at the same date was 0.9503.

Note (3): ATL and thl contribution to FY23 and FY24 EBIT are on a pre-synergies basis.

Whilst the revenue and EBIT contributions of ATL and thl on a standalone basis are not materially different (ATL contributes 46% of FY21 combined revenues and 37% of FY24 combined consensus EBIT), ATL's book value of net assets is substantially lower driven by its higher gearing levels, which is also the reason for ATL's significantly lower market capitalisation. ATL's capital structure as at 30 June 2021 was c. 68.0%<sup>23</sup> debt over enterprise value, much higher than thl's at c. 11.3%<sup>24</sup>. Furthermore, as at 30 June 2021 ATL was in a net current liability deficit of c. A\$52.6 million and was at risk of breaching certain covenants in FY22, despite receiving temporary waivers from its lenders.

<sup>23</sup> Calculated as net debt divided by net debt plus market capitalisation. Based on a 30 June 2021 closing share price of A\$0.39, 186,150,908 ordinary shares outstanding, and net debt as at 30 June 2021 on a pre-AASB16 / IFRS 16 basis.

<sup>24</sup> Calculated as net debt divided by net debt plus market capitalisation. Based on a 9 December 2021 closing share price of NZ\$2.53, 152,040,427 ordinary shares outstanding, and net debt as at 30 June 2021 on a pre-AASB16 / IFRS 16 basis.

We also note that ATL was more severely impacted by the COVID-19 downturn, with its fleet reducing by over 50% between FY19 and FY21 relative to *thl*'s 34% fleet reduction over the same period.

## Other factors

### *Escrowed shares*

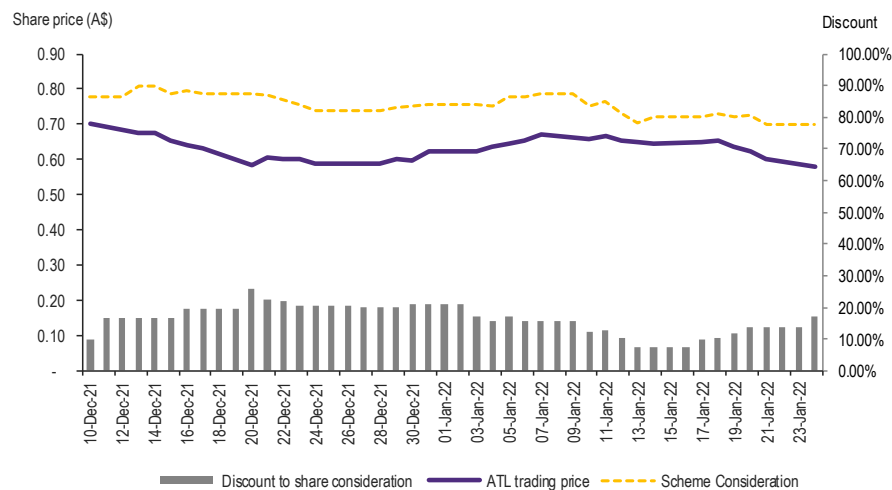
The Founding Family Shareholders have agreed to enter into an Escrow Deed whereby they will not dispose of at least 90% of their *thl* Shares in the 12 month period following Scheme implementation. Between 12 months and 24 months following the Scheme implementation the number of shares in escrow will reduce to 50% of their *thl* Shares received as consideration.

This will effectively slightly decrease the fair market value of the *thl* Shares received by the Founding Family Shareholders given they are not able to dispose of the majority of them for two years. This value reduction has not been quantified in our valuation assessment of the Merged Group as it refers to the specific circumstances of the Founding Family Shareholders and does not impact other ATL Shareholders.

### *Share price after the announcement*

As set out below, following the announcement of the Scheme, the share price of Apollo has traded below the Scheme Consideration which seems to indicate a heightened risk of completion, most likely due to the conditions precedent required to be met before the Scheme is implemented.

### Trading price after the announcement date



Sources: S&P Global, GTCF analysis.

Note: Scheme Consideration assessed based on the closing price of *thl* shares converted in Australian Dollars using the closing NZ\$:A\$ FX rate on each day and divided by the Conversion Ratio of 3.680818.

It is reasonable to expect that as the Scheme progresses and key regulatory approvals are obtained, the risk associated with the completion of the transaction will dissipate. Accordingly, *thl*'s and ATL's share prices will likely rerate, with ATL's share price converging towards the Scheme Consideration and the discount illustrated above largely disappearing.

In our view, the fact that ATL's trading price is trading at such a large discount to the Scheme Consideration (based on *thl*'s trading price) is due to the greater downside risks to ATL than *thl* if the Scheme does not complete. This is primarily due to its constrained financial position relative to *thl* that may require ATL to undertake further asset sales or source alternative funding if the Scheme is not implemented.

*Prospects of a superior offer or alternative transaction*

While Apollo has agreed not to solicit any competing proposals or to participate in discussions or negotiations in relation to any competing proposals during the exclusivity period, there are no impediments to an alternative proposal being submitted by potentially interested parties. The transaction process should act as a catalyst for potentially interested parties to assess the merits of potential alternative transactions.

Given the complementary of the two businesses and the Synergies identified, we are of the opinion that it is unlikely that a superior proposal will emerge. However, if an alternative proposal on better terms was to eventuate, it is expected that this would occur prior to the shareholder meeting convened to consider the Scheme. We note that there will be a significant time-lag between the release of this IER and the Apollo Shareholders meeting to approve the proposed Scheme. In the event that an alternative offer on better terms emerges, shareholders will be entitled to vote against the proposed Scheme or the shareholders meeting could be adjourned.

*Dividend policy and dividend entitlement*

The current intention of the *thl* Board is that dividends will recommence, most likely at a lower payout ratio than was paid prior to the COVID-19 pandemic, once the Merged Group returns to a sustainable level of profitability. Prior to being suspended due to the impact of the COVID-19 pandemic, *thl*'s dividend policy was a payout ratio of 75% to 90% of NPAT. The review of the dividend policy moving forward will consider, among other matters, the equity ratio of the Merged Group; the availability of tax imputation and franking credits; and the Merged Group's future growth capital requirements, including as it focuses on re-fleeting in the near-medium term to take advantage of expected recovery and other opportunities.

*Implications if the Scheme is not implemented*

If the Scheme is not implemented, it is the current ATL Directors' intention to continue operating Apollo in line with its objectives. ATL Shareholders who retain their shares would continue to share in any benefits and risks in relation to Apollo's ongoing business. In the absence of the Scheme or an alternative transaction, all other things being equal, the price of ATL shares may fall, at least in the short-term.

In the absence of the Scheme and depending on trading conditions, ATL may be required to undertake further asset sales or source capital through other funding arrangements to meet its liabilities over the short term. Whilst asset sales may allow ATL to achieve this, in the longer run the Company's lower asset base may also hinder its ability to grow when market conditions improve resulting in an erosion of market share to larger and better capitalised competitors.

We also note that in certain instances under the Scheme, ATL may be required to pay a break fee of A\$1.4 million.



*Directors' recommendations and intentions*

As at the date of this Report, the ATL Directors have recommended that Apollo Shareholders vote in favour of the Scheme in the absence of a superior alternative proposal emerging and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of Apollo Shareholders. The ATL Directors also intend to vote the shares they hold or control in favour of the Scheme.

### Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Scheme is **REASONABLE** to Apollo Shareholders.

### **Overall conclusion**

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Scheme is **FAIR and REASONABLE and hence in the BEST INTERESTS** of Apollo Shareholders in the absence of a superior alternative proposal emerging.

### Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide ("FSG") in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to vote in favour of the proposed Scheme is a matter for each ATL Shareholder to decide based on their own views of value of ATL and expectations about future market conditions, ATL's performance, risk profile and investment strategy. If ATL Shareholders are in doubt about the action they should take in relation to the proposed Scheme, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN  
Director

JANNAYA JAMES  
Director



## Financial Services Guide

### 1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Apollo to provide general financial product advice in the form of an independent expert's report in relation to the Scheme. This report is included in Apollo's Scheme Booklet.

### 2 Financial Services Guide

This FSG has been prepared in accordance with the Corporations Act 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

### 3 General financial product advice

In our report, we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

### 4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is Apollo. Grant Thornton Corporate Finance receives its remuneration from Apollo. In respect of the Report, Grant Thornton Corporate Finance will receive from Apollo a fee of A\$160,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this Report.

## **5 Independence**

Grant Thornton Corporate Finance is required to be independent of Apollo in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

*"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Apollo (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report. Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.*

*Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 "Independence of expert" issued by the ASIC."*

## **6 Complaints process**

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority which can be contacted at:

Australian Financial Complaints Authority Limited  
GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this Report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

## **Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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## 1 Outline of the Scheme

### 1.1 Other key terms of the Scheme

We have set out below some of the key terms of the SID:

- *Conditions precedent* – the SID includes the following conditions precedent:
  - Approval of the Scheme by ATL Shareholders and by the Court in accordance with Sections 411(4)(a)(ii) and 411(4)(b) of the Corporations Act respectively.
  - Requisite approvals from ACCC, NZCC and FIRB (and any other approvals from other governmental agencies which ATL and *thl* consider are necessary or desirable) being obtained prior to the Second Court Date in respect of the Scheme.
  - *thl* is admitted to the ASX as a foreign exempt entity and *thl* Shares are quoted on the ASX.
  - *thl* enters into an arrangement with new or existing financiers to refinance either its existing debt facilities or the debt facilities of the Merged Group and all the conditions for the drawdown are satisfied or waived before the Second Court Date.
  - No ATL or *thl* prescribed occurrences, no ATL or *thl* material adverse changes and the warranties given by ATL and *thl* being true and correct in all material respects.
  - No restraining orders issued by any court or Government Agency of competent jurisdiction in Australia or New Zealand remains in place as at the time of the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Scheme.
  - All third party consents by parties other than ATL under any material contracts which are necessary in the reasonable opinion of *thl* are obtained in form and subject to conditions acceptable by both *thl* and ATL.
  - The entry by the Trouchet Shareholders into arrangements with *thl* on terms and conditions acceptable to *thl* and ATL under which 90% of *thl* Consideration Shares will be escrowed for 12 months following the implementation date and 50% of *thl* Consideration Shares will be escrowed for 24 months following the implementation date.
  - The Independent Expert report concludes and continues to conclude that the Scheme is fair and reasonable and in the best interests of the ATL Shareholders.
  - Prior to the Second Court Date, *thl* obtains confirmation from its insurers that the existing Directors and Officers insurance policy is extended to include the Scheme.
  - All consents, approval, confirmations, agreements or waivers of rights from any financier of the ATL Group required for the Scheme or funding of the Merged Group are obtained.
- *Break Fee* – A break-fee of A\$1.4 million may become payable by either company to one another if the Scheme does not proceed due to the following reasons:

- A competing proposal is announced by a third party before the earlier of the Second Court Date or termination of the SID and within twelve months from its announcement, the third party acquires a relevant interest in more than 50% of either company, in which case ATL will be liable to pay the break fee to *thl*.
- Any ATL Director withdraws or adversely revises or qualifies their voting intention or recommendation to vote in favour of the Scheme during the exclusivity period, except in limited circumstances set out in the SID, in which case ATL will be liable to pay the break fee to *thl*.
- Either company terminates the SID due to a material breach by the other under the terms of the SID.

*Others* – The SID contains customary exclusivity provisions including no shop and no talk restrictions, restrictions on providing or making available information or access to due diligence (with the no talk and no due diligence restrictions subject to a fiduciary-out), and a matching counterproposal right for *thl* in the event the Directors receive a superior proposal.

## 2 Purpose and scope of the report

### 2.1 Purpose

#### *Section 411 of the Corporations Act*

Section 411 of the Corporations Act 2001 regulates schemes of arrangements between companies and their members. Part 3 of Schedule 8 of the *Corporations Regulations 2001 (Cth)* (“Corporations Regulations”) prescribes information to be sent to shareholders and creditors in relation to members’ and creditors’ schemes of arrangements pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (s640) of the Corporations Regulations requires an independent expert’s report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert’s report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert’s report, documentation for a scheme of arrangement typically includes an independent expert’s report.

While there is no legal requirement for an independent expert’s report to be prepared in respect of the Scheme, the Directors of ATL have requested Grant Thornton Corporate Finance to prepare an independent expert’s report to express an opinion as to whether the Scheme is in the best interests of ATL Shareholders.

### 2.2 Basis of assessment

In determining whether the Scheme is in the best interests of the Company’s members, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement (“RG60”) and RG 112. The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term “in the best interests of members”.

RG 111 establishes certain guidelines in respect of independent expert’s reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of “fair and reasonable” in the context of a takeover offer. RG111 requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is “in the best interests of the members of the company”. If an expert were to conclude that a proposal was “fair and reasonable” if it was in the form of a takeover bid, it would also conclude that the proposed scheme is “in the best interests of the members of the company”.

Pursuant to RG111, 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 subject of the offer. A comparison must be made assuming 100% ownership of the target company.

RG111 considers an offer to be “reasonable” if it is fair. An offer may also be reasonable if, despite not being “fair” but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

In our opinion, the most appropriate way to evaluate the fairness of the Scheme is to compare the fair market value of ATL on a control basis before the Scheme with the market value of the Scheme Consideration (i.e. shares in the Merged Group) on a minority basis.

In considering whether the Scheme is in the best interests of ATL Shareholders, we have considered a number of factors, including:

- Whether the Scheme is fair.
- The implications to ATL Shareholders if the Scheme is not implemented.
- Other likely advantages and disadvantages associated with the Scheme.
- Other costs and risks associated with the Scheme that could potentially affect ATL Shareholders.

### 2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Scheme with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the successful implementation of the Scheme.

In our opinion, Grant Thornton Corporate Finance is independent of ATL and its Directors and all other relevant parties of the Scheme.

### Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

*"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."*

### 3 Industry overview

ATL and *thl* are both engaged in the design, manufacture, distribution, sale and rental of RVs in Australia, New Zealand, North America and UK/Europe while *thl* also operates in the tourism sector in New Zealand (“the Industry”). However, ATL and *thl*’s exposure to the different industry segments and geographies varies and accordingly below we provide a brief summary of the two companies segment and geographic exposure.

Prior to COVID-19, both companies generated the majority of revenues from renting RVs. Following the onset of COVID-19 in FY20 and FY21 both ATL and *thl* experienced a reduction in RV rental revenues due to travel and border restrictions and an increase in revenues from the sale of RVs as both companies reduced their fleet size to meet the lower rental demand levels. ATL’s manufacturing operations are located in Queensland, Australia where it produces RVs to rent in Australia and New Zealand and for sale through its Apollo RV Sales Centres (located in Australia and New Zealand), and third party dealerships (other than Australia). *thl*’s manufacturing facilities are primarily located in New Zealand<sup>25</sup> and it sells RVs at numerous locations in New Zealand (and two Australian sites), as well as through third party dealerships in both New Zealand and Australia. In North America, both ATL and *thl* rely on third party manufacturers for their rental fleet. Geographically speaking, ATL has historically generated the majority of revenues from its Australian and North American operations (including the US and Canada), with New Zealand and Europe contributing a smaller proportion of revenues. However, ATL placed its US business in hibernation indefinitely in 2020 due to fallout from COVID-19 with revenues from its North American segment now exclusively generated from its Canadian business. Meanwhile *thl* has historically generated the majority of revenues from its New Zealand and US businesses (unlike ATL *thl* does not have operations in Canada) with a meaningful contribution from its Australian business and a small exposure to the UK through its Just Go joint venture.

#### 3.1 Overview of the Global Recreational Vehicle Industry

RVs constitute two main vehicle types, towable and motorised. Towable RVs include caravans and camper trailers and motorised RVs include motorhomes and campervans. Caravans are self-contained vehicles equipped for living in and are towed by a car whereas camper trailers are compact and lightweight trailers equipped for occupancy that are typically smaller than caravans and require some level of set up such as a fold out tent or kitchen. Motorhomes consist of a chassis with a habitation area built on top often with a divide between the cab and the living quarters behind, which contain a living space, bathroom and kitchen facilities. Campervans are normally smaller than motorhomes and there is usually no divide between the cab and living quarters with more basic cooking, washing and sleeping facilities than motorhomes.

The RV industry can be broadly categorised into three separate sub-sectors, being the renting, manufacturing and selling of RVs (both new and ex-rental) as outlined below.

- **Rental of RVs** – The RV rental industry involves the renting of RVs—which combine a means of transportation and temporary living quarters—for travel, recreation and camping purposes to domestic and international tourists, and specifically Free Independent Tourists (“FITs”)<sup>26</sup>. The key driver behind the penetration of rental companies in the RV Industry is their use for tourism outside of a tourist’s home country or region in which they reside. In addition, RV units are expensive luxury goods and, as a result, a large subset of the population may not use an RV enough to justify purchasing one.

<sup>25</sup> With a limited operation in Victoria, Australia.

<sup>26</sup> Free Independent Tourists are broadly defined as financially independent travellers who are disinterested in mass or group travel. These tourists normally travel as individuals, couples or small groups without a guide or a third party controlled schedule, mode of transport or accommodation.



Therefore, the benefit of rental companies is the ability to attract those customers who are travelling outside of their home region or country or customers who do not use RVs enough to justify the purchase of an RV. RV rentals are also attractive to customers because they allow them to access the latest available products at multiple locations as well as offering safety and delivery services thereby presenting complete rental packages.

- *Manufacturing of RVs* – The RV manufacturing industry relates to the designing, engineering and construction of RVs, both towable and motorised. For all RVs this typically includes research and development and product testing to meet changing consumer preferences. In relation to motorised RVs, the manufacturing of motorhomes consists of a bus or truck chassis purchased from commercial vehicle manufacturers (such as Ford and Mercedes Benz etc.) with a habitation area (designed to serve as self-contained living quarters) manufactured to fit onto the chassis. The manufacturing of campervans involves the purchase of vans from vehicle manufacturers, which are then converted to include a living space with basic sleeping, washing and kitchen facilities. The manufacturing of caravans involves either purchasing or building of a chassis upon which the caravan structure (including walls, floor, ceiling, furniture, cabinetry and electrics) is built. Camper trailers are constructed on a towable trailer and include sleeping, cooking and in some cases washing facilities.
- *Sale of RVs* – The RV sales industry relates to the sale of RVs to consumers and businesses alike and, much like the car market, there exists avenues for the sale of second hand and ex-rental RVs. There has been a global trend in recent years of increasing interest in RV travel. In North America commercial sales of RVs in 2020 accounted to c. 41.2%<sup>27</sup> of RV sales, with revenues expected to grow at a CAGR of c. 5% p.a. between 2020 and 2025. In Asia-Pacific RV sales are forecast to grow at an accelerated rate with a CAGR of c. 12% between 2020 and 2025, largely owing to a growing interest in RV usage in China, Japan, India, Australia and New Zealand<sup>28</sup>. Finally, Europe expects a sustained increase in sales in forecast years with an overall expansion of a CAGR of c. 7% between 2020 and 2025, underpinned by growth in Western Europe<sup>29</sup>.

The demand for the different types of RVs varies across geographies and depends on various factors including the environment, traveling distances, weather, infrastructure, demographics and local regulations (amongst others). Accordingly, consumers in different geographies may display preferences for certain types of RVs over others. Towable RVs and motorised RVs represented c. 38% and 62% of global sales revenue respectively in FY21<sup>30</sup>. Motorised RVs are, generally speaking, the more expensive offerings due to the engine, which adds a significant cost to the unit.

As at 31 December 2020, the global RV industry was valued at c. US\$47 billion, with expectations for this to increase by a CAGR of 7.1% p.a. to US\$71 billion by 2026<sup>31</sup>. The global COVID-19 crisis severely impacted the tourism industry as a result of the closure of international borders and domestic travel restrictions. Furthermore, subsequent waves of infection caused by the loosening of restrictions and new COVID-19 variants has led to the reintroduction of travel restrictions. This loosening and subsequent tightening of restrictions created significant uncertainty for tourists, particularly those planning to travel overseas. In addition, concern over the implications and potential ramifications of catching COVID-19 while traveling internationally has also negatively affected the demand for international travel. This ultimately led to a sharp decline in the rental demand for RVs experienced since the beginning of the pandemic whereas the manufacturing and sale of RVs has been far less affected as consumers have substituted international

<sup>27</sup> Mordor Intelligence.

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

<sup>31</sup> Goldstein Market Intelligence – Global RV Industry Outlook 2020.

travel with domestic travel, and due to the self-isolating nature of RV travel compared with other modes of tourism-related transport (such as airplanes and cruise ships).

There are a number of key market factors which affect the RV rental, manufacturing and sales industries (albeit it to varying extents), which are summarised below in a non-exhaustive manner:

- *International and Domestic Tourism* – The tourism industry generally, and specifically the number of domestic and inbound FITs is one of the key value drivers for the RV rental industry. Historically, FITs have represented a growing share of total visitors and this trend is expected to continue once tourism recovers from the pandemic. However, international tourism has been and continues to be deeply affected by the COVID-19 pandemic. At the beginning of the pandemic, measures introduced to control the virus led to a collapse in international travel. While restrictions have since reduced somewhat and international travel has begun to recover, it is still far below pre-COVID levels with global airline seat capacity in December 2021 24.3% below December 2019 levels<sup>32</sup>. This is due to ongoing travel restrictions and other factors such as heightened uncertainty and a more challenging travel environment than before COVID-19. We note that the Organisation for Economic Co-operation and Development (“OECD”) has identified a number of key priorities needed to facilitate international travel including a restoration in consumer confidence, evolving response measures in regards to COVID-19, strengthening co-operation between countries and a more resilient tourism industry. These priorities are still yet to be completely addressed, however a growing uptake in COVID-19 vaccinations is a key step towards the reintroduction of mainstream international travel. We note that vaccination rates for the geographies that ATL and *thl* operate in are higher than the global average with c. 78% of the Australian population vaccinated<sup>33</sup>, 76% of the New Zealand population vaccinated<sup>34</sup>, c. 78%<sup>35</sup> of the Canadian population vaccinated and c. 62%<sup>36</sup> of the United States population vaccinated. This compares with a global vaccination rate of approximately 50%<sup>37</sup>. Inversely, and largely a function of border closures, domestic tourism globally has seen a large spike over the last two years. Within this growth, increasing popularity of holidays closer to home and a general trend away from mass tourism has supported the Industry. Further, the global shift towards flexible working arrangements has enabled individuals to move towards multiple shorter trips domestically, a trend which is favourable for the RV industry.
- *Global airline capacity* – Airline capacity reflects the planned total seat capacity airlines expect to offer in the upcoming months and can be viewed as a proxy for recovering international and domestic tourism demand. Throughout FY21 total global airline capacity grew to 3.7 billion seats per annum, up c. 15% from 3.2 billion seats in FY20<sup>38</sup>. However, this still represents a c. 36% decline compared to FY19 pre-pandemic figures, highlighting the continued effects of COVID-19 on the RV rental industry. In December 2021, capacity continued to be approximately 24.3% below December 2019 levels, with speculation that it may take until at least 2024 for full recovery to the levels prior to COVID-19<sup>39</sup>. However, given the higher vaccination rates in the geographies that ATL and *thl* operate in compared to the global average vaccination rate, international tourism is expected to recover faster in these geographies.

<sup>32</sup> Official Aviation Guide – Global Airline Capacity.

<sup>33</sup> Our World in Data as at 15 January 2022.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

<sup>38</sup> Official Aviation Guide – Global Airline Capacity.

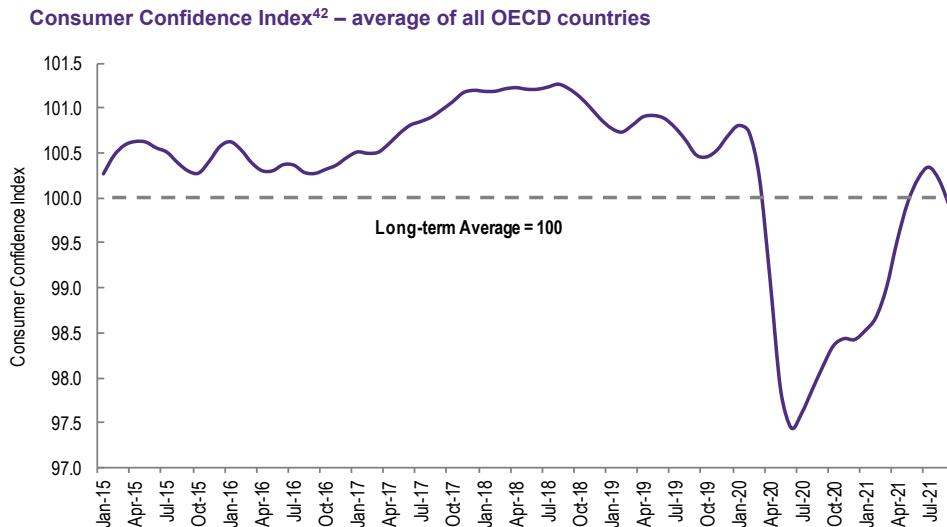
<sup>39</sup> Ibid.

- *Exchange rates* – Exchange rates play a significant role in the demand for a country’s inbound tourism. All else being equal, a depreciating dollar relative to other global currencies increases the cost of outbound travel and creates a more favourable environment for domestic tourism. Generally speaking, the Australian dollar has traded substantially sideways relative to the US dollar over the last 5 years, hovering between 0.7 to 0.8 A\$:US\$ (excluding COVID-19). Notably however, the Australian dollar depreciated considerably relative to the US dollar throughout the initial COVID-19 panic, falling to an 18 year low of 0.52 A\$:US\$, however the exchange rate has recovered recently as economic conditions have stabilised.
- *Younger consumers* – Camping and travelling are becoming more popular amongst younger consumers as a part of their recreational activities. It is estimated that millennials, being those born between 1977 and 1995, now account for upwards of two-fifths of the total number of campervan rentals across the world, and steadily growing. Supporting this notion, Thor<sup>40</sup> witnessed an approximate 21.18% increase<sup>41</sup> in the purchase of traveller trailers by millennials during the 2019 – 2020 year.
- *Ageing population* – Australia, New Zealand, the United States, Canada and Europe all have ageing populations and most have increasing life expectancies as a result of improving standards of living and healthcare. Older generations also typically have greater wealth and savings sufficient for the purchase of an RV. These demographic changes are expected to support the growth in manufacturing and sales of RVs in these countries.
- *Consumer confidence* – Consumer confidence is a measure of optimism amongst households regarding their financial situation, the current economic conditions, unemployment and capability of savings. Generally speaking, negative consumer confidence is correlated with a scale back in individual expenditure on discretionary items, including travel and the purchase of RVs. The following graph illustrates the global Consumer Confidence Index (“CCI”) for the period between January 2015 to September 2021 amongst the OECD countries:

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<sup>40</sup> One of the largest manufacturers of RV in the world.

<sup>41</sup> Thor Industries 2021 Annual Report.



Sources: OECD Data: 60 years; GTCF analysis

As illustrated above, the CCI value remained consistently above 100 for the five years leading up to the January 2020 quarter, after which the COVID-19 pandemic hit and the CCI plunged to lows not seen since the global financial crisis. Despite this phenomena, the CCI has steadily climbed back up to pre-pandemic levels, however the recent Delta and Omicron COVID-19 outbreaks have stymied overall confidence.

- **Discretionary income** – Discretionary income is the amount of an individual's income that is residual for spending, investing or saving after paying taxes and personal necessities (such as food, shelter and clothing). Of note, caravans and motorhomes are non-essential luxury items. Generally speaking, in times of economic uncertainty discretionary income typically falls and consumer activity is scaled back. This is most pertinent in the age bracket of 65 plus who occupy the largest population subset of individuals who rent and purchase RVs.

## 3.2 Australia

### 3.2.1 Australian RV rental industry

Australia ranked 11<sup>th</sup> out of 185 countries for travel and tourism expenditure in 2019 prior to the impact of COVID-19 with travel and tourism accounting for US\$149.1 billion, or c. 10.7% of GDP<sup>43</sup>. The impact of COVID-19 has been severe, and in 2020 (latest available information), travel and tourism expenditure fell 45.4% to US\$81.4 billion<sup>44</sup> (accounting for 6.0% of GDP) due to the impact of lockdowns and travel restrictions.

In line with the National Plan to transition Australia's National COVID-19 Response ("National Plan"), Australia has exceeded its 80% double dose vaccination targets for people aged over 16. This is expected to result in certain measures including: exemptions for vaccinated residents from all domestic travel restrictions; abolishing caps on returning vaccinated Australians; lifting all restrictions on outbound travel for vaccinated Australians; and a gradual reopening of inward and outward international travel with safe

<sup>42</sup> A value greater than 100 is indicative of a boost of the consumer's confidence towards the future economic circumstances and vice versa.

<sup>43</sup> World Travel and Tourism Council - Travel and Tourism Economic Impact 2021.

<sup>44</sup> Ibid.

countries and proportionate quarantine and reduced requirements for fully vaccinated inbound travellers. Longer term, the National Plan is to manage COVID-19 consistent with public health management of other infectious diseases. Measures may include open international borders; allowing uncapped inbound arrivals for all vaccinated persons without quarantine; and uncapped inbound arrivals of non-vaccinated travellers subject to a pre-flight and on arrival testing.

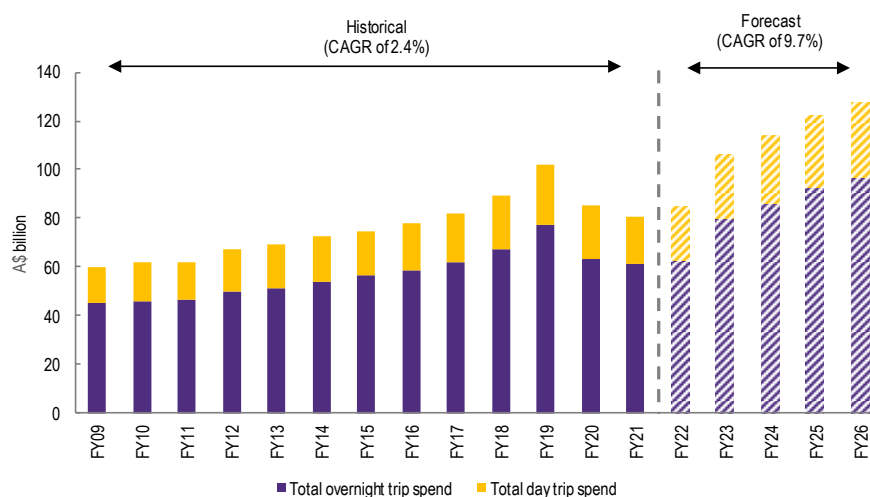
### 3.2.1.1 Domestic tourism

Domestic tourism accounts for the majority of tourism expenditure in Australia, covering both overnight trips and day trips, however its contribution to RV rental revenues is lower than international tourist arrivals.

Notwithstanding the impact of COVID-19, over the last 10 years the Australian domestic tourism industry has performed strongly, with total spend on domestic day and overnight trips<sup>45</sup> growing at a CAGR of c. 5.4% between FY09 and FY19. Furthermore, we note the strong pre-pandemic performance in FY19, when total day trip and overnight trip expenditure grew by circa 14.2%<sup>46</sup> from the prior year.

In the forecast period, it is expected that domestic day trips and overnight expenditure will remain relatively subdued in FY22 as a result of extended lockdowns in various states and territories that occurred between July and October 2021. However, in FY23, revenues are expected to grow by c. 25% and exceed pre-COVID levels driven by the reopening of state borders, a lower risk of lockdowns and pent up demand for travel upon the re-opening of state borders. As vaccination rates approach 95% and booster shots become more prevalently available, individuals are likely to feel more comfortable and travel more. The following graph illustrates the historical trends of both overnight and day trip expenditure in Australia as well as forecast growth:

#### Australian domestic day trips and overnight trip spend



Sources: Tourism Research Australia – National Tourism forecasts released 8 December 2021.

Note (1): Day trips and overnight trips include those for holiday, visiting friends and relatives, business and other purposes.

<sup>45</sup> A visitor night is defined as one person staying one night at a place at least 40 kilometres from home.

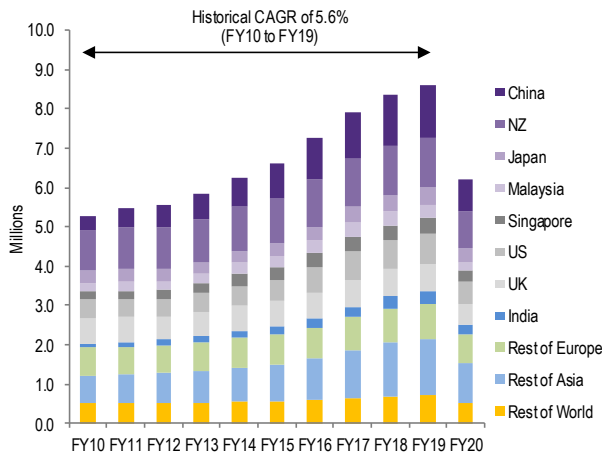
<sup>46</sup> Tourism Research Australia – National Tourism Forecasts; GTCF analysis.

3.2.1.2 Inbound tourism

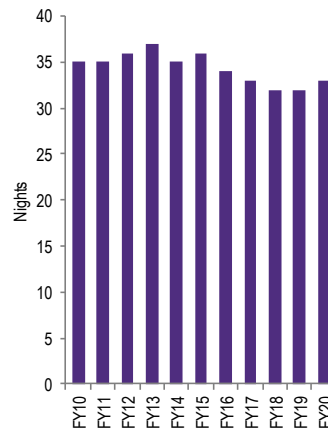
Prior to COVID-19, in FY19 inbound tourism represented approximately 24% of total tourism expenditure<sup>47</sup>. Over the ten year period leading up to FY19, total inbound visitor expenditure grew at a CAGR of c. 5.6%. Prior to the pandemic, a rising number of international tourists supported the RV rental industry’s performance, with demand from core tourism targets, such as Europe, the United States and Asia, remaining strong. This was further supported by cheap international airfares due to global airline competition and a weaker Australia dollar relative to other currencies globally.

The number of potential days of RV rental is a function of the number of RV tourists multiplied by the average length of stay. Between FY10 and FY19, the average length of stay trended slightly down, with an average of 35.6 days over the five years between FY10 and FY14, falling to an average of 33.4 days for the five years between FY15 and FY19. The reduction in the average length of stay was across all key countries except for Japan. Below we present the historical growth of international visitor numbers up to FY20 and the average length of stay for all international visitors. We have not included long term forecasts due to the lack of reliable forecasts.

**International visitor arrivals in Australia**



**Average length of stay for international visitors in Australia**

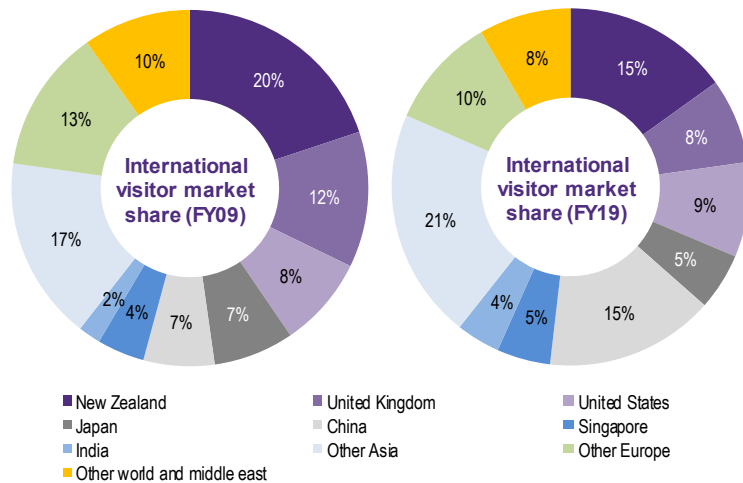


Source: Tourism Research of Australia

Whilst arrivals from all markets have grown between FY10 and FY19, the mix has changed considerably due to the stronger growth of visitors from Asia relative to other regions. Between FY09 and FY19, Asian inbound visitors as a proportion of total inbound visitors increased from 36.7% to 50.2%. Whilst not considered the traditional target market for Australian RV rental companies, Asian consumers represent a growing share of RV rentals and a significant growth opportunity going forward. This growth trend amongst the Asian visitors is illustrated below in the following charts:

<sup>47</sup> Domestic and inbound tourism expenditure consisting of expenditure on domestic day trips and overnight trips by Australians, and inbound visitor spend.

### International visitor market share



Sources: Tourism Research Australia – National Tourism Forecasts 2019.

#### 3.2.1.3 Free Independent Tourists

Free Independent Tourist arrivals as a proportion of total visitors are growing and this trend is expected to continue in the future. In particular, more independent and individual travel is trending amongst Chinese visitors driven by younger age groups. For the ten years up to FY19, FITs contributed 50% of total growth in Chinese visitors with a CAGR of 18.8% over the period compared to a CAGR of 14.1% for Chinese visitors overall and 13.7% for organised group tour leisure visitors<sup>48</sup>. This growth of FITs, particularly from the Chinese market, represents a strong growth opportunity for Australian RV rentals.

#### 3.2.2 Australian RV manufacturing industry

Each year in Australia over 20,000 RVs are produced, of which more than half are produced by Australia's largest manufacturer Jayco JV in Victoria. Towables represent the vast majority of RVs produced and accounted for 94% of total production in 2020<sup>49</sup>, of which caravans accounted for 64% of towables<sup>50</sup>. This preference for towables and caravans has remained broadly consistent over the previous decade. Imports are becoming increasingly popular with Australian RV purchasers which is placing additional pressure on domestic producers. Whilst local production of RVs has remained relatively unchanged since 2014, imports have more than doubled, from c. 5,000 units in 2014, to over 10,000 units in 2020<sup>51</sup>. In particular, the removal of a 5% tariff on units of a caravan-trailer type under the China-Australia Free Trade ratified in December 2015 has supported import growth in recent years. As a result China accounted for approximately 94% of imported RVs in Australia in 2019<sup>52</sup>. Whilst Chinese manufacturers are typically able to offer a more compelling price point, Australian manufacturers' unique selling propositions include greater knowledge of domestic consumer preferences, perceived higher quality product, and in many cases significant research and development knowledge built up over many years of operations.

<sup>48</sup> Tourism Research of Australia: Chinese Free and Independent Travellers – Their Potential for Regional Australia.

<sup>49</sup> Caravan Industry Association of Australia – State of the Industry 2021.

<sup>50</sup> Ibid.

<sup>51</sup> Caravan Industry Association of Australia – State of the Industry 2021.

<sup>52</sup> Caravan Industry Association of Australia – State of the Industry 2020.

Moving forward, the industry is forecast to continue expanding over the next five years as Australia's population continues to age, the pace of retirement for the Baby Boomer generation accelerates and as supply chain constraints associated with the pandemic subside. We note that the recent record house price growth in Australia over the last 12 months may also support the Australian manufacturing industry as retirees downsize and unlock significant housing wealth. However, the growing trend towards imports may act to constrain domestic RV production growth.

### 3.2.3 Australian RV sales industry

RV sales in Australia include new vehicles through RV dealerships and direct from manufacturers, as well as the sale of ex-rental fleet from RV rental companies.

As at 31 January 2021, there were 772,598 combined campervan and caravan registrations in Australia<sup>53</sup>. Over the last 10 year period between 2011 and 2021, campervan and caravan registrations have increased by c. 46.7% and c. 64.6%<sup>54</sup> respectively. Notably, Queensland continues to have the largest fleet of RVs in Australia, with a combined total of c. 192,751 registered vehicles or c. 26% of Australia's total fleet as at 31 December 2020<sup>55</sup>. The majority of the growth however has occurred in NSW, Victoria and Western Australia, with these states constituting to c. 74% of the increase in RV registrations over the last 10 years<sup>56</sup>. Additionally, towable products make up approximately c. 94% of registered RVs in Australia with motorised RVs making up the remaining c. 6%<sup>57</sup>.

Domestic overnight trips are forecast to remain relatively subdued in FY22 due to ongoing lockdowns and travel restrictions before growing c. 21% in FY23 as restrictions ease and the implementation of the National Plan continues. We note that restrictions around the majority of the country have mostly eased in recent months except for Western Australia where strict visitor rules including mandatory quarantining for visitors from all states and territories (including those double vaccinated) are currently in place for an unknown period of time. Over the last ten years, the average length of stay for domestic overnight trips gradually fell from 3.9 nights in FY10, to 3.5 nights in FY19, but has since mostly recovered to 3.8 nights in FY21.

Growth of the RV sales industry is expected to continue in the future driven by a number of factors including the accelerating retirement of the Baby Boomer generation, Australia's ageing population, the recent rapid increase in household wealth driven by record property price growth across the country and ongoing increases to the superannuation guarantee from 10% currently, to 12% by 1 July 2025.

## 3.3 New Zealand

### 3.3.1 New Zealand RV rental industry

The New Zealand RV rental industry, prior to COVID-19, was a growing industry due to the overall safety of the country, the natural landscape and suitable infrastructure. Tourism was the largest export industry in the country before COVID-19 and in the year ending 31 March 2020 directly contributed approximately NZ\$16.4 billion to gross domestic product, or 5.5% of GDP<sup>58</sup>. This subsequently fell to NZ\$8.5 billion in the

<sup>53</sup> Caravan Industry Association of Australia (BDO) – Caravan and Campervan Data Report 2021.

<sup>54</sup> Ibid.

<sup>55</sup> Caravan Industry Association of Australia (BDO) – Caravan and Campervan Data Report 2020-.

<sup>56</sup> Ibid.

<sup>57</sup> Caravan Industry Association of Australia – State of the Industry 2021.

<sup>58</sup> Tourism New Zealand.



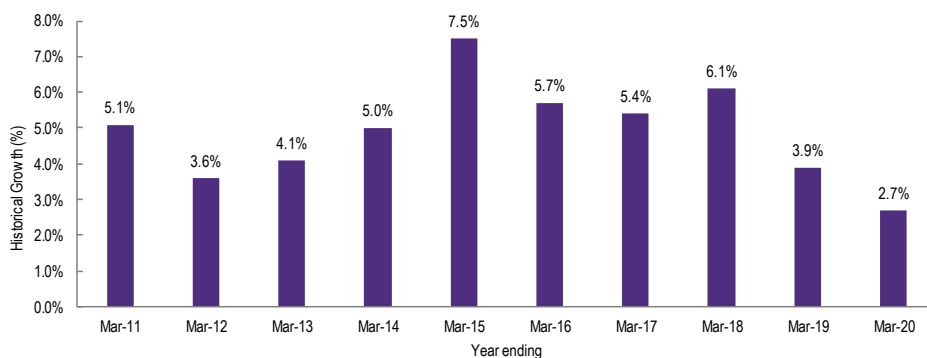
year ending March 2021, a reduction of 47.5%, due to the strict international border restrictions, which remain in place.

From 30 April 2022, New Zealand plans to allow fully vaccinated arrivals from any country to enter the country subject to a ten day managed isolation and quarantine (“MIQ”) period and with pre- and post-arrival testing also required. Thereafter, the country plans to undertake a phased reopening of borders based on a traffic light system depending on a passenger’s country of origin and vaccination status. Low risk arrivals that are fully vaccinated and from low risk countries will be able to enter quarantine free. Those with a medium risk designation will be required to isolate for a pre-determined period or undergo a reduced stay in quarantine whereas high-risk travellers including the unvaccinated and those from high risk countries will be required to undertake a 14 day isolation period prior to entering the country. Returning fully vaccinated New Zealanders and residents will be able to return to New Zealand from Australia without quarantining from the end of February 2022.

### 3.3.1.1 Domestic tourism

Domestic tourism accounts for the majority of tourism expenditure in New Zealand with c. NZ\$23.7 billion or 60% being derived from domestic travellers during pre-pandemic FY19<sup>59</sup>. Further, in FY19, 77% of New Zealanders travelled for leisure purposes domestically, culminating in over 45 million domestic trips of which c. 61% were day trips and the remaining c. 39% were overnight trips<sup>60</sup>. Overall, domestic expenditure grew by a CAGR of 4.9% between March 2011 and 2020, illustrative of the steady growth the industry was experiencing prior to COVID-19. The following graph illustrates the historical growth trends in domestic tourism expenditure in New Zealand up to and including March 2020:

#### New Zealand domestic tourism expenditure growth



Sources: *Tourism Satellite Account – Year ended March 2020: Tourism Expenditure by type of tourist; GTCF analysis*

### 3.3.1.2 Inbound tourism

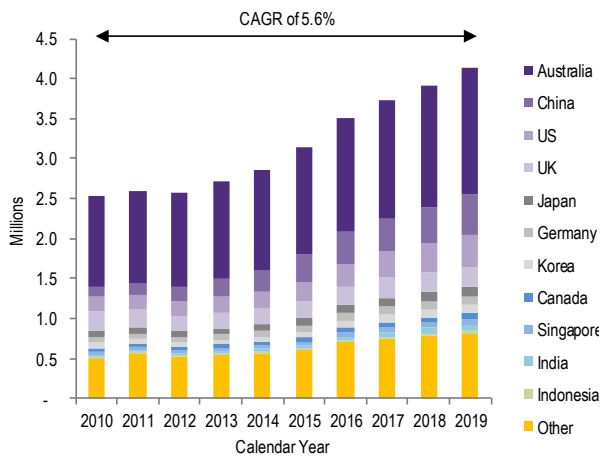
Total inbound visitor spend grew significantly over the ten years prior to COVID-19, at an estimated CAGR of 5.6%. Prior to the pandemic, a weakening New Zealand dollar relative to other currencies and increasing demand from the Asian market largely underpinned industry growth. Further, New Zealand’s international tourism is highly seasonal, with the largest proportion of individuals visiting the country in the peak summer period between November and February. Generally speaking, arrivals throughout the summer season are twice that of the winter season (despite a growing snow-sport scene). Below we

<sup>59</sup> Tourism New Zealand – Market Overview.

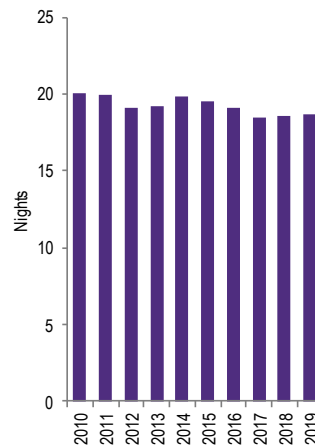
<sup>60</sup> Ibid.

present historical international visitor arrivals into New Zealand by country and the average length of stay, which has gradually reduced from c. 20 days in 2010, to c. 18.7 days in 2019:

**International visitor arrivals in New Zealand**



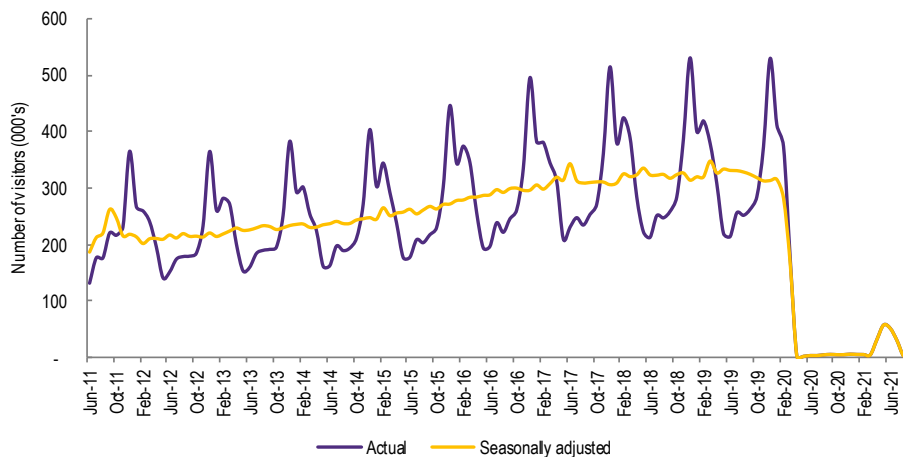
**Average length of stay for international visitors in New Zealand**



Sources: New Zealand Ministry of Business, Innovation & Employment: New Zealand Tourism Forecasts 2018-2024.

Further, the below chart shows the historical international visitor numbers by month:

**Monthly Overseas visitor arrivals June 2011 - 2021**



Sources: Stats NZ: Tauranga Aotearoa: GTCF analysis

As illustrated above, the outbreak of COVID-19 led to a near cessation of international visitors into New Zealand, falling c. 99.6% from January 2020 to April 2020 on a seasonally adjusted basis. The spike in the above graph from March 2021 to July 2021 aligns with the opening of the Trans-Tasman bubble with Australia, however the Delta and Omicron outbreaks have led to complete border closures again.

### 3.3.2 New Zealand RV manufacturing industry

The New Zealand RV manufacturing industry consists of a number of manufacturers including the country's largest motorhome and specialist vehicle manufacturing company, Action Manufacturing. Other local RV manufacturers include Wenderkreisen and Traillite. Additionally, Jayco is a key player from an import perspective, with the majority of RVs sold in New Zealand being imported from overseas.

### 3.3.3 New Zealand RV sales industry

The sale of RVs in New Zealand has followed a similar trajectory to Australia with sales slowing considerably at the start of the pandemic and then accelerating as New Zealanders unable to travel overseas due to border closures invested in RVs and focussed on domestic travel holidays. This led to unprecedented demand for RVs and supply shortages as demand outstripped supply. Demand for RVs is expected to remain strong in the short to medium term due to the ongoing border restrictions. Over the longer term, New Zealand's ageing population, the ongoing retirement of the Baby Boomer generation and increased household wealth is expected to support RV sales into the future.

## 3.4 United States

### 3.4.1 US RV rental industry

Tourism in the United States is a key contributor to the economy. Prior to the pandemic, in 2019, it contributed c. US\$1.9 trillion to the economy, accounting for approximately 8.6% of GDP. This contribution fell in 2020 to US\$1.1 trillion, or 5.3% of GDP<sup>61</sup>.

There are currently several restrictions in place for international travellers traveling to the United States related to COVID-19. Tourists need to be fully vaccinated and must show a negative COVID-19 test prior to boarding a flight to the US.

#### 3.4.1.1 Domestic tourism

Domestic person trips<sup>62</sup> grew at a CAGR of 1.9% between 2010 and 2019 to c. 2.3 billion trips per annum and over the same period domestic travel expenditure increased at a CAGR of 4.7% to c. US\$993 billion<sup>63</sup>. In 2019 approximately 73% of domestic travel expenditure was leisure related while 27% was business related<sup>64</sup>. The effects of COVID-19 on the domestic tourism industry were significant with person trips falling 32% and spending falling 35% during the year<sup>65</sup>. Whilst figures for the full year of 2021 are yet to be released as at the date of this report, there are signs the domestic tourism industry is recovering in 2021 with the number of domestic flights only 10% to 15% below pre-pandemic levels as at September 2021 compared to the 70% reduction witnessed in the immediate aftermath of the pandemic<sup>66</sup>. Furthermore, monthly travel spending in October 2021 was 12% below October 2019 levels, which is an improvement over the period immediately following the pandemic. In the graph below we show the historical growth in person trips between 2010 and 2020 in the United States:

<sup>61</sup> World Travel and Tourism Council - Travel and Tourism Economic Impact 2021.

<sup>62</sup> A person-trip is defined as one person on a trip away from home overnight in paid accommodations, or on a day or overnight trip to places 50 miles or more, one-way, away from home.

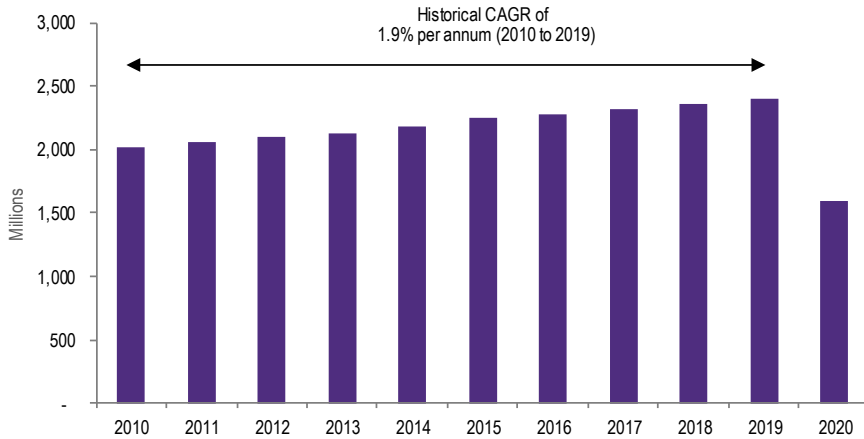
<sup>63</sup> US Travel Association – Fact Sheet: Travel's Dramatic Losses in 2020.

<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

<sup>66</sup> US Bureau of Transportation – Monthly Transportation Statistics (Seasonally Adjusted).

**Historical domestic person trips – United States**

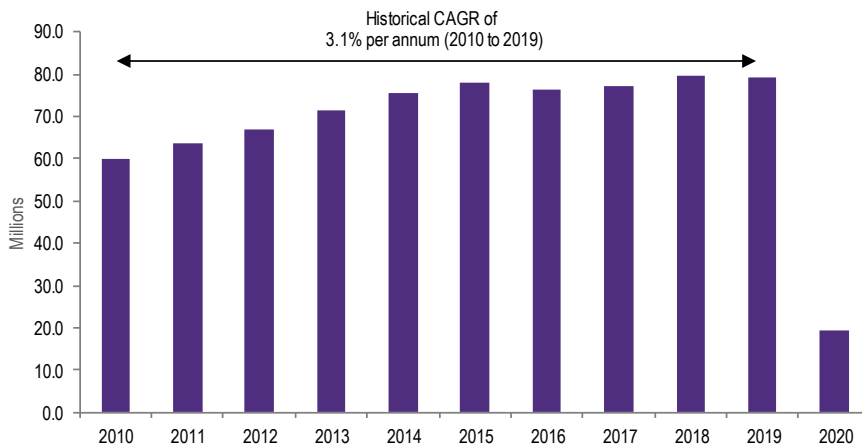


Sources: US Travel Association – Fact Sheet: Travel’s Dramatic Losses in 2020; US Travel Association – U.S. Travel and Tourism Overview (2019)

**3.4.1.2 Inbound tourism**

International visitor arrivals in the United States grew between 2010 and 2019 at a CAGR of 3.1% per annum and expenditure by international arrivals increased at a CAGR of 4.2% over the same period. Much of this growth was achieved between 2010 and 2016, with visitor arrivals relatively stagnant between 2016 and 2019. In 2020, inbound tourism plummeted as borders closed. For the 9 month period ending December 2020, international inbound travel fell 91% compared to the same period in 2019. Similar to domestic flights, international flights are also on a recovery trajectory, however they remain c. 40% to 45% below pre-pandemic levels<sup>67</sup> as at September 2021. We note that on average, inbound tourists spend approximately 18 nights in the country. In the chart below we highlight the historical growth in international visitor arrivals from 2010 to 2020:

**International arrivals – United States**



Sources: US Travel Association – Fact Sheet: Travel’s Dramatic Losses in 2020; US Travel Association – U.S. Travel and Tourism Overview (2019); US Travel Association: Fact Sheet: International Inbound Travel (2020).

<sup>67</sup> US Bureau of Transportation – Monthly Transportation Statistics (Seasonally Adjusted).

The following dynamics are some other key drivers underpinning RV tourism in the United States:

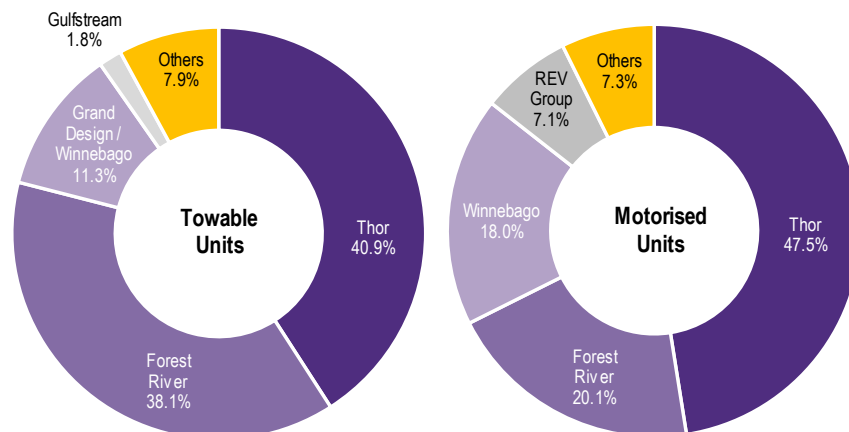
- **Destination cities** – The US specifically is home to numerous destination cities and the overall diversity of the country from state to state lends itself to inbound tourism. Cities such as San Francisco, New York, Los Angeles, Chicago, Boston and Miami regularly appear on social polls as dream holiday locations for tourists globally. Additionally, due to the geographical location of these major destination cities, many individuals will spend a prolonged period of time in the United States to visit as many of them as possible, further bolstering the tourism industry and therefore demand for RV products.
- **National Parks System (NPS)** – The NPS consists of 63 national parks, with 51 diversified across the lower 48 states, 8 in Alaska, 2 in Hawaii and a further 2 in US territories (i.e. US Virgin Islands and American Samoa). Pre-pandemic, the NPS recorded c. 327.5 million visitors in 2019, inclusive of c. 8.0 million overnight stays and approximately 1.0 billion visitation hours<sup>68</sup>. Due to the separation amongst each national park and the general detachment from major cities, travelling and visiting the NPS lends itself well to the usage of RVs and ergo both the renting and purchasing of these vehicles.

Throughout FY21, US RV rentals were impacted less than the Australia and New Zealand (“ANZ”) region, largely due to less onerous domestic travel restrictions from COVID-19. Notably however, total yearly revenue has still declined in the US following the significant downturn in international arrivals.

#### 3.4.2 US RV sales industry

The US has the highest sales levels of RVs globally, with 11 million households across the country owning some form of recreational vehicle. At any given time, approximately 1 million individuals live in RVs full time, with the trend of full-time vehicle living steadily increasing over the last decade. RV travel is the preferred camping activity among the camping population in the United States, illustrative of the entrenchment that this recreational activity holds<sup>69</sup>.

#### RV sales for the 6 months ending June 2021 – towable and motorised Units



Sources: Statistical Surveys, Inc., US: RV Market Share CYTD through June 30 2021; GTCF analysis.

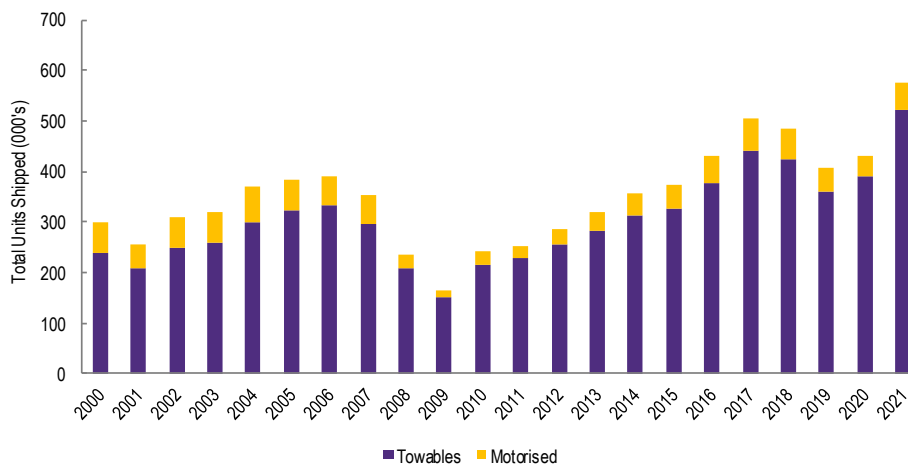
Notably, the RV industry in the US experienced a considerable boom in units sold in 2021 due to the current record demand being experienced for RVs in part due to the COVID-19 pandemic as well as an

<sup>68</sup> National Park System – Annual visitation highlights.

<sup>69</sup> Mordor Intelligence: Caravan and Motorhome Market – Growth, Trends, COVID-19 Impact, and Forecasts (2022 – 2027).

increasing desire for more nature and outdoor based activities and holidays. Importantly the long-term outlook for the industry is positive with approximately a quarter of RV owners under the age of 35. The RV Industry Association (“RVIA”) has disclosed the 2021 sales of RVs to be c. 600,240 shipments, a c. 39.6% year-on-year increase over the 430,412 shipped units throughout 2020. The graph below illustrates the historical trend in both towable and motorised unit sales.

#### Total calendar year sales – towable and motorised units



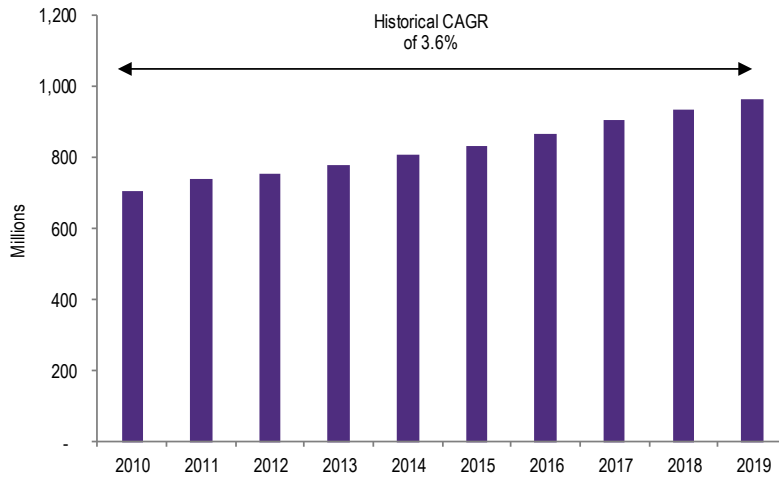
Sources: Recreation Vehicle Industry Association (“RVIA”); GTCF analysis

### 3.5 Europe

According to the European Caravan Federation (“ECF”), in 2020 c. 235,000 new RVs were registered, an approximate 6.5% increase on the prior corresponding period. Annual RV registrations in Europe are expected to grow at a CAGR of c. 7.1% over the next five years, primarily due to motorised RV registrations growing at c. 9.9% over the same period<sup>70</sup>. Additionally, the nature of European tourism lends itself to visiting multiple countries and iconic destinations in a small period of time as the Schengen zone enables individuals to visit Europe and travel for up to 90 days for tourism and business purposes amongst 26 countries. Accessible travel across multiple borders lends itself to road trip based tourism and as such, supports the RV industry. As illustrated below, inbound arrivals into the EU increased steadily over the 9 months up to 2019 and at its peak, was approaching 1 billion international tourists:

<sup>70</sup> Mordor Intelligence – European Recreational Vehicle Market (Growth, Trends, COVID-19 Impact and Forecasts).

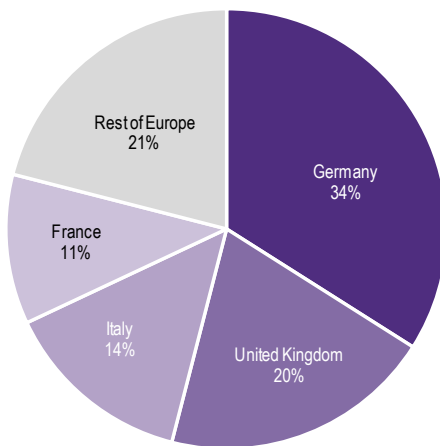
**Inbound international arrivals into the EU**



Sources: The World Bank; GTCF analysis

The European RV industry is quite similar to the US, with a handful of relatively large players and a large gap to numerous smaller operators. Notable companies include Thor, Swift Group, Knaus Tabbert, KABE group and Trigano SA. From a geographical perspective, Germany is the leading country in Europe in terms of RV based tourism, with over 50.5 million overnight stays on German campsites and a further 15.5 million on caravan sites in 2019 alone<sup>71</sup>. The following graph illustrates the geographic split of RV based tourism across Europe:

**Geographic breakdown of RV industry in Europe FY21**



Sources: Mordor intelligence; GTCF analysis.

<sup>71</sup> Ibid.

## 4 Profile of Apollo

### 4.1 Overview

ATL was established in 1985 and in the last 20 years it has increased its offerings from just rentals of RVs to both manufacturing and sales as well as expanding its presence to other countries, culminating in the Company's listing on the ASX in November 2016. Nowadays, Apollo is a diversified and vertically integrated manufacturer, rental fleet operator, wholesaler and retailer of RVs, including motorhomes, campervans and caravans with its operations structured around three main areas:

- *Renting* – ATL's rental operations offer numerous different types, sizes and brands of RVs for rent, each of which target specific segments. It currently has 24 rental offices around the world and an aggregate fleet size of c. 2,701 RVs as at 30 June 2021. ATL has a c. 17.79% interest in Camplify Holdings Ltd ("CHL") which is a peer-to-peer RV and caravan sharing company listed on the ASX with a market capitalisation of A\$132 million as at 27 January 2022.
- *Retail/Selling* – ATL sells both new and ex-rental RVs through its own retail centres and selected dealers in Australia and NZ. In other countries, Apollo sells ex-rental vehicles at its rental branches and through selected third party dealers.
- *Manufacturing* – ATL currently has one manufacturing facility situated in Brisbane<sup>72</sup> that designs and manufactures RVs for both rental fleet and retail sales whereas ATL's Northern Hemisphere fleet is purchased from various third party manufacturers.

The Company owns and operates a portfolio of brands in both its rental and retail operations such as Coromal, Talvor and Windsor as well as exclusive licensing agreements to distribute Winnebago and Adria RVs in Australia and New Zealand.

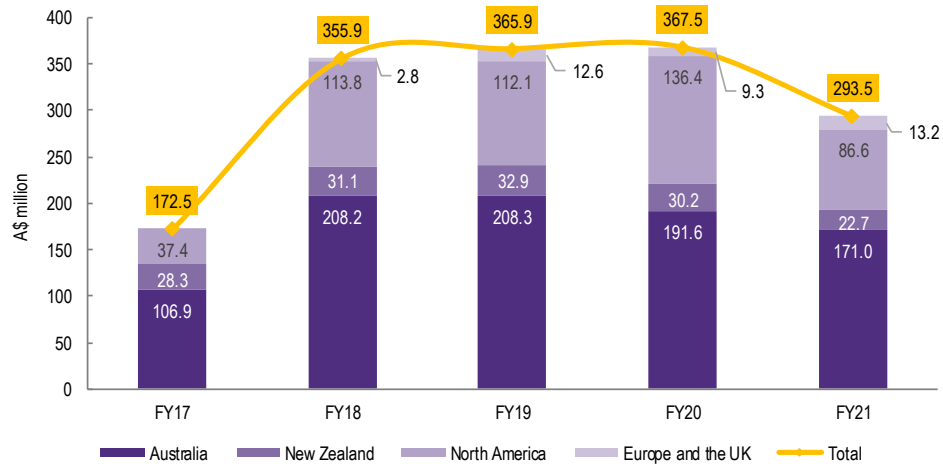
From a geographical perspective, ATL's primary operations are based in Australia, however it also has a strong footprint in Canada and to a lesser extent New Zealand and Europe (Germany, the United Kingdom and Ireland). We have set out below the revenue breakdown by geography:

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<sup>72</sup> The NZ manufacturing facility was closed at the beginning of COVID-19 outbreak.



**Apollo historical revenue by geography**

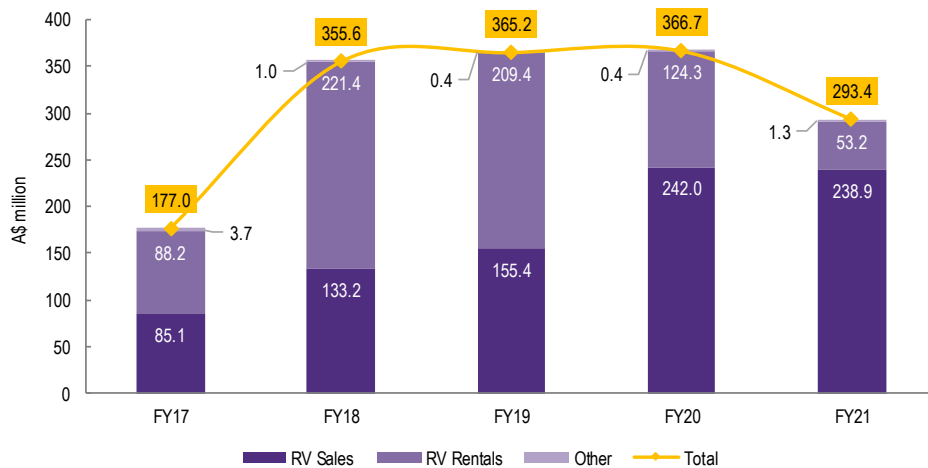


Sources: ATL Annual Reports and presentations

The outbreak of COVID-19 has adversely affected the rental business whilst the retail operations have been supported by strong sales of new and ex-rental RVs. In order to right-size the operations, ATL has accelerated the sale of their ex-rental RVs in all jurisdictions globally, with particular focus in North America where the US business was put in hibernation and all the fleet sold within a short timeframe at the end of FY20. Due to this, ATL's fleet is currently at the lowest level it's been for the last several years, down c. 2,992 RVs globally from the FY19 all time high of c. 5,693<sup>73</sup>.

Further and as set out in the graph below, ATL's revenue mix has materially shifted during FY20 and FY21 relative to previous years as the business experienced a simultaneous reduction in rental income and increase in retail sales:

**Apollo FY21 revenue by segment**



Sources: ATL Annual Reports and presentations

<sup>73</sup> ATL FY19 & FY21 Annual results presentations.

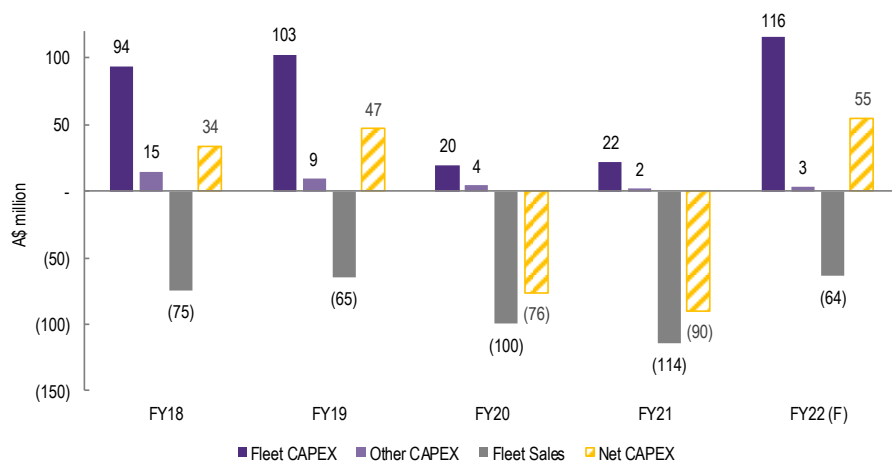
As a result of the outbreak of COVID-19, the Company put in place a series of initiatives to curb further declines in the business' profitability, as summarised below:

- Cost reductions across the operations including a Q4 FY20 reduction in underlying staff costs and operating costs (excluding rent) of A\$3.6 million and A\$3.4 million respectively compared with Q4 FY19. Global workforce was 328 full time employees ("FTE") lower as at 30 June 2020 compared to the c. 1500 FTE as at 30 June 2019.
- Closure of the NZ manufacturing facility and hibernation of the US business alongside the sale of the fleet, leading to a debt reduction of c. A\$70 million.
- Various forms of Government support (excluding the US) and fleet financiers in each region providing principal repayment holidays.
- The Company obtained support loans in Australia via a c. A\$15.0 million loan from Export Finance Australia and A\$10.0 million loan from the Queensland Government; in Canada via the c. CAD\$1.7 million working capital facility from the Royal Bank of Canada as well as a c. CAD\$2.0 million term loan from the Canadian Government and the United Kingdom via a c. £1.3 million loan from the UK Government.

Over the years, the Company has sought to optimise the relationships and net cash inflows/outflows between the investment in its rental fleet and the sale of new and ex-rental RVs. In Australia and NZ, the ex-rental RVs for sale are typically 5 years old and ATL has a history of selling ex-rental RVs at or above book value. Approximately 20% of the rental fleet is replaced each year in Australia and NZ throughout the cycle. In Canada and Europe, Apollo rotates its rental fleet on a shorter timeframe of two to three years due to a large and liquid demand for low mileage RVs, declining utilisation throughout winter months and finally a more difficult environment and climate that leads to increased wear and tear on the vehicles.

The following graph illustrates the CAPEX expenditure incurred by ATL over the course of the previous five financial periods net of the sales of RVs (new and ex-rental):

#### ATL historical capex & rental fleet sales



Sources: ATL Annual Reports and presentations

As illustrated above, under normal trading conditions in FY18 and FY19, the Company incurred a net capital expenditure between c. A\$34 million and c. A\$47 million in conjunction with growing the business and entering into new geographical regions. Since the outbreak of COVID-19, ATL's sales of RVs have far exceeded investments for the aforementioned reasons. In conjunction with conditions normalising, ATL forecasts in FY22 and afterwards a significant investment to replenish the fleet and set up the business to take advantage of expected pent-up demand.

#### 4.1.1 Borrowings

ATL's key financing arrangements that aid in funding the capital expenditure for the purchase of the fleet are summarised as followed:

- **Bank loans:** Bank loans include mortgages over the land and buildings that ATL owns in Canada on which the four rental branches operate. Interest rates applicable in FY21 ranged from c. 2.45% to 5.20% per annum.
- **Floor plan:** Floor plan facilities are maintained to fund the inventory of new RVs and ex-fleet RVs held for sale by ATL at their retail sales outlets. Terms on the floor plan loans are interest only for the first six months and then are interest plus principal of between c. 5.20% to 9.60% per annum.
- **Rental fleet financing:** Each rental fleet unit is individually financed through fleet financing facilities with various financiers in each region. Interest rates applicable in FY21 ranged from c. 2.20% to 5.46% per annum.

We have set out below the breakdown of the net debt over the last five years (excluding AASB16 lease liabilities):

ATL Historical Net Debt A\$m	Jun-17 Audited	Jun-18 Audited	Jun-19 Audited	Jun-20 Audited	Jun-21 Audited
<b>Facility Type</b>					
Fleet financing / hire purchase	256.0	255.7	296.0	190.0	111.8
Floor plan	28.0	28.1	39.6	31.3	27.5
Bank loans & overdrafts	17.0	16.7	28.8	27.3	29.1
COVID-19 support loans	-	-	-	3.6	31.1
<b>Total Borrowings</b>	<b>301.0</b>	<b>300.5</b>	<b>364.4</b>	<b>252.2</b>	<b>199.5</b>
Cash and cash equivalents	(48.6)	(36.6)	(34.5)	(23.5)	(45.5)
<b>Net Debt</b>	<b>252.4</b>	<b>263.8</b>	<b>329.9</b>	<b>228.7</b>	<b>154.0</b>

Sources: ATL Annual Reports and presentations

The substantial cash inflows from increased sales levels led to a material reduction in external debt and as at 30 June 2021, the Company had a total headroom of A\$126.3 million on its facilities. ATL is also subject to lending covenants in New Zealand and Canada which have been waived for a certain period of time, or where the testing date has been rescheduled due to the impact of COVID-19.

## 4.2 Rental business

ATL's rental operations offer numerous different types, sizes and brands of RVs for rent, each of which target specific segments. Rental revenue is recognised at the time of travel, with revenue from bookings that span more than one month split proportionally. In addition to rental revenue, ATL generates significant

ancillary revenue through the sale of additional products such as liability reduction insurance options, additional km packs, gas bottles, camp accessories and telecommunication systems. Rental bookings are sourced either directly via ATL's website or travel intermediaries including retail travel agents, travel wholesalers, inbound operators and travel marketplaces.

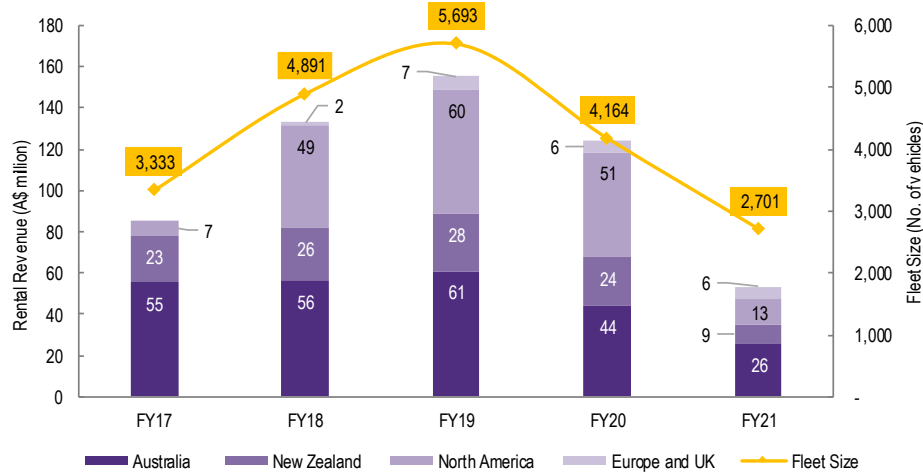
The following table breaks down each of the subsidiaries within their rental segment and the specific demographic / region they target:

ATL Rental Division - Brand portfolio		
Brand	Country	Description
Apollo	Australia & NZ	Apollo, the primary rental brand, holds the largest array of campervans, motorhomes, 4 wheel drives ("4WDs") and cars across 9 Australian and 2 New Zealand Locations.
Bunk Campers	United Kingdom	CamperCo, Operating the Bunk Campers brand, is one of the largest campervan and motorhome hire companies in the UK, with depots being located in Dublin, Belfast, Edinburgh, Glasgow and London Gatwick Airports. ATL purchased CamperCo in FY18 for c. A\$11.6 million.
CanaDream	North America	CanaDream is one of the largest RV rental and sales companies in Canada. ATL purchased CanaDream in July 2017 for c. A\$28.0 million.
Cheapa Campa	Australia & NZ	Cheapa Campa is an Australian and New Zealand based brand that offers campervan, motorhome and 4WD holidays for budget conscious families. Cheapa Campa was founded by ATL in 2008 and currently is available from 9 Australian and 2 New Zealand locations.
Hippie Camper	Australia & NZ	Hippie Camper is an Australia and New Zealand based brand that offers affordable campervans for younger individuals, with a minimum driving age of 18 years old. Hippie Camper was founded in 2006 by ATL itself and is available from 9 Australian and 2 New Zealand locations.
StarRV	Australia & NZ	StarRV is a luxury RV rental brand that offers the newest version of campervans, caravans and motorhomes that include all of the standard Apollo add-ons as well as the highest level of liability coverage and other additional luxuries. StarRV was founded by ATL and is currently available from 9 Australian and 2 New Zealand locations.

Source: Management & Company Website

As a result of COVID-19 and the associated imposed travel restrictions rental revenue reduced from c. A\$155.4 million in FY19 to c. A\$53.2 million in FY21. Throughout this period, ATL's rental fleet has significantly declined, culminating in a five year low for the period ending 30 June 2021 as the US operations were put into hibernation and the fleet around the world right sized to reflect reduced demand. The following graph illustrates the historical evolution of ATL's rental division as well as fluctuations in ATL's total rental fleet since listing in FY17:

**ATL's historical rental revenue and fleet size**



Sources: ATL Annual Reports and presentations

Below, we provide a summary of ATL's rental operations by geography:

- Australia** – The Australian region's rental performance has continued to be hindered by international travel restrictions with rental operations solely focused on domestic customers with domestic revenue increasing in FY21 by c. 70% compared to FY19 pre-COVID-19 levels. The financial performance was adversely affected by the absence of international arrivals, snap lockdowns and continually changing domestic travel restrictions. YTD performance was affected by the recent Delta outbreaks but the recent re-opening of the domestic and international borders is expected to bring significant upside in the second part of the financial year. Moving forward, future results in Australia will be dependent on the level of travel across the period, with traveller confidence continuing to be impacted by ongoing and rapid changes to border rules and restrictions, with further uncertainty emerging as a result of the new Omicron variant.
- New Zealand** – New Zealand, differently from Australia, is relatively more affected by the lack of international visitors given its small population. Prior to the border closures, international visitors constituted approximately 95% of overall revenue. From an outlook perspective, ATL has disclosed that due to the closure of the Trans-Tasman bubble resulting from the COVID-19 Delta outbreaks, FY22 rental revenue will continue to be materially impacted. Additionally, the recent announcements from the New Zealand Government indicate that inbound tourism will be halted until mid-April 2022, further reducing ATL's future revenue prospects in New Zealand.
- North America** – The US operations were placed into hibernation in late FY20 and the entire US fleet was sold and the associated debt retired. Whilst cash proceeds exceed the debt owed, the Company booked an accounting loss of A\$12.5 million. The Canadian fleet also saw accelerated sales in FY20 and FY21, primarily to downsize and meet the depressed levels of rental demand. ATL has disclosed that it plans to implement a new capital expenditure program to rebuild the Canadian fleet in time for the summer 2022 season, a notion that is supported by the Canadian border re-opening to fully vaccinated Americans on 9 August 2021.
- Europe and the UK** – ATL's Europe and UK rental business was less affected by COVID-19, largely due to the fact that business in Europe and the UK primarily services intra-continental guests and the

region experienced lighter travel restrictions relative to the rest of the world. Furthermore, throughout this period a number of operating locations were closed down resulting in a reduction in the overall headcount of ATL's operations within the region, in turn streamlining the business model and creating a more efficient cost base for the future.

#### 4.3 Retail business

ATL's retail segment is involved in the sale of both new and ex-rental RVs through its own retail sales centres and selected dealers within Australia and in New Zealand, whereas in the Northern Hemisphere ATL sells ex-rental RVs through its own retail sales centres within Australia and in New Zealand and selected dealers in New Zealand. ATL offers a wide range of new and used caravans, campervans and motorhomes from leading RV brands Winnebago, Windsor, Adria, Coromal, TALVOR, Nova, Franklin and Leader from ten locations across Australia and New Zealand.

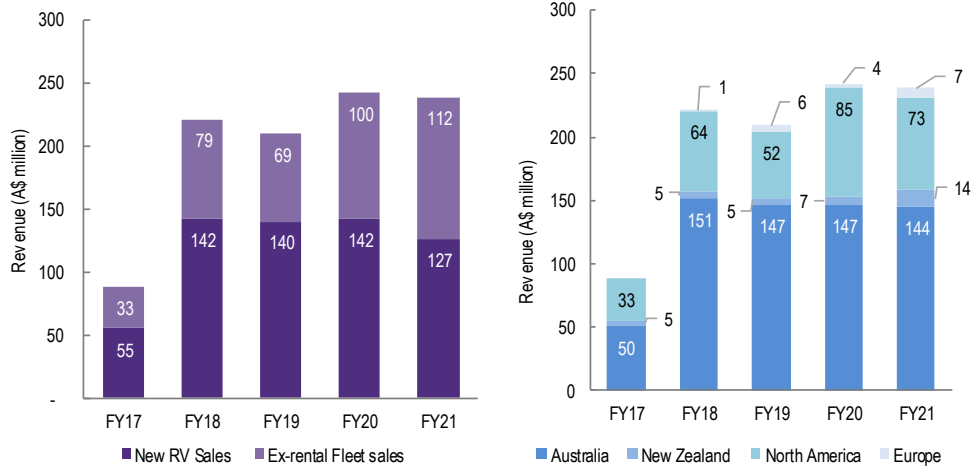
In Australia and NZ, ex-rental RVs are typically sold after 4 to 6 years and the RV lifecycle is associated with the financing. The Company usually funds 100% of the wholesale purchase price with external debt which is amortised over five years. At the end of this period, the debt balance owed is A\$nil but the market value of the vehicle is significantly higher as Apollo adopts a depreciation policy of approximately 11% (c. 9 year useful life). About 20% of the rental fleet is replaced each year in Australia and NZ. In Canada and Europe, Apollo rotates its entire rental fleet every two to three years due to a large and liquid presence for low mileage RVs and the more difficult environment and climate which reduces the useful life of the vehicles. As set out in the table below, there was significant latent value on the balance sheet as at 30 June 2021 due to the difference between the carrying value of the rental fleet and the estimated asset value (which takes into account recent sales prices).

Debt security position - 30 June 2021 A\$m	Estimated asset value	Carrying value
<b>Rental Fleet</b>		
Australia	59.0	55.1
New Zealand	45.2	36.8
North America	54.6	41.5
Europe and the UK	14.9	14.6
<b>Total Rental Fleet</b>	<b>173.7</b>	<b>148.0</b>
<b>Properties</b>		
North America	46.6	35.5
<b>Total Net Property, Plant and Equipment</b>	<b>46.6</b>	<b>35.5</b>
<b>Total</b>	<b>220.3</b>	<b>183.5</b>

Sources: ATL 2021 Annual Presentation

In the last 18 months RV sales have reached record levels as consumers sought self-drive holidays, domestic and alternative leisure activities. As a result, ATL continued to sell down its global rental fleet to facilitate these heightened levels of demand, downsize the rental fleet to meet forecast demand, generate additional cash flows and reduce fleet holding costs and associated debt. The following graph illustrates the historical evolution in ATL's sales division across both new and ex-rental RV sales as well as geography:

**ATL's historical retail sales division revenue – division and geography**



Sources: ATL Annual Reports and presentations

Below, we provide a summary of ATL's retail operations in Australia and North America which represent the vast majority of revenues.

- Australia** – The Australian sub-division's retail sales operations have remained stable throughout COVID-19 largely underpinned by record levels of consumer demand with the increase in total RV sales in FY20 and FY21 supported by ex-rental fleet. The following table breaks down each of Apollo's operating branches within their retail segment and the specific demographic / region the subsidiary targets:

ATL Sales Division - Brand portfolio		
Brand	Country	Description
Apollo RV Sales	Australia & NZ	Apollo RV sales offers a range of new and used RVs from leading global brands such as Winnebago, Windsor, Adria, Coromal, TALVOR, Nova, Franklin and Leader. Apollo RV Sales operates out of ten different locations across Australia and New Zealand.
George Day Caravans	Australia	George Day Caravans is a dealership situated in Perth that provides one of the largest arrays of new and used caravans, campervans and luxury motorhomes in Western Australia. ATL purchased the business in Aug 2017 for c. A\$10.6 million.
Kratzmann	Australia	Kratzmann is a retail dealership that offers a variety of RVs, both new and second hand, across a range of brands out of south-east Queensland. ATL purchased the business in May 2017 for c. A\$14.9 million.
Sydney RV	Australia	Sydney RV is one of Australia's largest retail RV wholesalers of both new and used motorhomes and caravans from leading manufacturers. ATL purchased the company in Feb 2017 for c. A\$1.8 million.

Source: Management & Company Website

Retail demand for ATL remains strong with a healthy order book of forward orders.

- North America** – Retail vehicle sales increased by c. 63.9% in FY20 as a result of the selloff of the US fleet, however this has since decreased in FY21 by c. 10.9% on the prior corresponding period. Despite this slight year on year decrease, overall RV sales in the North American region (now reflecting Canadian sales only) remain strong, with vehicle prices rising monthly and generating increasing profit margins. Additionally, due to the fact that the North American RV sales are largely

covered by major players such as Winnebago, Thor and Forest River, ATL's North American sales have historically been wholly the sale of ex-rental RVs amongst a network of select dealers.

#### 4.4 Manufacturing and distribution

ATL is involved in the manufacturing and modification of various RVs, including domestic and imported foreign brands, all of which are managed through exclusive partnership agreements. As a result of these partnership agreements, Australian and New Zealand consumers gain exposure to numerous high profile RV brands, most notably being Adria and Winnebago. ATL also owns the Coromal, Windsor and TALVOR brands.

ATL currently has one manufacturing facility situated in Brisbane which designs and manufactures RVs for both domestic rental fleet and domestic retail sales purposes. Both Australian and New Zealand rental fleets are wholly manufactured in Australia, where ATL purchases the RV chassis directly from original equipment manufacturers ("OEMs") and then constructs the living component within their facility. Conversely, ATL's Northern hemisphere fleet is purchased from various third party manufacturers.

In Australia and NZ, ATL manufactures and imports RVs under the following brands:

- *Talvor* – This brand was formed in 2005 to build RVs for ATL's rental fleet. ATL employs an in-house design team to ensure the brand continues to align with customer needs.
- *Winnebago* – This is one of the most well-known RV brands globally. It is headquartered in Iowa, USA and is one of the largest manufacturers of recreational vehicles worldwide. In 2014 ATL entered into an exclusive licensing agreement with Winnebago in Australia and New Zealand, granting ATL the right to manufacture and assemble Winnebago branded products, as well as the exclusive right to use certain trademarks, distribute, sell and advertise Winnebago branded RVs (both motorised and towable). This agreement was renewed in January 2019 and it currently expires at the end of December 2023.
- *Adria* – ATL was appointed as Adria's exclusive importer of caravans, motorhomes and spare parts in Australia and New Zealand in 2014. The distribution agreement is an exclusive agreement that commenced on 20 March 2014 and continues until 28 February 2022 with a further option of four years. We note that ATL is restricted under the agreement from distributing any other similar products from Europe within Australia and New Zealand without Adria's consent.
- *Windsor & Coromal* – Founded in 1975 and 1977 respectively, Windsor and Coromal are two of Australia's most established caravan brands. ATL purchased the business assets and intellectual property of both brands in March 2019 for a purchase consideration of c. A\$1.2 million. As a result of the acquisition, ATL is now the sole manufacturer and distributor of both Windsor and Coromal products in Australia and New Zealand.

ATL's service division provides repairs and maintenance servicing through manufacturer-trained technicians to Apollo's existing RV rental fleet, customers who historically purchased Apollo's RVs, and other third party RV users.



## 4.5 Financial Information

### 4.5.1 Financial Performance

The table below illustrates the Company's audited consolidated statements of comprehensive income for the last three financial years.

Consolidated statements of financial performance	FY19	FY20	FY21
A\$ '000	Audited	Audited	Audited
Vehicle sales	201,209	235,529	229,596
Repairs and servicing	3,512	2,953	4,567
Commissions and royalty	2,647	2,641	3,110
Other revenue	987	909	1,581
<b>Revenue from contract with customers</b>	<b>208,355</b>	<b>242,032</b>	<b>238,854</b>
Rental income	155,394	124,284	53,194
Other Income	390	430	1,303
<b>Total revenue and other income</b>	<b>364,139</b>	<b>366,746</b>	<b>293,351</b>
Gain on dilution of associate investment	-	-	2,189
Cost of goods sold	(188,357)	(236,946)	(212,664)
Motor vehicle running expenses	(39,904)	(40,256)	(21,845)
Advertising, promotions and commissions paid	(6,577)	(6,408)	(4,102)
External acquisition costs	(158)	-	-
Employee benefits expense	(39,836)	(34,592)	(28,208)
Share of loss in associates	(239)	(946)	(524)
Rental costs on land and buildings	(9,624)	-	-
Remeasurement of contingent consideration	1,525	-	-
Impairment expense	(10,998)	(38,890)	-
Other expenses	(17,990)	(18,716)	(15,441)
<b>EBITDA</b>	<b>51,981</b>	<b>(10,008)</b>	<b>12,756</b>
<i>EBITDA margin (%)</i>	14.3%	-2.7%	4.3%
Depreciation and amortisation expense	(26,805)	(41,034)	(27,523)
<b>EBIT</b>	<b>25,176</b>	<b>(51,042)</b>	<b>(14,767)</b>
<i>EBIT margin (%)</i>	6.9%	-13.9%	-5.0%
Finance costs	(17,122)	(18,791)	(10,247)
<b>Profit/(loss) before taxes</b>	<b>8,054</b>	<b>(69,833)</b>	<b>(25,014)</b>
Income tax benefit	(3,381)	8,599	7,161
<b>Profit/(loss) after taxes</b>	<b>4,673</b>	<b>(61,234)</b>	<b>(17,853)</b>
Foreign currency translation	3,004	(900)	(417)
<b>Total comprehensive profit/(loss) for the year</b>	<b>7,677</b>	<b>(62,134)</b>	<b>(18,270)</b>
<b>KPIs</b>			
<i>Revenue Growth (%)</i>	2.4%	0.7%	-20.0%
<i>EBITDA growth (%)</i>	-32.2%	-119.3%	227.5%
<i>EBIT Growth (%)</i>	-47.7%	-302.7%	71.1%
<i>Return on funds employed (%)<sup>1</sup></i>	5.6%	-15.0%	-6.1%
<i>Interest coverage ratio (x)<sup>2</sup></i>	1.5x	-2.7x	-1.4x

Sources: ATL Annual Reports.

Note (1): Return on funds employed is calculated as EBIT / Average Funds Employed (see section 4.4.2 for more information on Average Funds Employed); Note (2): Interest coverage ratio is calculated as EBIT / Finance Costs (i.e. interest expense)

In relation to the above, we note the following:

- As expected, COVID-19 and its associated lockdowns and travel restrictions have continued to severely impact ATL's rental operations, illustrated by the c. A\$71.4 million decline in revenues from FY20 to FY21. Despite this, and as aforementioned, throughout FY21 there has been strong demand globally for new and ex-rental vehicle sales, largely due to consumers embracing domestic, self-drive style holidays.
- The sum of all JobKeeper payments received by ATL throughout both FY20 and FY21 was c. A\$2.7 million and c. A\$4.4 million respectively. Note, due to consistent retail sales revenues year on year, a number of Australian entities within ATL, which also operate the rental business, became ineligible for the JobKeeper subsidy from October 2020 onwards.
- Employee benefits expenses decreased by c. 29.1% from FY19 to FY21, primarily due a material decline in ATL's FTEs as a result of cost savings following COVID-19. Evidence of this is seen in ATL's global workforce declining by 328 FTEs as at 30 June 2020 compared to the c. 1,500 FTE as at 30 June 2019.
- FY20 saw ATL's statutory EBITDA turn negative for the first time, primarily due to the recognition of a c. A\$38.9 million impairment expense throughout the period and an A\$12.5 million book loss being incurred on sale of the US fleet following the US rental operations being placed into hibernation at the end of FY20.
- Depreciation expenses have decreased over time. This is due to the decline in Apollo's asset base as a by-product of accelerated ex-rental vehicle sales.
- The Company's finance costs have significantly declined from FY20 to FY21, largely due to a material decline in ATL's outstanding debt obligations throughout the year.
- The following illustrates a reconciliation between reported and underlying EBIT for ATL in FY19, FY20 and FY21:

Reconciliation between reported and underlying EBIT			
A\$m	FY19	FY20	FY21
<b>Reported EBIT</b>	<b>25.2</b>	<b>(51.0)</b>	<b>(14.8)</b>
Impairment of intangible assets	11.0	12.2	-
Impairment of right-of-use assets, inventory and other PP&E	-	26.7	-
Loss on disposal of US rental fleet	-	12.5	-
Employee termination as a result of COVID-19	-	0.4	-
Provision add-back on CamperCo year two earn-out	(1.5)	-	-
Costs relating to acquisitions, tax adjustments and other amortisation			
- Professionals, accountants, consultant fees and other associated acquisition costs	0.2	-	-
- Intangibles amortisation	0.3	0.2	-
- Tax adjustments	0.2	-	-
Share of profit / (loss) in associates	-	0.9	-
Impact of adoption of new lease accounting standard AASB 116 Leases	-	0.6	-
<b>Underlying EBIT</b>	<b>35.4</b>	<b>2.5</b>	<b>(14.8)</b>

Sources: ATL Annual Reports.

- We note the following in relation to the above:
  - Impairment expenses in FY20 constituted numerous different line items, most pertinently being impairment expenses related to goodwill (c. A\$6.5 million), brand names (c. A\$5.7), PP&E (c. A\$3.5 million), inventory (c. A\$3.0 million) and right-of-use assets (c. A\$20.2 million). These non-cash impairments reflected the considerable and ongoing uncertainty surrounding COVID-19 and the industry's negative short run outlook.
  - Loss on disposal of rental fleet of c. A\$12.5 million was a result of ATL's rapid divestment and hibernation of the US operations throughout Q4 FY20 as a result of COVID-19 fears.
  - The provision add-back on CamperCo's year two-earn out was a result of the business not reaching their second earn out incentive hurdle.

#### 4.5.2 Financial Position

The table below illustrates the Company's audited consolidated statements of financial position as at 30 June 2019, 30 June 2020 and 30 June 2021.

Consolidated statements of financial position	30-Jun-19	30-Jun-20	30-Jun-21
A\$ '000	Audited	Audited	Audited
<b>Assets</b>			
Cash and cash equivalents	34,549	23,529	45,507
Trade and other receivables	13,385	4,926	3,875
Inventories	96,778	90,387	53,191
Income tax refund receivable	976	354	-
Prepayment and other assets	15,182	8,428	7,780
<b>Total current assets</b>	<b>160,870</b>	<b>127,624</b>	<b>110,353</b>
Investments accounted for using the equity method	2,532	1,586	3,252
Property, plant and equipment	381,973	272,628	209,402
Intangible assets	36,088	24,068	23,280
Deferred tax assets	942	2,529	8,452
Prepayment and other assets	2,077	2,202	1,977
<b>Total non-current assets</b>	<b>423,612</b>	<b>303,013</b>	<b>246,363</b>
<b>Total assets</b>	<b>584,482</b>	<b>430,637</b>	<b>356,716</b>
<b>Liabilities</b>			
Trade and other payables	33,122	27,506	22,324
Contract liabilities	4,970	5,977	11,016
Borrowings	227,757	142,045	108,902
Income tax payable	1,449	99	77
Provisions	3,402	3,701	4,589
Unearned rental income	27,775	12,262	15,836
Other liabilities	1,135	624	212
<b>Total current liabilities</b>	<b>299,610</b>	<b>192,214</b>	<b>162,956</b>
Borrowings	136,686	164,000	138,874
Deferred tax liability	25,171	16,583	15,814
Provisions	2,589	360	234
Unearned rental income	-	450	288
Other non-current liabilities	962	338	128
<b>Total non-current liabilities</b>	<b>165,408</b>	<b>181,731</b>	<b>155,338</b>
<b>Total liabilities</b>	<b>465,018</b>	<b>373,945</b>	<b>318,294</b>
<b>Net assets</b>	<b>119,464</b>	<b>56,692</b>	<b>38,422</b>
<b>Key performance indicators</b>			
<i>Units on issue at end of period (millions)</i>	186,151	186,151	186,151
<i>Net Funds employed (A\$m) <sup>1</sup></i>	449,358	339,208	240,691
<i>Debt : EBITDA ratio (x) <sup>2</sup></i>	6.3x	-28.2x	15.9x
<i>Gearing ratio (%) <sup>3</sup></i>	56.4%	65.6%	56.7%

Sources: ATL Annual Reports.

Notes: (1) Net Funds employed is calculated as (total assets – non-interest bearing liabilities – cash on hand);

Note (2): Debt : EBITDA ratio is calculated as net debt / CY EBITDA

Note (3): Gearing ratio is calculated as net debt / total assets

We note the following regarding the Company's financial position:

- Inventories include items like raw materials, work in progress, retail vehicles for sale, used rental vehicles for sale, stock in transit and spare parts. As illustrated, inventories decreased materially by c.

A\$37.2 million from FY20 to FY21, largely due to a significant decline in the total stock of used rental vehicles.

- Investments accounted for using the equity method includes ATL's 17.79% interest in Camplify which listed on the ASX on 28 June 2021. The carrying value on the balance of A\$3.2 million is materially below the market value.
- As displayed, ATL's total property plant and equipment has materially decreased driven by accelerated ex-rental vehicle sales globally, in particular in North America. The following table illustrates the historical breakdown of ATL's total net property, plant and equipment:

ATL Historical Net Property, Plant and Equipment A\$ '000	FY19 Audited	FY20 Audited	FY21 Audited
Land and Buildings	37,150	35,972	35,459
Land and Buildings: Right-of-use assets	-	6,996	5,677
Plant and equipment	12,660	91,942	66,104
Motor Vehicles	332,163	109,161	76,652
Motor Vehicles: Right-of-use assets	-	28,557	25,510
<b>Total Net Property, Plant and Equipment</b>	<b>381,973</b>	<b>272,628</b>	<b>209,402</b>

Sources: ATL Annual Reports.

- As discussed earlier, the substantial cash inflows from increased sales levels led to a material reduction in external debt.

ATL's annual report for the period ending 30 June 2021 was prepared on a going concern basis despite the consolidated entity presenting a net current liability position of A\$52.6 million. This outcome is primarily as a result of lease liabilities of c. A\$27.0 million and loans from other financiers of c. A\$36.6 million being classified as current liabilities, including liabilities repayable on demand. We also note that the Company incurred a loss of c. A\$(17.9) million in FY21 as a result of the adverse economic impacts caused by the COVID-19 pandemic on the business' operations. ATL's ability to continue as a going concern is predicated on management cash flow forecasts illustrating that the Company is expected to be able to pay its debts as and when they fall due and the realisation of the value of its assets and discharge in liabilities alongside the regular course of business. Furthermore, other available options identified within the annual report to meet financing constraints include monetising assets such as real estate holdings and increased sales of the existing global rental fleet. Accordingly, the independent auditor concluded in the FY21 annual report that ATL could continue to be treated on a going concern basis as a result of these conclusions.

#### 4.5.3 Cash Flow Statement

The Company's cash flow statements for the last three financial years are set out below.

Consolidated statements of cash flow A\$ '000	FY19 Audited	FY20 Audited	FY21 Audited
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)	345,439	303,775	225,897
Payments to suppliers and employees (inclusive of GST)	(315,199)	(249,289)	(226,259)
Interest paid	(17,122)	(19,425)	(10,875)
Proceeds from sale of rental fleet	65,119	99,677	114,382
Interest received	349	473	188
Income tax paid	(3,676)	(1,219)	871
<b>Net cash inflow from operating activities</b>	<b>74,910</b>	<b>133,992</b>	<b>104,204</b>
<b>Cash flows from investing activities</b>			
Payment for business combinations, net of cash acquired	(12,765)	-	-
Payments for investments accounted for using the equity method	(1,297)	-	-
Payments for property, plant and equipment	(5,869)	(2,119)	(1,205)
Payments for intangible assets	(3,436)	(2,237)	(603)
Proceeds from sale of property, plant and equipment	357	233	147
Payment for purchase of rental fleet	(102,871)	(20,007)	(21,794)
<b>Net cash outflow from investing activities</b>	<b>(125,881)</b>	<b>(24,130)</b>	<b>(23,455)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	287,504	142,715	120,318
Repayment of borrowings/finance lease principal	(234,106)	(215,930)	(137,659)
Dividends paid	(6,159)	-	-
Repayment of lease liabilities	-	(47,750)	(42,012)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>47,239</b>	<b>(120,965)</b>	<b>(59,353)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(3,732)</b>	<b>(11,103)</b>	<b>21,396</b>
Cash and cash equivalents at the beginning of the financial year	36,637	34,549	23,529
Effects of exchange rate changes on cash and cash equivalents	1,644	83	582
<b>Cash and cash equivalents at year end</b>	<b>34,549</b>	<b>23,529</b>	<b>45,507</b>

Sources: ATL Annual Reports.

We note the following in relation to Apollo's cash flow statements:

- Cash flows from operating activities were reduced in FY21 relative to FY20 due to subdued RV rentals.
- In FY19 the Company paid a total dividend of c. A\$9.1 million, however afterwards the Company ceased dividend payments as a result of the material uncertainty surrounding the outbreak of COVID-19 and this has extended through FY21. Currently, there is no recommendation or declaration of any upcoming dividends payable throughout FY22.
- Capex has trended downwards as ATL's asset base has declined over the recent year. Since its peak, ATL's global fleet has reduced by c. 2,992 vehicles, a simultaneous by-product of depressed demand globally for RV rentals as well as heightened demand for RV purchases. Moving forward, ATL aims to restock their global fleet as international borders open to tourists and the resultant demand for RV rentals increases.

#### 4.5.4 Financial information for the half year ended 31 December 2021

As at the time of this report, ATL's audit reviewed financial statements for the half year ended 31 December 2021 were not available. However, ATL currently expects the following results for the half year ended 31 December 2021 (please refer to section 7.8 of the Scheme Booklet for more details).

- Revenue of A\$141.6 million, a decrease of 11.7% pcp. Revenues have decreased primarily as a result of the hold back of fleet sales in Canada and Europe in response to concerns surrounding original equipment manufacturer supply constraints and the ability to obtain fleet for the 2022 summer season. This was partially offset by an increase in new retail sales in Australia.
- EBIT of A\$1.9 million in comparison to a loss at the EBIT level of A\$4.9 million in the pcp. The improvement in EBIT over the period is attributable to the strong gross margin performance of Australian's retail division and a reduction in depreciation as a result of the fleet reduction in all regions.
- An increase in net debt of A\$19.6 million. Debt levels have remained the same between 30 June 2021 and 31 December 2021, with the increase in net debt during the period being attributable to a reduction in cash due to the hold back of fleet sales in Canada and Europe.
- ATL will incur a statutory loss after tax.

#### 4.6 Share capital structure

As at the date of this report, Apollo has 186,150,908<sup>74</sup> Apollo Shares on issue.

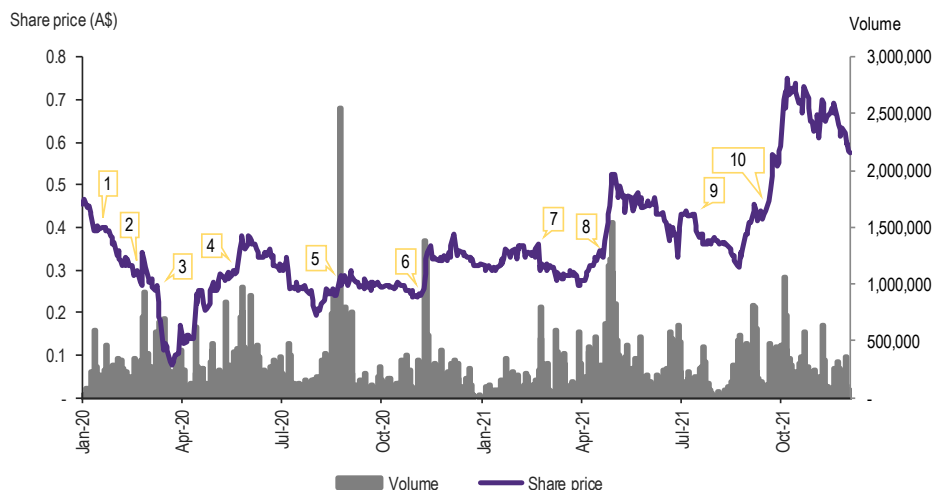
##### 4.6.1 Share price and market analysis

Our analysis of the daily movements in Apollo's trading price and volume for the period from January 2020 to November 2021 is set out below. We note that Apollo's most recent closing share price as at 24 January 2021 was A\$0.58.

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<sup>74</sup> S&P Capital IQ.

### Historical share price and volume for Apollo



Source: S&P Global, GTCF analysis

The following table describes the key events which may have impacted the share price and volume movements recently as shown above.

Event	Date	Comments
1	Jan-20	ATL announced a trading update illustrating that despite positive growth in rental revenue and higher RV sales volumes, continued subdued global RV sales and low margins have contributed to a reduced H1FY20 earnings. As per the statement, ATL announced that it expects its H1FY20 statutory net profit after tax to be down c. A\$4.2 million from A\$14.7 million in H1FY19 to c. A\$10.5 million in H1FY20.
2	Feb-20	ATL released its half-yearly report for the period ending 31 December 2019: <ul style="list-style-type: none"> <li>- Revenues from ordinary activities were reported as A\$197.2 million, up 7.4% from the prior corresponding period's A\$183.5 million</li> <li>- Profit from ordinary activities was reported as c. A\$11.3 million, down 23.5% from the prior corresponding period's A\$14.7 million.</li> <li>- Net assets was reported as c. A\$130.5 million, up 9.2% from the prior corresponding period's c. A\$119.5 million position.</li> </ul>
3	Feb-20	In late February and into early March, the ASX decreased by over 30% due to investor panic surrounding the outbreak of COVID-19. This event was felt at all levels of the economy and widespread mandatory isolation in Australia led to the first technical recession in over 30 years. Throughout this period, the Company released two separate trading updates, the first of which (12 March 2020) saw ATL withdraw their FY20 underlying Net Profit After Tax ("NPAT") guidance and the second of which (16 March 2020) cancelled all future events and RV consumer expos in Australia and North America for the foreseeable future. The latter also commented on the uncertain nature of COVID-19 at the time and declined to provide an outlook on when the situation would improve for the Company.
4	May-20	ATL announced a trading update illustrating the following key points: <ul style="list-style-type: none"> <li>- ATL is launching an 'on the road again' campaign' within countries that have easing restrictions. This campaign was aimed to inspire domestic travel again amongst consumers.</li> <li>- ATL's liquidity position was being managed through a combination of principal repayment holidays, cost reductions, government support and reduced capital expenditure.</li> <li>- Sale of the US fleet was in progress, and the US rental business would be placed into hibernation until the 2021 season.</li> </ul>
5	Aug-20	ATL released its annual results for the period ending 30 June 2020: <ul style="list-style-type: none"> <li>- Statutory Net Loss after tax of c. A\$61.2 million.</li> <li>- Underlying Net Loss after tax of c. A\$7.7 million.</li> <li>- Reduction in Q4FY20 revenue of c. 94% on the prior corresponding period.</li> <li>- Non-cash impairment charge of c. A\$38.9 million and total loss on sale of US fleet of c. A\$12.5 million as a result of the pandemic.</li> <li>- Debt reduction of c. A\$114.3 million from c. A\$335.6 million at 30 June 2019 to c. A\$221.3 million as at 30 June 2020.</li> </ul>



6	Oct-20	ATL held its fourth annual general meeting where the CEO provided an overview of the Company's current liquidity position as well as an outlook summary of the future of the business. With regards to ATL's liquidity, as at date of announcement the business held c. A\$46.6 million in cash and had numerous loans that it could draw down upon. Alternatively, the outlook summary outlined that ATL is likely to expect a group loss in FY21, however the Company held sufficient liquidity to trade through prolonged periods of subdued demand and would be well positioned post-pandemic to bounce back.
7	Feb-21	ATL released its half-yearly report for the period ending 31 December 2020: <ul style="list-style-type: none"> <li>- Revenues from ordinary activities were reported as A\$160.3 million, down 18.7% from the prior corresponding period's A\$197.2 million.</li> <li>- Profit from ordinary activities was reported as c. A\$(7.5) million, down 167% from the prior corresponding period's A\$11.3 million.</li> <li>- Net assets was reported as c. A\$47.5 million, down 63.6% from the prior corresponding period's c. A\$130.5 million position.</li> </ul>
8	Apr-21	Following months of discussions amongst both the Australian and New Zealand Governments, the Trans-Tasman Bubble opened on the 19 <sup>th</sup> of April. This Bubble refers to an exclusive travel corridor between Australia and New Zealand that would allow residents of the two nations to travel without the need of quarantine for recreational purposes. Given the proportion of international visitors into Australia from New Zealand and vice versa, the opening of the travel bubble was a positive event for each respective country's tourism industry and was likely the driving force behind a marked increase in ATL's share price throughout the period.
9	Jun-21	During late June 2021 NSW entered into a lockdown off the back of the growing COVID-19 Delta strain and Victoria quickly followed (albeit with a couple of weeks lag). As a result, state borders were closed domestically and NSW and Victoria entered into strict isolations for 107 days and 98 days respectively. These closures totally halted domestic and interstate travel and had extreme adverse impacts on the both the state and national economies. Further, these lockdowns led to the closure of the aforementioned Trans-Tasman Bubble with New Zealand.
10	Oct-21	ATL released its annual results for the period ending 30 June 2021: <ul style="list-style-type: none"> <li>- Revenues from ordinary activities fell by c. 20.0% from c. A\$366.7 million in FY20 to c. A\$293.3 million in FY21.</li> <li>- Statutory Net Loss after tax of c. A\$17.9 million.</li> <li>- Company liquidity was managed through continued fleet sales, cost restructuring and Government support loans.</li> <li>- Group debt reductions of c. A\$52.8 million from FY20, lowering funding commitments.</li> </ul>

Source: ASX announcements, GTCF analysis

The monthly share price performance of ATL since October 2020 and the weekly share price performance of Apollo over the last 16 weeks is summarised below:

Apollo Tourism & Leisure Ltd	Share Price			Average weekly volume '000'
	High \$	Low \$	Close \$	
<b>Month ended</b>				
Dec 2020	0.385	0.305	0.315	618
Jan 2021	0.355	0.300	0.345	421
Feb 2021	0.365	0.290	0.305	930
Mar 2021	0.320	0.265	0.265	884
Apr 2021	0.525	0.265	0.525	2,172
May 2021	0.580	0.415	0.450	1,441
Jun 2021	0.470	0.325	0.390	1,142
Jul 2021	0.445	0.355	0.365	671
Aug 2021	0.395	0.295	0.385	788
Sep 2021	0.590	0.385	0.580	1,475
Oct 2021	0.800	0.585	0.650	1,590
Nov 2021	0.720	0.565	0.595	889
Dec 2021	0.720	0.530	0.625	1,523
<b>Week ended</b>				
24 Sep 2021	0.590	0.440	0.570	1,463
1 Oct 2021	0.600	0.530	0.590	1,596
8 Oct 2021	0.800	0.600	0.710	2,857
15 Oct 2021	0.765	0.695	0.720	1,055
22 Oct 2021	0.730	0.635	0.730	1,472
29 Oct 2021	0.730	0.630	0.650	838
5 Nov 2021	0.665	0.610	0.610	653
12 Nov 2021	0.720	0.620	0.660	1,279
19 Nov 2021	0.700	0.630	0.690	497
26 Nov 2021	0.680	0.590	0.635	1,016
3 Dec 2021	0.640	0.565	0.575	610
10 Dec 2021	0.720	0.530	0.700	3,014
17 Dec 2021	0.700	0.610	0.630	1,985
24 Dec 2021	0.645	0.570	0.590	1,454
31 Dec 2021	0.625	0.585	0.625	409
7 Jan 2022	0.670	0.635	0.670	983

Source: S&P Global, GTCF analysis

Note: The share price analysis is based on 16 November 2021

We have also considered Apollo's recent trading prices for the purpose of our valuation of Apollo. Refer to Section 8.3 for further details and analysis on the trading price of the Company.

#### 4.6.2 Substantial shareholders

We have provided in the below table the ten largest shareholders of Apollo as at 31 October 2021:

Top ten shareholders as at 31 October 2021		
	No. of shares	Interest (%)
1 Barmil Enterprises Pty Ltd	98,113,117	52.71%
2 Citicorp Nominees Pty Ltd	15,165,857	8.15%
3 J P Morgan Nominees Australia Pty Ltd	6,782,880	3.64%
4 Keither Charlton	1,793,480	0.96%
5 Madeline Louise Corken	1,793,480	0.96%
6 Brazil Farming Pty Ltd	1,709,107	0.92%
7 Bhanga Pty Ltd	1,200,000	0.64%
8 Wilbow Group Equities Pty Ltd	1,155,674	0.62%
9 Moat investments Pty Ltd	1,101,153	0.59%
10 Neweconomy Com Au Nominees Pty Ltd	977,245	0.52%
<b>Top 10 Shareholders total</b>	<b>129,791,993</b>	<b>69.72%</b>
Remaining shareholders	56,358,915	30.28%
<b>Total ordinary shares outstanding</b>	<b>186,150,908</b>	<b>100.00%</b>

Source: S&P Capital IQ, GTCF analysis

## 5 Profile of Tourism Holdings Limited

### 5.1 Overview

*thl* is a global tourism operator headquartered in Auckland, New Zealand, that has been listed on the NZX since 1986. Today, *thl* is a vertically integrated global tourism operator engaged in the design, manufacture, sale and rent of motorhomes, campervans and RV accessories, and other tourism related activities. Over the years and through both organic growth and strategic acquisitions, *thl* has created a vertically integrated business model comprising the following:

- **Renting** – *thl*'s rental operations offer numerous different types, sizes and brands of RVs for rent, each of which target specific segments. It currently has 24 rental offices<sup>75</sup> around the world and an aggregate fleet size of c. 4,242 RVs<sup>76</sup>. *thl*'s rental business operates via well-known brands such as Maui, Britz and Mighty that service Australia and New Zealand as well as Road Bear, El Monte RV and Britz that operate out of the US. The performance of the rental business in the first quarter of FY22 was subdued given lower rental activity in the US's high season relative to the previous year, the spread of the Delta variant and the suspension of the Trans-Tasman travel bubble.
- **Retail/Selling** – FY21 was a record year for the retail division with c. 2,930 vehicles sold globally, with an above historical average sales margin on both new and ex-rental RVs. Whilst some of the increased pricing has been partially offset by rising manufacturing costs, the company believes that these sales margins are not sustainable and expects that they will return to historical norms in the future, partly due to an increase in manufacturing costs. *thl* owns the RV Super Centre ("RV Super Centre" or "RVSC") that operates in-store and online in New Zealand and Australia. RVSC offers a range of motorhomes and campervans and is co-located on all *thl* New Zealand rental sites along with a standalone location in Albany, Auckland. It also operates in Brisbane and Melbourne in Australia. In addition to the vehicle sale operations, RVSC is also growing a retail accessories sale segment.
- **Manufacturing** – Action Manufacturing currently operates across three locations in New Zealand with the team growing rapidly. The manufacturing facilities allow *thl* to design and build motorhomes that are fit for purpose in Australia and NZ but also to design and manufacture custom commercial vehicles for a range of third party public and private customers. It has recently secured a number of new tenders. Action develops and delivers a range of vehicles for both St John Ambulance as well as the Police and New Zealand Defence Force.
- **Tourism** – *thl* also operates the Kiwi Experience and the Discover Waitomo Group. The Kiwi experience, which has been placed into hibernation since March 2020, offers coach services to younger and independent travellers. The Discover Waitomo Group focuses on tour experiences and includes the Waitomo Glow-worm caves, Ruakuri Cave, Aranui Cave and the Legendary Black Water Rafting Co. The Discover Waitomo Group continued to operate throughout FY21 with funding support from the Strategic Tourism Asset Protection Program ("STAPP"), a government based tourism protection scheme. Of note, *thl* has not received any funding under STAPP in FY22.

<sup>75</sup> As at 30 June 2021.

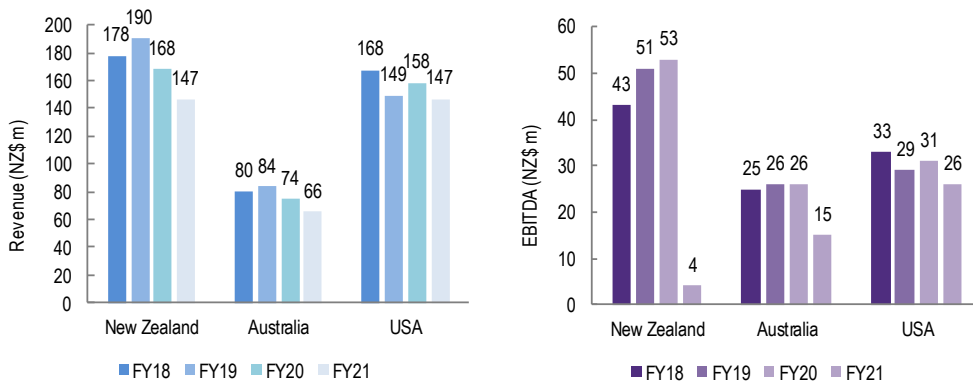
<sup>76</sup> Ibid.

*thl* also owns the following equity investments:

- A c. 49% equity investment in Just Go which has the largest dedicated commercial motorhome rental fleet in the UK. The business model is focused on offering luxury motorhomes with excellent customer service and industry knowledge. *thl* purchased 49% of Just Go in 2015.
- A c. 60% investment in Triptech which is a travel technology company providing data, insights and apps to the tourism industry in New Zealand and Australia, including real-time dashboards and reports on tourist movement and behaviour.

From a geographical perspective, the NZ business has been the most adversely impacted by COVID-19 both at a revenue and profitability level given the small domestic population which has not been able to materially offset the significant drop in international tourists. We have set out below the revenue breakdown by geography for each region's total revenues and EBITDA between FY18 and FY21.

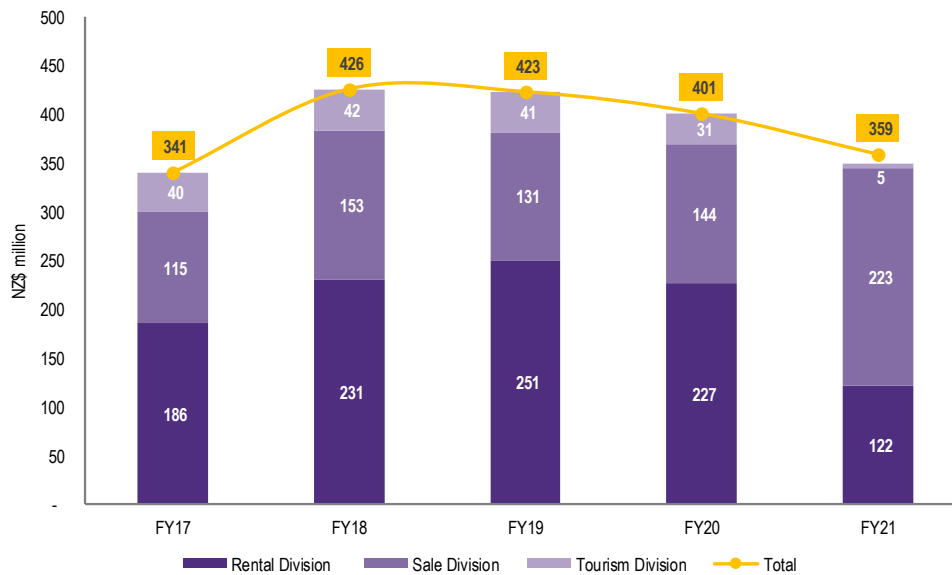
***thl*'s historical total revenue and total EBITDA breakdown by geography**



Source: *thl* annual investors' presentations

*thl*'s business has undergone significant change since COVID-19 with the size of the rental fleet falling by approximately one-third, rental revenue approximately halving (offset by a substantial increase in sales revenues) and the Kiwi Experience business entering into hibernation. As at 30 June 2021, *thl* had a combined fleet of c. 2,755 vehicles in Australia and NZ and the second largest in North America with a fleet of c. 1,487 vehicles.

**thl's revenues by division**



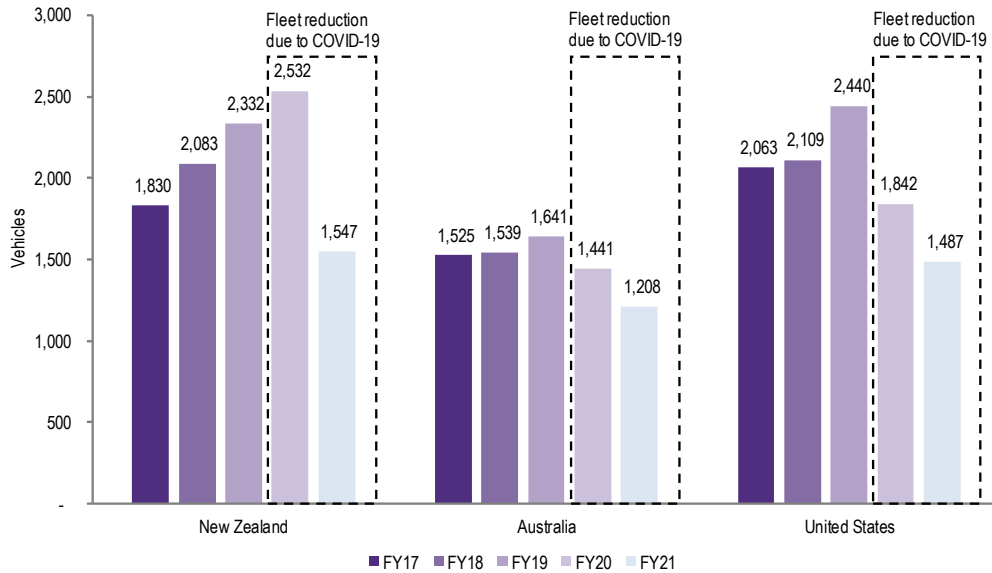
Source: thl annual investors' presentations

As a result of the outbreak of COVID-19, thl put in place a series of initiatives which are summarised below:

- Cost reductions across the business' operations in line with the volume reductions and to match activity levels. Total costs (including Government support) reduced by c. 60% in Q4 FY20 compared with Q4 FY19.
- Right-sizing of the fleet by accelerating sales and taking advantage of strong market conditions to reduce net debt from c. NZ\$188 million as at 31 March 2020 to c. NZ\$75.1 million as at 31 August 2020. Since then, thl has continued to reduce their net debt, culminating in a total pre IFRS-16 amount of c. NZ\$48.7 million as at 30 June 2021.
- The company also received support from its financiers including a temporary relaxation of earnings-based covenants (leverage ratio and interest coverage ratio) until 1 July 2022 and additional debt funding amongst others.

The graph below illustrates the fleet size by geographical location over the previous five years.

**thl's fleet size at year end from FY17 - FY21**

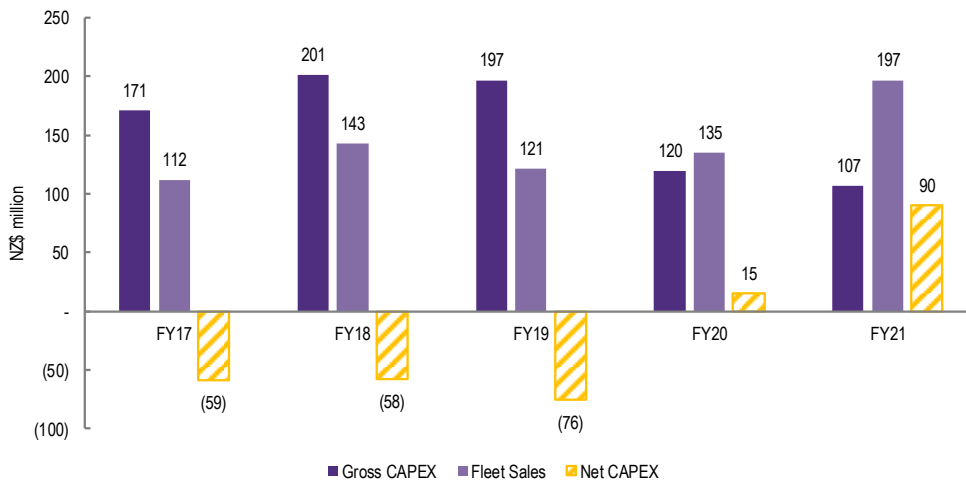


Source: thl annual investors' presentations

Note: (1) The above includes vehicles on buyback agreements

As shown in the graph above, prior to COVID-19 thl's fleet size exhibited year on year growth across all geographical regions. However, in FY20 and FY21, in response to the pandemic and due to the drop in utilisation rates as a result of domestic and international travel restrictions, thl decided to significantly reduce its rental fleet and focus its efforts on expanding its vehicle sales volumes and margins. This resulted in a net cash inflow from the sale and purchase of vehicles over the last two years as presented below:

**thl fleet capex FY17 - FY21**



Source: thl annual investor presentations

Note: (1) Fleet purchased or sold under buyback agreements are not treated as addition/sales of fixed assets but are treated as operating leases under the accounting standards and accordingly are not reflected in the above amounts

Moving forward, *thl* is expected to invest a significant amount in the coming years in order to rebuild its fleet to respond to the forecast increase in demand as normalised trading conditions return. Net capital expenditure for FY22 is expected to be at the lower end of previously stated guidance (between NZ\$25 and NZ\$60 million<sup>77</sup>), depending on market conditions and fleet availability. Subject to supply constraints and based on the rate of the return of international tourism, *thl*'s current expectation is that it will re-fleet to 5,000 – 6,000<sup>78</sup> vehicles at some point in FY24.

## 5.2 Rental business

*thl* provides RV rental services across the different countries through its large portfolio of brands, which we have summarised below:

<i>thl</i> RV Rental Division - Brand Portfolio		
Company	Countries	Description
Maui	New Zealand, Australia	Maui provides premium range of motorhomes and campervans for hire. The company has more than 25 years experienced and was acquired by <i>thl</i> in 1988.
Britz	New Zealand, Australia, the USA	Acquired by <i>thl</i> in 1999, Britz is one of the leaders in self-driver rentals, operating throughout each of Australia, New Zealand and the US.
Mighty	New Zealand, Australia, the USA	In mid-2012, <i>thl</i> 's previous Backpacker and Explore More campervan brands were combined and relaunched as Mighty, aimed to appeal directly to the lower-cost and youth segments.
Road Bear	The USA	Acquired in 2010 for a total consideration of c. US\$17 million, Road Bear is an RV rental company in the US that operates through numerous locations throughout the United States.
El Monte	The USA	Acquired in 2016 for a total consideration of c. US\$65.3 million, El Monte is a Santa Fe based RV rental company that operates through numerous locations throughout the United States.
Mighway <sup>1</sup>	New Zealand	in 2015, <i>thl</i> developed Mighway, one of the first peer-to-peer RV rental platforms in New Zealand. Mighway enables RV owners who aren't on the road to list their motorhome for extra income to like-minded travellers.
SHAREaCAMPER <sup>1</sup>	New Zealand, Australia	In May 2020, <i>thl</i> expanded its peer-to-peer arm by purchasing the New Zealand and Australian SHAREaCAMPER businesses. SHAREaCAMPER offers a platform for Australian and New Zealand RV owners to connect with travellers and share their under utilised vehicles.

Source: Management

Note (1): In October 2021, *thl* entered into an agreement to sell both the Mighway and SHAREaCAMPER businesses to Camplify for a purchase price of c. A\$7.4 million. The purchase price was satisfied through Camplify issuing new fully paid ordinary shares to *thl* under two equal tranches, with the first tranche issued upon completion of the transaction and the second tranche 12 months following completion of the transaction.

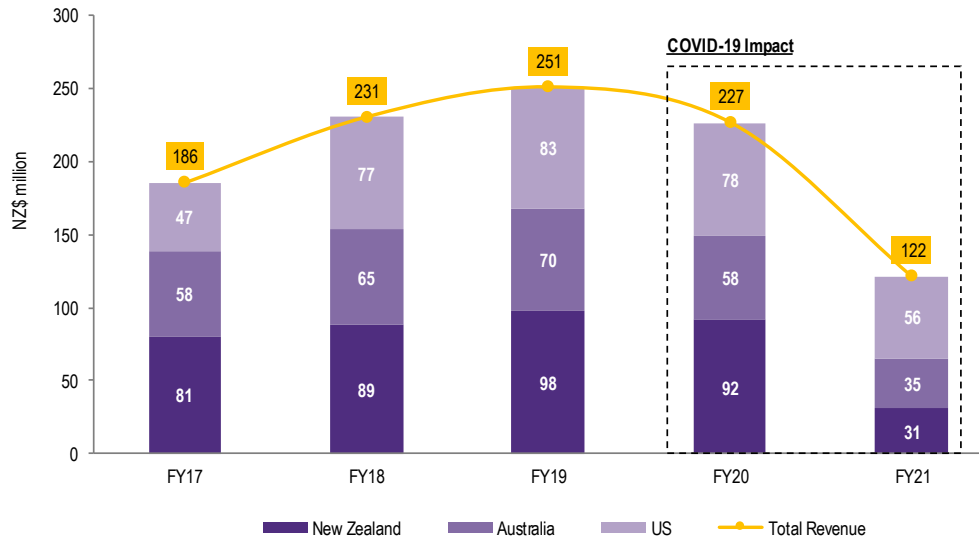
In addition to providing RV rental services, *thl* also generates revenue from the sale of ex-rental RVs. In the graph below we have summarised the performance of the Rental Business over the previous five years.

<sup>77</sup> *thl* market update – 10 December 2021.

<sup>78</sup> *thl* 2021 Investor Presentation.



**thl rental revenue by geography**



Source: thl annual financial reports and investor presentations

Prior to the outbreak of COVID-19, thl's rental operations had been growing strongly as a result of the increased demand for RVs and continuing investments by thl to expand the business, including the acquisition of El Monte in FY17.

The New Zealand operations were the most impacted amongst thl's geographic divisions, primarily a result of the business' reliance on international visitors. As a result, rental yields decreased by c. 40%-50% beneath historical norms given that fleet utilisation was difficult to maximise. Overall, c. 90% of thl's customers in its New Zealand business were international visitors and this absence has led to a c. 68% decline in revenues between FY19 and FY21. Given the current situation with border closures, the capital employed in the NZ rental business is expected to be further reduced in FY22. In Australia, thl implemented a refreshed pricing approach based on consumer price elasticity under new domestic operating conditions, which achieved yields in excess of historical norms in the second half of FY21. Despite the domestic uplift, rental revenues in Australia declined by 51% between FY19 and FY21. Similar to Australia, the USA operation benefitted from favourable rental conditions but with fewer impeding domestic travel restrictions.

In addition to the above, thl operates in an indirect manner or through smaller scale operations in the following jurisdictions:

- The UK through a joint venture, Just Go, in which it retains a 49% interest, held since 2015. Just Go is based in the United Kingdom where it retains a large fleet of commercial rental motorhomes.
- Japan and Southern Africa through a franchise network with a small fleet of vehicles.

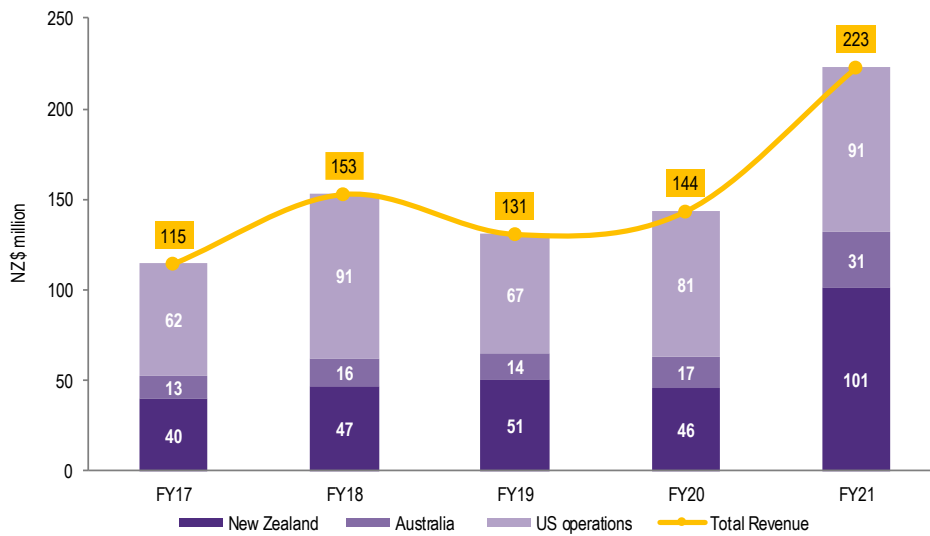
**5.3 Sales business**

thl sells ex-rental and new vehicles through the use of both retail and wholesale channels. The company has noted that the carrying value of the RVs was NZ\$274 million as at 30 June 2021 and based on the

historical sales margins, it estimates additional value of at least NZ\$27 million to NZ\$55 million, above the carrying value.

The graph below summarises the revenue of the sales operations over the previous five years.

**thl sale division revenues by geography**

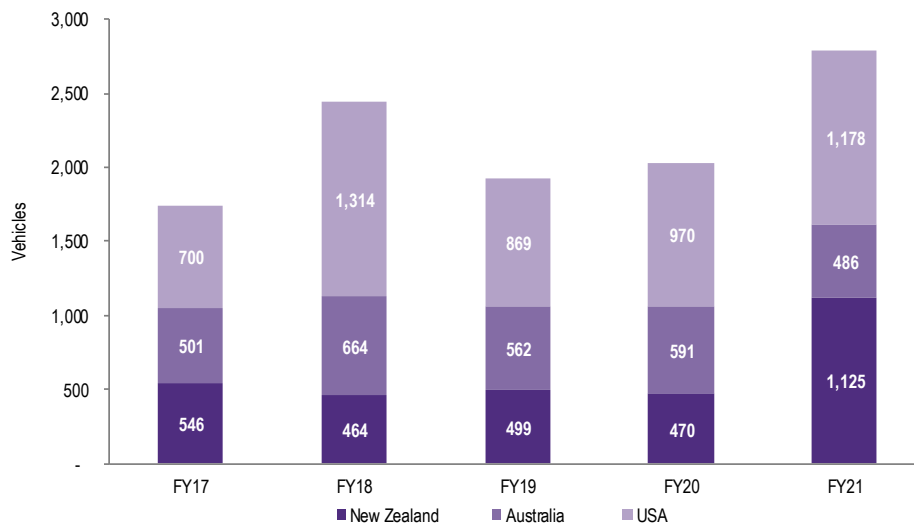


Sources: thl annual financial reports and investor presentations  
 Note (1): The above sale numbers does not include buyback fleet.  
 Note (2): FY18 included the sell down of excess El Monte fleet acquired previously.

FY18 saw an abnormal level of vehicle sales in the US, largely due the fact that the period included the sell-down of the excess El Monte fleet acquired in the prior financial year<sup>79</sup>. The increase in sales in FY20 and the spike in FY21 is driven by thl's decision to right size its rental fleet and to take advantage of high margins on the sale of vehicles, in particular in the US. The graph below illustrates the number of vehicles sold across the different geographical regions.

<sup>79</sup> thl 2018 annual results presentation.

**thl retail – vehicles sold by geography**



Sources: thl annual financial reports and investor presentations

Note: (1) The above numbers for New Zealand and Australia includes the sale of the buyback fleet.

**US operations**

In the USA, vehicles are sold primarily through the wholesale channel, with some vehicles being sold directly through thl's rental sales branches. The US operations account for a significant portion of sales revenues, and number of vehicles sold, with an average of 60% of revenue between FY17 and FY19 and above 70% of revenue between FY20 and FY21. After experiencing solid growth in FY18 driven by the acquisition of El Monte, the USA sales significantly underperformed in FY19 due to excess stock combined with competitive pricing and discounting from retailers and manufacturers causing margin pressure. In FY21, vehicle sales revenues were 21% higher than pcp, with the average sale margin 73% higher than FY20. These elevated sales margins are expected to continue into FY22 and normalise in FY23.

**New Zealand**

In New Zealand vehicles are sold predominantly through the retail channel, using thl's subsidiary RVSC while a small portion of vehicles are sold using a third party network of dealerships. RVSC offers a large range of motorhomes and campervans and is co-located on all thl New Zealand rental sites along with a standalone location in Albany, Auckland. In addition to the sale operations, RVSC is also growing a retail accessories sale segment, both in-store as well as online.

**Australia**

In Australia, vehicles are sold predominantly through a third party network of dealerships, and to a lesser extent directly through the retail channel using RV Sales Centre. Similarly to the New Zealand operations, RV Sales Centre is co-located in thl's Australian rental sites in Brisbane and Melbourne. Historically, Australia has accounted for a smaller percentage of revenues derived from RVs sales, largely due to that fact that the Australian fleet has traditionally been smaller than the NZ and USA fleets.

#### 5.4 Action Manufacturing

Action Manufacturing Limited Partnership (“Action Manufacturing”) was the result of a merger in 2012 of *thl* Manufacturing and KEA Manufacturing to form a 50% joint venture between *thl* and Alpine Bird Ltd, owned by Mr Grant Brady. Subsequently, in 2018, Action Manufacturing expanded by acquiring Fairfax Industries, a leader in the design and manufacture of refrigerated truck and trailer bodies in New Zealand.

The vertical integration progressed further in February 2021, when *thl* entered into an agreement to acquire the remaining 50% interest in Action Manufacturing from its joint venture partner for NZ\$9.0 million with NZ\$1.5 million payable in cash and the balance in *thl* shares.

In January 2022, Action Manufacturing entered into a conditional agreement to purchase MaxiTRANS New Zealand for a purchase price of c. NZ\$5.7M. MaxiTRANS is a well-established business operating in the New Zealand heavy transport manufacturing industry under the brands of Maxi-CUBE and Freighter.

Action Manufacturing is the primary supplier of *thl*'s motorhome fleet in New Zealand and Australia, and also supplies light commercial vehicles for a number of private and public organisations in the same region. The business has also implemented a number of initiatives to enhance the efficiency and productivity of the operations, including the re-introduction of nightshift and the hiring of 58 new people in FY21.

The business has been successful in growing the non-motorhome business with a number of tenders across both the public and private sectors awarded in the last 12 months. Notably, the public sector sales have been focussed on essential services such as ambulance and police vehicles which offset some of the cyclicity in the RV business. The refrigerated truck and trailer body manufacturing business of Fairfax Industries has experienced a recovery in activity and it is expected to benefit from pent-up demand in the transport and delivery sector triggered by the outbreak of COVID-19.

From a supply perspective, as previously mentioned, the Action Manufacturing subsidiary provides most of the vehicles to the New Zealand and Australian divisions. The chassis are primarily sourced from Mercedes, Iveco and Toyota. In the USA, *thl* acquires the US fleet directly from third party suppliers.

We have set out below the segment financial information for Action Manufacturing on a standalone basis as if the business was wholly owned by *thl* since 1 July 2019. Notwithstanding the challenging market conditions and the material reduction in revenue, the business was still able to deliver a profit throughout FY21.

Action Manufacturing - Standalone Basis	FY20	FY21
NZ\$ '000	Audited	Audited
Revenue	64.1	43.7
Costs	(60.5)	(42.8)
<b>EBIT</b>	<b>3.6</b>	<b>0.9</b>

Sources: *thl* annual financial reports and investor presentations

#### 5.5 Tourism Division

The Tourism Division consists of The Discover Waitomo Group and Kiwi Experience. The Discover Waitomo Group focuses on providing tour experiences and includes the Waitomo Glowworm Caves, Ruakuri Cave, Aranui Cave and the Legendary Black Water Rafting Co which are operated under leases

and licenses with the local Maori Hapu as land owners and the New Zealand Department of Conservation. Those leases / licenses expire between 2027 and 2039 respectively. The Kiwi Experience, which offers coach services focused on the young and independent travellers, has been in hibernation since March 2020. As set out below, the division was materially affected by the outbreak of COVID-19 as it mainly relies on international visitors. The following table illustrates the breakdown of the Tourism division's financial information over the last five years:

<i>thl</i> Tourism Division - Standalone Basis	FY17	FY18	FY19	FY20	FY21
NZ\$ '000	Audited	Audited	Audited	Audited	Audited
Revenue	39.9	41.8	41.4	30.7	5.4
Costs	(29.2)	(29.9)	(29.2)	(26.8)	(6.1)
<b>EBIT</b>	<b>10.7</b>	<b>11.9</b>	<b>12.2</b>	<b>3.9</b>	<b>(0.7)</b>

Sources: *thl* annual financial reports and investor presentations

## 5.6 Digital assets

Over the years, *thl* has developed its digital infrastructure and investments in order to increase the level of efficiency and effectiveness of the operations.

In 2018, *thl* established a 50:50 joint venture, Togo Group (now known as Roadpass Digital), with Thor Industries Inc. Roadpass Digital consists of a collection of digital ventures including the flagship Togo RV owner companion app and the Roadtrippers road trip planner app. Roadpass Digital also continued development of *thl*'s in-house fleet scheduling, booking and management software, Cosmos, as well as its in-house telematics platform.

In March 2020, *thl* commenced a managed exit from Roadpass Digital in favour of a digital strategy focusing on Australasia which was more closely aligned with *thl*'s core RV rentals businesses. The exit included *thl* retaining certain rights to the Cosmos and Telematics platforms (explained further below), and a remaining interest in Roadpass Digital, for which Thor Industries Inc. holds an option to acquire for approximately US\$20M.

We have set out below *thl*'s key digital assets:

- *thl*'s Digital division includes the following:
  - *Cosmos* – In house development of *thl*'s fleet management, scheduling and booking system currently in use by the rental business in New Zealand and Australia. Development of *Cosmos* is continuing and looking to expand to the USA. *Cosmos* provides benefits to the business through improved utilisation, efficiencies in fleet management and a better customer booking experience.
  - *Telematics* – In-house development of *thl*'s telematics product, a method of monitoring vehicles and other assets through the use of GPS technology and on-board diagnostics, which is currently in use by the Rental business in New Zealand and Australia.
  - *SHAREaCAMPER and Mighway* – Both are peer to peer RV rental businesses which are 100% owned by *thl*, with the former operating in both New Zealand and Australia and the latter operating solely in New Zealand. On 26 October 2021, *thl* entered into an agreement to sell them to Camplify for A\$7.37 million (subject to closing adjustments). The purchase price is to be satisfied by Camplify issuing new fully paid ordinary shares to *thl*, which will become a

shareholder. As a part of the transaction, additional commercial agreements will be entered into providing the basis for a strategic relationship between the two companies. *thl* will provide managed services to Camplify RVs owners and the two companies aim to work together on opportunities to grow both Camplify and RVSC business. The sale is conditional on approval from the New Zealand Commerce Commission and an application has been submitted.

- *Triptech (60% owned by thl)* – Triptech is an Australian based travel technology company providing data, insight and applications to the travel industry in New Zealand and Australia. Triptech has developed, and manages, *thl*'s road-trip application that the New Zealand and Australian Rental Divisions use to interface with its customers.

## 5.7 Financial information

### 5.7.1 Financial Performance

The table below illustrates the company's audited consolidated statements of comprehensive income for the last three financial years.

Consolidated statements of financial performance	FY19	FY20	FY21
NZ\$ '000	Audited	Audited	Audited
Rental Revenue	197,210	180,797	95,840
Service Revenue	94,989	76,640	34,193
Sale of goods	130,805	143,493	229,140
Other income	141	3,080	6,460
<b>Total Revenue</b>	<b>423,145</b>	<b>404,010</b>	<b>365,633</b>
Cost of Sales	(114,373)	(125,502)	(186,033)
<b>Gross Profit</b>	<b>308,772</b>	<b>278,508</b>	<b>179,600</b>
<i>Gross Margin (%)</i>	<i>73.0%</i>	<i>68.9%</i>	<i>49.1%</i>
Administration Expenses	(49,469)	(44,212)	(37,861)
Operating Expenses	(144,518)	(122,552)	(101,303)
<b>EBITDA</b>	<b>114,786</b>	<b>111,745</b>	<b>40,436</b>
<i>EBITDA Margin (%)</i>	<i>27.1%</i>	<i>27.7%</i>	<i>11.1%</i>
Depreciation	(51,545)	(61,973)	(47,530)
Amortisation	(1,097)	(1,160)	(1,167)
<b>EBIT</b>	<b>62,143</b>	<b>48,612</b>	<b>(8,261)</b>
<i>EBIT Margin (%)</i>	<i>14.7%</i>	<i>12.0%</i>	<i>(2.3)%</i>
Net finance cost	(11,202)	(12,942)	(10,847)
Profit / (loss) from associates & joint ventures	(11,048)	(9,527)	736
<b>Profit / (loss) before tax</b>	<b>39,893</b>	<b>26,143</b>	<b>(18,372)</b>
Income tax benefit / (expense)	(10,140)	1,214	3,858
<b>Profit / (loss) for the year</b>	<b>29,753</b>	<b>27,357</b>	<b>(14,514)</b>
<b>Other comprehensive income / (losses)</b>			
Foreign current translation reserves movement (net of tax)	(2,207)	(2,624)	(8,929)
Cash flow hedge reserves movement (net of tax)	(3,645)	(2,212)	3,078
<b>Total comprehensive profit / (loss) for the year</b>	<b>23,901</b>	<b>22,521</b>	<b>(20,365)</b>
<b>Key performance indicators</b>			
<i>Revenue Growth (%)</i>	<i>(6.1)%</i>	<i>(4.5)%</i>	<i>(9.5)%</i>
<i>EBITDA growth (%)</i>	<i>(14.3)%</i>	<i>(2.6)%</i>	<i>(63.8)%</i>
<i>EBIT Growth (%)</i>	<i>(28.2)%</i>	<i>(21.8)%</i>	<i>(117.0)%</i>
<i>Return on funds employed (%)</i>	<i>12943.7%</i>	<i>9767.3%</i>	<i>(2255.7)%</i>
<i>Interest coverage ratio (x)</i>	<i>5.5x</i>	<i>3.6x</i>	<i>-0.8x</i>

Sources: thl Annual Reports.

Notes: (1): Return on funds employed is calculated as EBIT / Average Funds Employed (see section 4.4.2 for more information on Average Funds Employed); (2): Interest coverage ratio is calculated as EBIT / Finance Costs (i.e. interest expense)

In relation to the above, we note the following:

- Notwithstanding the revenue reduction in FY21, the sale of goods, which is comprised of both new and ex-rental vehicles, saw a c. 75.2% increase from FY20 to FY21, with record volumes and prices of RV vehicles driven by global demand, in particular in the US which partially offset the drop in rental and service revenues.
- Cost of sales mostly includes the cost of goods which represents the net book value of ex-rental fleet vehicles sold and the purchase price of new vehicles, trade-ins and other retail goods sold. It also consists of vehicle selling expenses being the cost of third party warranty and insurance providers as well as the associated costs incurred under claims. As depicted above, cost of sales has materially increased by c. NZ\$60.5 million from FY20 to FY21, a function of increasing RV sales volumes.

- Operating expenses constitutes numerous different line items, with the two largest being employee benefits expenses and repairs and maintenance including damage repairs, each of which amounted to c. NZ\$65.9 million and c. NZ\$21.9 million respectively in FY21. Operating expenses have trended down in recent years due to a material decline in the existing fleet as well as a general shrinking of overhead costs.
- thl*'s depreciation expenses have declined from FY20 into FY21, primarily as a result of reduced fleet.
- The following table illustrates the COVID-19 related items in both of FY20 and FY21 as well as where they are recognised within the statement of comprehensive income:

COVID-19 related events	FY20	FY21	Recognition in statement of
Event	NZ\$ 000's	NZ\$ 000's	comprehensive income
Wage subsidies received <sup>1</sup>	5,346	4,373	Netted off within operating expenses
Rent relief received	1,030	-	Other income
Increase in provision of doubtful debts	1,099	-	Operating expenses
Restructure and redundancy costs	557	-	Operating expenses
Impairment of right of use lease assets	130	-	Operating expenses
Impairment of goodwill attributed to Kiwi Experience	3,126	-	Operating expenses
Strategic Tourism Assets Protection Programme funding	-	1,720	Other income
US PPP loan forgiveness	-	1,457	Other income
<b>Total</b>	<b>11,288</b>	<b>7,550</b>	<b>n/a</b>

Sources: *thl* Annual Reports.

Note (1): Wage subsidies received include both Australian and New Zealand wage subsidies.

- thl*'s EBIT margin has materially declined year on year from FY20 to FY21, down c. 14.3% to c. (2.3%). Whilst the extent to which *thl* will recover throughout FY22 is yet to be seen, extensive New Zealand and Australian lockdowns throughout H1FY22 as well as a delayed reopening of international borders in New Zealand are likely to result in subdued FY22 EBIT levels relative to pre-pandemic years.
- Share of profit from associates relates to *thl*'s investments in Just Go and Triptech and the preference shares in the Togo Group ("Togo Preference Shares"). In July 2020 *thl* increased its ownership in Triptech to c. 60%, becoming the major shareholder with majority board control, however until this point in time, it was accounted as an investment in associate on the statement of financial performance.
- The following illustrates a reconciliation between reported and underlying EBIT for *thl* over the last three years:

Reconciliation between reported and underlying EBIT			
A\$m	FY19	FY20	FY21
<b>Reported EBIT</b>	<b>62.1</b>	<b>48.6</b>	<b>(8.3)</b>
Non-recurring items	-	2.4	(0.2)
<b>Underlying EBIT</b>	<b>62.1</b>	<b>51.0</b>	<b>(8.5)</b>

Sources: *thl* Annual Reports.

In relation to the non-recurring items listed above we note the following throughout FY21:

- An accounting gain of c. NZ\$1.2 million (inclusive of tax) from the termination of the lease for the





Mangere Branch following a fire; and,

- A fair value adjustment loss of c. NZ\$1.4 million in relation to the original c. 50% stake in Action Manufacturing.

#### 5.7.2 Financial Position

The table below illustrates the company's audited consolidated statements of financial position as at 30 June 2019, 30 June 2020 and 30 June 2021.

Consolidated statements of financial position NZ\$ '000	30-Jun-19 Audited	30-Jun-20 Audited	30-Jun-21 Audited
<b>Assets</b>			
Cash and cash equivalents	8,837	35,514	38,087
Trade and other receivables	28,964	28,930	28,681
Inventories	56,219	68,487	57,455
Advance to joint venture	976	530	-
Other current assets	231	3,114	581
<b>Total current assets</b>	<b>95,227</b>	<b>136,575</b>	<b>124,804</b>
Property, plant and equipment	407,016	359,717	273,072
Intangible assets	44,180	50,267	51,121
Financial asset recognised at fair value	-	21,382	20,835
Investment in joint ventures	51,106	10,224	-
Investment in associates	4,319	4,044	4,936
Advance to joint venture	625	125	-
Right-of-use assets	-	69,562	62,339
Deferred tax assets	-	1,656	957
<b>Total non-current assets</b>	<b>507,246</b>	<b>516,977</b>	<b>413,260</b>
<b>Total assets</b>	<b>602,473</b>	<b>653,552</b>	<b>538,064</b>
<b>Liabilities</b>			
Interest bearing loans and borrowings	46	-	125
Trade and other payables	47,489	37,001	25,263
Revenue in advance	25,544	12,192	13,087
Employee benefits	8,400	7,214	8,017
Lease Liabilities	-	7,304	8,787
Other current liabilities	4,975	5,774	3,935
<b>Total current liabilities</b>	<b>86,454</b>	<b>69,485</b>	<b>59,214</b>
Interest bearing loans and borrowings	210,980	163,322	86,659
Derivative financial instruments	5,798	9,193	5,124
Deferred income tax liability	22,224	11,886	9,989
Lease Liabilities	-	74,567	64,479
<b>Total non-current liabilities</b>	<b>239,002</b>	<b>258,968</b>	<b>166,251</b>
<b>Total liabilities</b>	<b>325,456</b>	<b>328,453</b>	<b>225,465</b>
<b>Net assets</b>	<b>277,017</b>	<b>325,099</b>	<b>312,599</b>
<b>Key performance indicators</b>			
<i>Units on issue at end of period (millions)</i>	127.8	146.8	149.9
<i>Net Funds employed (NZ\$m) <sup>1</sup></i>	479.2	452.9	361.3
<i>Debt / EBITDA (x) <sup>2</sup></i>	1.8x	2.2x	4.0x
<i>Gearing ratio (%) <sup>3</sup></i>	61.4%	51.9%	40.5%

Sources: thl Annual Reports.

Notes: (1) Net Funds employed is calculated as (total assets – non-interest bearing liabilities – cash on hand); (2) Debt : EBITDA ratio is calculated as net debt / CY EBITDA; (3) Gearing ratio is calculated as net debt / total assets

We note the following regarding thl's financial position:

- Inventories include such items like raw materials, motorhomes held for sale, finished goods and provision for obsolescence. thl's c. NZ\$11.0 million decrease in inventories from FY20 to FY21 was

primarily driven by a marked decline in their motorhomes held for sale due to increased sales levels following heightened RV demand.

- *thl's* total property plant and equipment has declined materially since the onset of COVID-19 driven by increased sales levels of ex-rental motorhomes, with the majority of the reduction from New Zealand. The following table illustrates the historical breakdown in *thl's* total net property, plant and equipment:

<i>thl</i> Historical Net Property, Plant and Equipment NZ\$ '000	FY19 Audited	FY20 Audited	FY21 Audited
Motorhomes	359,034	323,278	238,092
Motor vehicles	698	771	865
Land and buildings	14,154	13,946	12,393
Other plant and equipment	6,413	5,722	7,103
Capital works in progress	26,717	16,000	14,619
<b>Total Net Property, Plant and Equipment</b>	<b>407,016</b>	<b>359,717</b>	<b>273,072</b>

Source: *thl* Annual Reports

- Intangible assets are comprised of the Road Bear RV brand within the US rentals operations which was purchased in December 2010; goodwill related to the Road Bear and El Monte business combinations, the Waitomo license and other licences.
- *thl's* investments in joint ventures has reduced from c. NZ\$51.1 million as at 30 June 2019 to nil as at 30 June 2021. This decline was predominately a result of two separate transactions, *thl's* partial exit from Togo Group and their buyout of Action Manufacturing.
- *thl* has seen a material reduction of c. NZ\$85.1 million in their outstanding debt from FY20 to FY21, primarily driven by the substantial cash inflows following increased sales levels. *thl's* bank borrowings are comprised of multi-currency revolving cash advance facilities with Westpac and ANZ that saw applicable interest rates throughout FY21 of between 1.80% and 3.15% per annum. Additionally, *thl* recognised lease liabilities in FY20 for the first time in accordance with the adoption of the NZ IFRS 16 accounting standard. These leases predominately relate to *thl's* premises in New Zealand, Australia and the United States and are recognised at fair value on the balance sheet. The following table illustrates *thl's* borrowing movements over the last three years:

<i>thl</i> Borrowings	FY19	FY20	FY21
NZ\$ '000	Audited	Audited	Audited
<b>Current borrowings</b>			
Other borrowings	46	-	125
<b>Total current borrowings</b>	<b>46</b>	<b>-</b>	<b>125</b>
<b>Non-current borrowings</b>			
Bank borrowings	210,979	163,322	84,460
Other borrowings	1	-	2,199
<b>Total non-current borrowings</b>	<b>210,980</b>	<b>163,322</b>	<b>86,659</b>
Cash and cash equivalents	(8,837)	(35,514)	(38,087)
<b><i>thl</i> net debt - excluding IFRS 16 lease liabilities</b>	<b>202,189</b>	<b>127,808</b>	<b>48,697</b>
Current lease liabilities	-	7,304	8,787
Non-current lease liabilities	-	74,567	64,479
<b><i>thl</i> net debt - including IFRS 16 lease liabilities</b>	<b>202,189</b>	<b>209,679</b>	<b>121,963</b>

Source: *thl* Annual Reports.

In relation to the above, *thl* is also subject to numerous lending covenants. Certain covenants were amended in June and August 2021, with the amended agreement reflecting an increased committed facility of c. NZ\$250 million. In addition, the amendment also included the following:

- A requirement for consent from *thl*'s banking partners for any distribution to shareholders during the term of the new facility;
- *thl*'s leverage ratio and interest coverage ratio will not be used as a primary covenant test until September 2022, however other existing covenants (i.e. equity ratio and guaranteeing group ratio) remain applicable; and,
- New covenants relating to minimum shareholder funds and a cumulative EBITDA requirement (tested quarterly) have also been added. Note, if the EBITDA target is not achieved, leverage ratio covenants apply.

### 5.7.3 Cash Flow Statement

The company's cash flow statements for the last three financial years are set out below.

Consolidated statements of cash flow NZ\$ '000	FY19 Audited	FY20 Audited	FY21 Audited
<b>Cash flows from operating activities</b>			
Receipts from customers	298,998	248,752	150,534
Proceeds from sale of goods	130,805	143,493	222,265
Proceeds from insurance recoveries	-	-	1,826
Interest received	87	212	41
Dividend received	-	-	869
Payments to suppliers and employees	(224,119)	(193,510)	(159,783)
Purchase of rental assets	(176,075)	(108,790)	(119,922)
Interest paid	(11,134)	(13,584)	(10,878)
Taxation received / (paid)	(8,361)	(7,484)	2,024
<b>Net cash inflow from operating activities</b>	<b>10,201</b>	<b>69,089</b>	<b>86,976</b>
<b>Cash flows from investing activities</b>			
Sale of property, plant and equipment	8	126	110
Purchase of property, plant and equipment	(3,884)	(4,125)	(1,199)
Advance to joint ventures	(1,500)	(11,945)	-
Receipt from joint ventures	751	1,000	353
Purchase of intangibles	(407)	(432)	(4,113)
Investments in associates and joint ventures	(9,589)	-	-
Net cash paid as part of the step acquisition of Outdoria	-	-	(374)
Net cash received as part of the step acquisition of AMLP	-	-	4,631
<b>Net cash outflow from investing activities</b>	<b>(14,621)</b>	<b>(15,376)</b>	<b>(592)</b>
<b>Cash flow from financing activities</b>			
Payment for lease liability principal	-	(6,442)	(7,732)
Net proceed from borrowings	(1,677)	(52,788)	(74,567)
Dividends paid	(29,429)	(17,373)	-
Proceeds from share issue	30,798	49,280	304
<b>Net cash (outflow) / inflow from financing activities</b>	<b>(308)</b>	<b>(27,323)</b>	<b>(81,995)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(4,728)</b>	<b>26,390</b>	<b>4,389</b>
Cash and cash equivalents at the beginning of the financial year	13,534	8,837	35,514
Exchange gains / (losses) on cash and cash equivalents	31	287	(1,816)
<b>Cash and cash equivalents at year end</b>	<b>8,837</b>	<b>35,514</b>	<b>38,087</b>

Source: *thl Annual Reports*.

We note the following in relation to *thl's* cash flow statements:

- Cash flows from operating activities increased in FY21 relative to prior years due to a simultaneous increase in the sale of goods as well as a material decline in payments to suppliers and employees resultant from decreased manufacturing, rental and service operations.
- In FY19, *thl* paid a total dividend of c. NZ\$33.4 million. Throughout FY20 however, *thl* paid no interim or final dividend as a result of the pandemic and its associated uncertainty, and this has continued into FY21. We note that there is currently no recommendation or declaration of any upcoming dividends payable throughout FY22.
- *thl's* gross capital expenditure has noticeably declined since the onset of COVID-19, primarily due to the intention to right fleet size over the same period. *thl's* global fleet has reduced to 4,242 vehicles as

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at 30 June 2021, a total net withdrawal of c. NZ\$91 million in funds from the fleet throughout FY21. Net capital expenditure in FY22 is expected to be between NZ\$50 million and NZ\$100 million depending on market conditions and fleet availability with the company expected to re-fleet to 5,000-6,000 vehicles at some point in FY24 depending on the rate of return of international tourism.

#### 5.7.4 Financial information for the half year ended 31 December 2021

As at the time of this report, *thl's* audit reviewed financial statements for the half year ended 31 December 2021 were not available. However, *thl* currently expects the following results for the half year ended 31 December 2021 (please refer to section 8.18 of the Scheme Booklet for more details).

- Statutory net loss after tax of approximately NZ\$4.4 million, inclusive of NZ\$2.1 million in one-off transaction costs related to the Scheme (compared to previous market guidance of a net loss after tax of between NZ\$4 million and NZ\$7 million).
- Net debt as at 31 December 2021 of approximately NZ\$19 million.
- Revenue in the range of NZ\$175 million, a decrease of NZ\$31 million on pcp.
- A loss at the EBIT level of approximately NZ\$1.1 million, inclusive of NZ\$2.1 million in one-off transaction costs related to the Scheme, a decrease of NZ\$2.9 million on pcp.

#### 5.8 Share capital structure

As at the date of this report, *thl* has the following securities on issue:

- 152,040,427<sup>80</sup> *thl* Shares.
- 5,164,999 long term incentive options.
- 985,630 redeemable ordinary shares.
- 1,357,771 retention share options.
- 1,328,550 retention share rights.

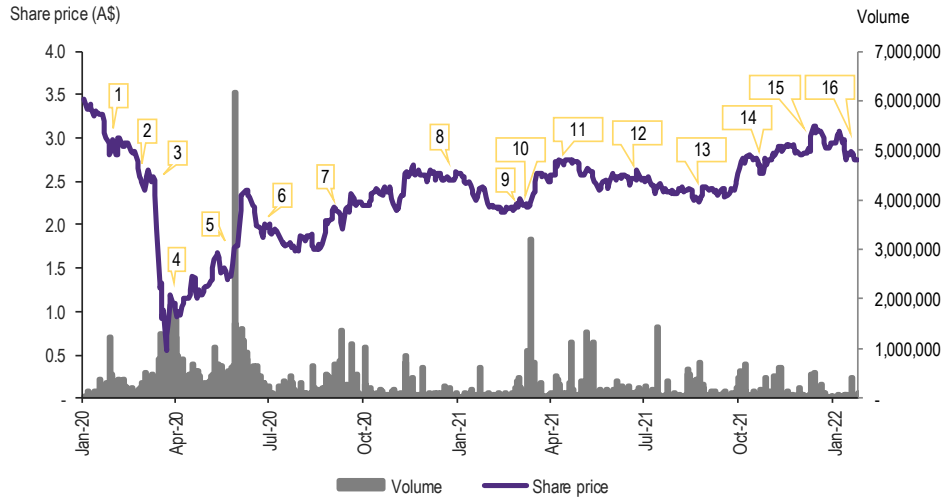
##### 5.8.1 Share price and market analysis

Our analysis of the daily movements in *thl's* trading price and volume for the period from January 2020 to November 2021 is set out below. We note that *thl's* most recent closing share price as at 24 January 2021 was NZ\$2.70.

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<sup>80</sup> S&P Capital IQ.

### Historical share price and volume for *thl*



Source: S&P Global, GTCF analysis

The following table describes the key events which may have impacted the share price and volume movements recently as shown above.

Event	Date	Comments
1	Feb-20	<i>thl</i> released a market update that decreased its FY20 NPAT expectations to NZ\$24 million in the context of the following significant and uncertain events facing the tourism industry: <ul style="list-style-type: none"> <li>- USA vehicles sales weakness;</li> <li>- Australian bush fire cancellations and forward booking reductions; and,</li> <li>- Forecast reduction in Chinese inbound consumers over the next couple of months due to Coronavirus containment measures.</li> </ul>
2	Feb-20	<i>thl</i> released its half-yearly report for the period ending 31 December 2019: <ul style="list-style-type: none"> <li>- Revenues from ordinary activities were reported as NZ\$270 million, level with the prior corresponding period's NZ\$270 million</li> <li>- NPAT was reported as c. NZ\$13.1 million, down 25% from the prior corresponding period's NZ\$17.5 million.</li> <li>- Net assets was reported as c. NZ\$314.9 million, up 13.8% from the prior corresponding period's c. NZ\$277.0 million position.</li> </ul>
3	Feb-20	In late February and into early March, the NZX decreased by over 30% due to investor panic surrounding the outbreak of COVID-19. This event was felt at all levels of the economy and widespread mandatory isolation across both the North and South Island in New Zealand. Throughout this period, the Company released three separate trading updates, the first of which (12 March 2020) discussed the US's closure of borders from Europe, the second of which (13 March 2020) disclosed that <i>thl</i> would withdraw its previous FY20 guidance and the last (20 March 2020) cancelled the FY20 interim dividend of NZ\$0.10 per share.
4	Apr-20	<i>thl</i> announced that it had entered into an agreement to undertake a managed exit from its technology joint venture, Togo. The agreement involved: <ul style="list-style-type: none"> <li>- <i>thl</i> retaining all rights to assets in Togo Fleet, Highway in New Zealand / Australia and Togo Insights;</li> <li>- A c. US\$6 million payment from Thor Industries (Togo's other JV partner);</li> <li>- <i>thl</i> having no obligation to provide further investment into Togo;</li> <li>- Thor having a four year option to purchase <i>thl</i>'s remaining interest in Togo for c. US\$20 million; and,</li> <li>- Togo making a fixed annual dividend payment to <i>thl</i> for approximately US\$0.6 million for a maximum four year period.</li> </ul>
5	May-20	<i>thl</i> advised that it had commenced a consultation process across parts of its New Zealand business, with the intention of matching crew numbers to current activity levels and expectation for the coming months. Additionally, <i>thl</i> disclosed that the US business had made staffing changes in April whilst the Australian business utilised the six-month JobKeeper subsidy. Finally, it was approximated that c. 140 New Zealand employees in the Waitomo, Kiwi experience and group support divisions would be impacted as a result of the consultation process.

6	June-20	<i>thl</i> provided a further update on the business including its funding arrangements and expectations for FY20. <i>thl</i> had been in discussions with its banking partners regarding ongoing funding arrangements and had entered into a binding term sheet to reflect new covenants and terms. As a result of these discussions, commitments had been provided to <i>thl</i> of debt funding approximating to c. NZ\$225 million, consisting of a number of tranches maturing between September 2021 and July 2022.
7	Sep-20	<i>thl</i> released its annual report for the period ending 30 June 2020: <ul style="list-style-type: none"> <li>- Revenues from ordinary activities were reported as NZ\$401 million, down c. 5% from the prior corresponding period's NZ\$423 million</li> <li>- NPAT was reported as c. NZ\$27.4 million, down 8% from the prior corresponding period's NZ\$29.8 million.</li> <li>- Net assets was reported as c. NZ\$325.1 million, up 3.2% from the prior corresponding period's c. NZ\$314.9 million.</li> </ul>
8	Dec-20	<i>thl</i> provided a general update on its performance and expectations for FY21, where management stated that based on current expectations the loss for FY21 is expected to be greater than the average of the results projected by market analysts, of c. NZ\$(12.8) million.
9	Feb-21	<i>thl</i> released its half-yearly report for the period ending 31 December 2020: <ul style="list-style-type: none"> <li>- Revenues from ordinary activities were reported as NZ\$205.8 million, down c. 1% from the prior corresponding period's NZ\$207.5 million</li> <li>- NPAT was reported as c. NZ\$(1.7) million, compared to the prior corresponding period's NZ\$13.1 million.</li> <li>- Net assets was reported as c. NZ\$311.5 million, down 4.2% from the prior corresponding period's c. NZ\$325.1 million.</li> </ul>
10	Feb-21	<i>thl</i> advised that it had entered into an agreement to acquire the remaining 50% interest in Action Manufacturing from its JV partner, Grant Brady. Action is Australasia's leading quality vehicle specialiser, with a team of 150 individuals across three factories in New Zealand. The acquisition had a purchase price of c. NZ\$9 million, comprising of c. NZ\$7.5 million through the issuance of <i>thl</i> shares and the remaining c. NZ\$1.5 million as cash.
11	Apr-21	<i>thl</i> provided a general update on its performance and expectations for the financial year ending 30 June 2021. Within the announcement, <i>thl</i> improved its outlook from a loss of c. NZ\$(12.8) million to somewhere between c. NZ\$(14.0) million to c. NZ\$(18.0) million. Additionally, <i>thl</i> announced that its pro-forma net debt as at 30 June 2021 would be around c. NZ\$90 million.
12	Jun-21	<i>thl</i> provided a further update on its performance, whereby the company expected FY21 losses would be on the lower end of the spectrum towards c. NZ\$14 million. Further, net debt as at 30 June 2021 was expected to be c. NZ\$50 million (previous guidance was that net debt would not exceed c. NZ\$90 million). This variance was largely attributable to a payment for new vehicles in the US being delayed into early FY22, as well as vehicle sales exceeding earlier expectations.
13	Aug-21	<i>thl</i> released its annual report for the period ending 30 June 2021: <ul style="list-style-type: none"> <li>- Revenues from ordinary activities were reported as NZ\$359 million, down c. 10% from the prior corresponding period's NZ\$401 million</li> <li>- NPAT was reported as c. NZ\$(14.5) million, compared to the prior corresponding period's NZ\$27.4 million.</li> <li>- Net assets was reported as c. NZ\$312.6 million, up c. 0.3% from the prior corresponding period's c. NZ\$311.5 million.</li> </ul>
14	Oct-21	<i>thl</i> announced that it had entered into an agreement to sell Mighway and SHAREaCAMPER to Camplify Holdings for a purchase price of c. A\$7.4 million, whereby CHL will issue fully paid ordinary shares to <i>thl</i> . This was then amended in a later announcement whereby the parties agreed to vary the agreement to the effect that the acquisition becomes conditional on Camplify obtaining any competition approvals required in respect of the transaction.
15	Dec-21	The proposed Scheme between <i>thl</i> and ATL was announced. Market update also provided.
16	Jan-22	<i>thl</i> advised that Action Manufacturing had entered into a conditional agreement to purchase the business and assets of MaxiTRANS in New Zealand from Australia Trailer Solutions Group New Zealand Ltd. The purchase price offered was c. NZ\$5.7 million and reflects the net asset value of the business.

Source: *thl* announcements, GTCF analysis



The monthly share price performance of *thl* since October 2020 and the weekly share price performance of *thl* over the last 16 weeks is summarised below:

Tourism Holdings Limited	Share Price			Average weekly volume 000'
	High \$	Low \$	Close \$	
<b>Month ended</b>				
Oct 2020	2.440	2.190	2.240	720
Nov 2020	2.690	2.160	2.580	900
Dec 2020	2.650	2.340	2.600	380
Jan 2021	2.600	2.250	2.250	500
Feb 2021	2.340	2.020	2.250	421
Mar 2021	2.650	2.170	2.500	1,607
Apr 2021	2.780	2.480	2.580	929
May 2021	2.650	2.350	2.590	860
Jun 2021	2.640	2.410	2.530	529
Jul 2021	2.560	2.310	2.350	721
Aug 2021	2.450	2.220	2.410	1,075
Sep 2021	2.590	2.310	2.590	437
Oct 2021	2.800	2.500	2.750	787
<b>Week ended</b>				
30 Jul 2021	2.390	2.310	2.350	314
6 Aug 2021	2.450	2.320	2.430	202
13 Aug 2021	2.420	2.310	2.420	1,681
20 Aug 2021	2.420	2.260	2.310	1,350
27 Aug 2021	2.440	2.220	2.440	1,419
3 Sep 2021	2.440	2.330	2.420	299
10 Sep 2021	2.430	2.340	2.340	352
17 Sep 2021	2.420	2.320	2.320	378
24 Sep 2021	2.410	2.310	2.410	222
1 Oct 2021	2.650	2.370	2.650	1,290
8 Oct 2021	2.790	2.650	2.790	1,366
15 Oct 2021	2.800	2.720	2.750	309
22 Oct 2021	2.760	2.600	2.600	292
29 Oct 2021	2.770	2.580	2.750	798
5 Nov 2021	2.830	2.700	2.800	680
12 Nov 2021	2.930	2.810	2.850	1,329

Source: S&P Global, GTCF analysis

Note: The share price analysis is based on 16 November 2021.

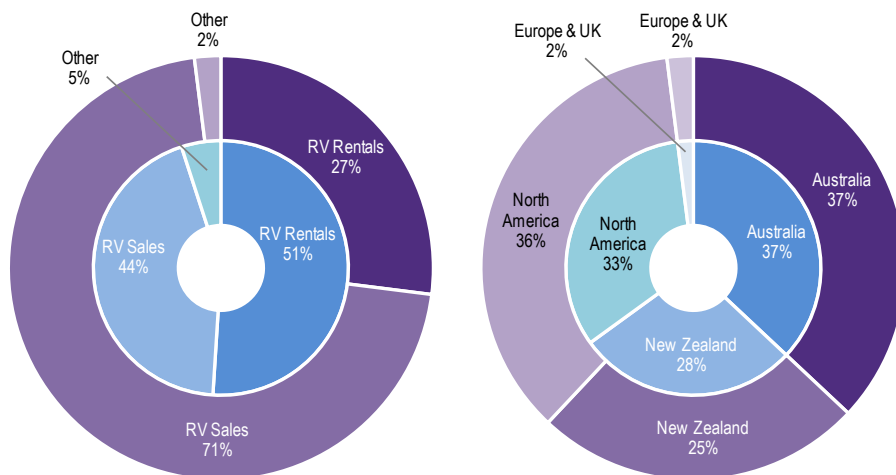
We have also considered *thl*'s recent trading prices for the purpose of our valuation of *thl*. Refer to Section 9.3 for further details and analysis on the trading price of the company.

## 6 Profile of the Merged Group

### 6.1 Overview of the Merged Group

The graphs below provide an illustration of the Merged Group by both geography and segments for both FY19 and FY21. The FY19 revenue circles (inner ones) represent a pre-pandemic operating environment whilst the FY21 reflects a COVID-19 impacted environment:

#### Revenue composition by division and geography – (FY19 inner circle, FY21 outer circle)



Source: Management

Note (1): thl revenue excludes earnings of joint ventures Just Go and Togo Group (the latter of which was exited in 2020).

Note (2): Merged Group metrics have been currency converted at an average exchange rate of 0.9383 and 0.9327 NZ\$:A\$ in FY19 and FY21 respectively.

If the Scheme is completed, the Merged Group will have the following characteristics:

- A materially larger, more diversified business that will benefit from enhanced economies of scale, significant costs synergies and greater business resilience.
- Increased operations and presence in RV rentals within Australia, New Zealand, North America, Europe and the UK.
- Significant anticipated cost synergies derived from the duplication of corporate costs and procurement benefits as well as significant fleet rationalisation opportunities expected due to the ability of the Merged Group to service rental operations on a smaller, more optimised fleet base.
- The Merged Group is expected to be in a materially better financial position than either company on a standalone basis, with both sets of management believing that the merger will likely result in a faster recovery from COVID-19, improved ability to weather any ongoing effects from the pandemic and capability to take advantage of near-term growth opportunities.
- A large-scale business with enhanced capacity to access the equity markets and to fund investments.

### 6.2 Board of Directors and Management Team

The Merged Group will be governed by a transitional board of 10 directors, comprising the existing *thl* board as well as two other independent directors from the ATL board, Sophie Mitchell and Robert Baker. In addition, Grant Webster (current CEO of *thl*) will join as Managing Director and Luke Trouchet (current Managing Director of ATL) will join as Executive Director – M&A and Global Transactions. This transitional board is expected to be in place until the 2022 *thl* annual meeting at which point a new board consisting of no more than eight directors will be appointed.

### 6.3 Pro-forma statement of comprehensive income

The pro forma statement of comprehensive income of the Merged Group before synergies prepared by the company is set out below. We note that Grant Thornton Corporate Finance has not reviewed the pro-forma statement of comprehensive income.

Consolidated FY21 statement of comprehensive income NZ\$m	THL	ATL <sup>1</sup>	Notes	Scheme Adjustments	Acquisition Adjustments	MergeCo
Sales of services	130.0	57.0		-	-	187.1
Sales of goods	229.1	256.1	1	-	14.7	499.9
<b>Total revenue</b>	<b>359.1</b>	<b>313.1</b>		-	<b>14.7</b>	<b>687.0</b>
Cost of sales	(186.0)	(228.0)	1	-	(10.3)	(424.3)
<b>Gross profit</b>	<b>173.1</b>	<b>85.1</b>		-	<b>4.4</b>	<b>262.6</b>
Administration expenses	(37.9)	(16.6)	2,1	(9.1)	(1.9)	(65.4)
Operating expenses	(150.0)	(85.8)	1	-	(3.6)	(239.4)
Other income	6.5	1.4	1	-	0.6	8.4
<b>Operating (loss) /profit before financing costs</b>	<b>(8.3)</b>	<b>(15.8)</b>		<b>(9.1)</b>	<b>(0.5)</b>	<b>(33.7)</b>
Net finance costs	(10.8)	(11.0)	1	-	(0.3)	(22.2)
Share of profit / (loss) from associates and joint ventures	0.7	-		-	-	0.7
<b>(Loss) / profit before tax</b>	<b>(18.4)</b>	<b>(26.8)</b>		<b>(9.1)</b>	<b>(0.8)</b>	<b>(55.2)</b>
Income tax benefit	3.9	7.7		-	-	11.5
<b>(Loss) / Profit for the year</b>	<b>(14.5)</b>	<b>(19.1)</b>		<b>(9.1)</b>	-	<b>(43.6)</b>

Source: Scheme Booklet, GTCF analysis

Note (1): All ATL figures are adjusted, translated and reclassified to fit *thl*'s statement of comprehensive income

With regards to the above, we note the following:

**Note 1** – Throughout the FY21 financial year *thl* acquired the remaining c. 50% interest in AMLP, a business that manufactures motorhomes for the business' New Zealand and Australian operations as well as other specialty vehicles for external customers. A pro-forma adjustment has been included to reflect the impact of this acquisition as if it occurred from 1 July 2020. The adjustments also include the elimination of the impact of intercompany trading between *thl* and AMLP.

**Note 2** – For the purposes of these pro-forma accounts, it has been assumed that ATL and *thl* will collectively incur transaction and advisor costs of c. NZ\$9.1 million. The actual transaction costs that will be incurred may differ. These costs have been reflected within the Scheme adjustments as an increase in administration expenses in the pro-forma unaudited statement of comprehensive income and a reduction in cash and retained earnings in the pro forma unaudited statement of financial position.

#### 6.3.1 Synergies

- Refer to our discussion in the Executive Summary and in section 9 for details.

#### 6.4 Pro-forma balance sheet

The pro forma balance sheet of the Merged Group prepared by the company is set out below. We note that Grant Thornton Corporate Finance has not reviewed the pro-forma balance sheet.

Consolidated FY21 Balance Sheet						
NZ\$m	THL	ATL <sup>1</sup>	Notes	Scheme Adjustments	Acquisition Adjustments	MergeCo
<b>Assets</b>						
Cash and cash equivalents	38.1	48.9	1	(9.1)	-	77.9
Trade and receivables and other assets	28.7	12.5	2	(0.4)	-	40.8
Inventories	57.5	57.1		-	-	114.6
Property, plant and equipment	273.1	115.2	3	-	(0.9)	387.4
Right-of use assets Fleet	-	82.3		-	-	82.3
Right-of use assets Property	62.3	27.4		-	-	89.7
Intangible assets (including goodwill)	51.1	25.0	4,5	115.6	-	191.7
Investments in/advances to associates and JVs	4.9	-		-	0.0	5.0
Investments accounted for using the equity method	-	3.5		-	-	3.5
Other assets	22.4	11.2	5	(10.5)	-	23.1
<b>Total assets</b>	<b>538.1</b>	<b>383.2</b>		<b>95.6</b>	<b>(0.8)</b>	<b>1,016.0</b>
<b>Liabilities</b>						
Interest bearing loans and borrowings	86.8	149.3		-	-	236.1
Trade and other payables	25.3	24.0		-	-	49.2
Revenue in advance	13.1	17.0		-	-	30.1
Lease liabilities	73.3	116.8		-	-	190.1
Other liabilities	27.1	34.8	5	3.3	-	65.1
<b>Total liabilities</b>	<b>225.6</b>	<b>341.8</b>		<b>3.3</b>	<b>-</b>	<b>570.6</b>
<b>Net Assets</b>	<b>312.5</b>	<b>41.4</b>		<b>92.4</b>	<b>(0.8)</b>	<b>445.4</b>

Source: Management

Note (1): ATL figures are adjusted, translated and reclassified to fit thl's balance sheet.

With regards to the above, we note the following:

*Note 1* – Refer to note 2 in section 6.3.

*Note 2* – thl acquired shares in ATL in the periods prior to FY21 and held c. 898,000 as at 30 June 2021. This has been reflected in the pro-forma unaudited statement of financial position as an adjustment to the 'trade and other receivables' asset and share capital based on the market value of ATL share as at 30 June 2021.

*Note 3* – Refer to note 1 in section 6.3.

*Note 4* – The Scheme is expected to be accounted for as a business combination using the acquisition method of accounting as prescribed in NZ IFRS 3 Business Combinations, under New Zealand GAAP. thl is expected to record the assets acquired, including identifiable intangible assets, and the liabilities assumed from ATL at their respective estimates fair values at the date of the implementation of the Scheme. Any excess of the purchase price over the net fair value of such assets and liabilities will be recorded as goodwill. For the purpose of the Merged Group's pro-forma financial information, the fair value

of ATL's identifiable assets acquired, and liabilities assumed, have been presented on a provisional basis at book value.

*Note 5* – As at 30 June 2021, ATL recognised the following deferred tax assets in its consolidated financial statements:

- Australian tax losses: A\$11,369,000
- New Zealand tax losses: A\$729,000
- Canadian tax losses: A\$708,000

Work will be undertaken post the Scheme to determine what amount (if any) of these tax losses can be carried forward and utilised in the future by the merged entity. A pro-forma adjustment has been made to reduce to nil the tax benefit on the Australian tax losses.

#### 6.4.1 Net debt position

The pro-forma net debt of the Merged Group would approximate to c. NZ\$211 million<sup>81</sup>, excluding IFRS 16 lease liabilities, as at 31 October 2021. The following table illustrates the pro-forma net debt position of the Merged Group:

Net Debt - 31 October 2021			
NZ\$m	THL	ATL	MergeCo
Fleet financing	-	123	123
Floor plan loans	-	37	37
Bank borrowings, loans and overdrafts	54	27	80
COVID-19 support loans	-	32	32
<b>Total</b>	<b>54</b>	<b>218</b>	<b>272</b>
Cash and cash equivalents	(24)	(37)	(61)
<b>Total Net Debt<sup>1</sup></b>	<b>30</b>	<b>182</b>	<b>211</b>

Source: Management

Note (1): Excludes non-fleet IFRS / AASB 16 leases

Note (2): Exchange rates used for conversion as at 31 October 2021 are 0.9542 NZ\$:A\$, 0.9116 NZ\$:CAD\$, 0.6039 NZ\$:EU\$, 0.5112 NZ\$:US\$ and 0.6817 NZ\$:GBP\$

With regard to the debt position of the Merged Group, we note the following:

- The transaction is subject to refinancing of the debt facilities of *thl* and / or the Merged Group with new or existing financiers with effect from the implementation of the scheme, and all consents and waivers being obtained from any continuing financiers of ATL.
- No additional debt is created because of the merger given the equity scrip consideration (after the impost of transaction related expenses). Moving forward, some form of debt reduction could potentially be achieved through fleet rationalisation in the short to medium term. Note however, any FY22 North American fleet purchases are not factored into the above calculation and may have the capacity to increase the Merged Group's net debt position in certain scenarios.

<sup>81</sup> As at 31 October 2021.

## 6.5 Dividend policy

Prior to being suspended due to the impact of COVID-19, *thl*'s dividend policy was a payout ratio of between c. 75% and c. 90% of NPAT. The current intention of the *thl* board is that dividends will recommence, most likely at a lower payout ratio than was paid prior to the COVID-19 pandemic, once the Merged Group returns to a sustainable level of profitability. The payment of future dividends (if any) by *thl* will be determined by the *thl* board from time to time at its discretion.

The review of the dividend policy will, among other matters, consider the following:

- The equity ratio of the Merged Group;
- The availability of tax imputation and franking credits; and,
- The Merged Group's future growth capital requirements, including as it focuses on re-fleeting in the short run to take advantage of expected recovery and other tertiary opportunities.

Note however, there is no guarantee that a dividend will be paid or, if paid, paid at historical levels.

## 6.6 Shareholding

Set out below is the expected shareholding structure of the Merged Group:

Merged Group share composition		
	No. of shares	Percentage
Apollo current shares on issue	186,150,908	-
Apollo shares held by <i>thl</i>	898,150	-
<b>Apollo current shares on issues (excluding <i>thl</i> held shares)</b>	<b>185,252,758</b>	<b>-</b>
Conversion ratio	3.680818	-
<b><i>thl</i> shares issued to Apollo Shareholders (excluding <i>thl</i>)</b>	<b>50,329,236</b>	<b>24.87%</b>
<i>thl</i> current shares on issue	152,040,427	75.13%
<b>Merged Group shares on issue</b>	<b>202,369,663</b>	<b>100.00%</b>

Source: Management

Note: The above table is calculated based on an undiluted basis

## 7 Valuation methodologies

### 7.1 Introduction

As part of assessing whether or not the Scheme is fair to the ATL Shareholders, Grant Thornton Corporate Finance has compared:

- The fair market value of Apollo Shares before the Scheme on a control basis.
- The fair market value of the Merged Group after the Scheme on a minority basis.

In each case, Grant Thornton Corporate Finance has assessed the value using the concept of fair market value. Fair market value is commonly defined as:

*“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

We note, RG111 requires the fairness assessment to be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company.

### 7.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, approval of an issue of shares using item 7 of s611 of the Corporations Act, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- Amount available for distribution to security holders on an orderly realisation of assets.
- Quoted price for listed securities, when there is a liquid and active market.
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the

expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

### 7.3 Selected valuation methods

In our assessment of the fair market value of Apollo and the Merged Group, Grant Thornton Corporate Finance has relied on a number of valuation methodologies as outlined below:

- *DCF Method:* Grant Thornton Corporate Finance has had regard to the cash flow projections up to 30 June 2024 under various scenarios for Apollo and the Merged Group prepared by Apollo and *thl* Management and incorporated by their advisors in the Corporate Model. Grant Thornton Corporate Finance has incorporated these scenarios into the GT Model which we have used for the purpose of our valuation assessment. We have also extended the GT Model by three years to 30 June 2027 and calculated a terminal value at that point in time. In our opinion, the extended time frame in the GT Model allows the business to recover and return to normal operations post COVID-19, particularly with regard to the significant capital expenditures required over the next two years to rebuild the rental fleet which causes the free cash flows of ATL in FY24 to remain negative.

We believe the DCF Method is an appropriate valuation methodology due to the following:

- In spite of the recent underperformance between FY20 and FY21 associated COVID-19, both Apollo and *thl* have long histories of profitability.
  - Capital expenditure requirements, which are key to the business operations, can be modelled in a robust way.
  - It allows for different sensitivities and assumptions to be modelled, including fleet size and utilisation rates.
  - The DCF Method is one of the most commonly used methodologies for valuing tourism companies.
- *EBIT Multiple Method:* We have cross-checked our valuation assessment based on the DCF having regard to the EBIT Multiple and the Quoted Security Price Method.



## 8 Valuation assessment of Apollo before the Scheme

### 8.1 DCF Method

The table below sets out a summary of our valuation assessment of Apollo before the Scheme based on the DCF Method:

ATL - valuation summary A\$	Section Reference	Low	High
<b>Enterprise value on a control basis</b>	8.1	<b>287,024,823</b>	<b>314,362,605</b>
Add: Investment in Camplify	8.1.2	18,773,756	19,256,449
Less: Net Debt 31 December 2021	8.1.3	(173,800,000)	(173,800,000)
<b>Equity value (control basis)</b>		<b>131,998,579</b>	<b>159,819,054</b>
Number of outstanding shares (fully diluted)	8.1.4	186,150,908	186,150,908
<b>Value per share (control basis) (A\$ per share)</b>		<b>0.709</b>	<b>0.859</b>

Source: ATL Management; GTCF analysis

#### 8.1.1 GT Model - Key valuation assumptions

For the purpose of our valuation assessment of Apollo before the Scheme, Grant Thornton Corporate Finance has developed the GT Model based on the Corporate Model prepared by the Management of ATL. We consider the Corporate Model suitable to be used as a base for our valuation assessment, however it presents certain limitations in relation to the following:

- **Modelling of the recovery profile post COVID-19** – The Corporate Model does not allow us to sensitise the timing and extent of the COVID-19 recovery profile as this is modelled via several interdependent and interlinking assumptions including fleet growth, utilisation rates, average yields, fleet turnover, overheads and capital expenditure. Whilst this is a critical assumption in the valuation assessment of ATL, given the scrip nature of the Scheme Consideration and the overlap in operations between Apollo and *thl*, any change to the assumed COVID-19 recovery profile would have a substantial corresponding effect on both the value of Apollo Shares and the value of the Scheme Consideration. Furthermore, the industry's recovery profile adopted in the Corporate Model is substantially consistent with investment analysts.
- **Synergies** – The timing and quantum of synergies are reflected in the Corporate Model through adjustments to the key assumptions which have been hardcoded and therefore are difficult to adjust. However, the independent review, commissioned by the Company, of the synergies assessed by Management provides strong support to adopt them in the GT Model.

Notwithstanding the above, we have reflected the risks underlying the forecast in our assessment of the discount rate rather than via a scenario analysis approach and we have extended the discrete forecast period in the model by three years to FY27 to allow us to normalise certain assumptions and for the business to reach a steady state of financial performance.

We have adopted 1 January 2022 as the starting point of the discrete period forecast cash flows in the GT Model in conjunction with the balance sheet as at 31 December 2021. The Corporate Model is prepared on a nominal and pre-AASB16 basis.

Whilst Grant Thornton Corporate Finance believes that the assumptions underlying the GT Model are reasonable and appropriate to be adopted for the purpose of our valuation, in accordance with the requirements of RG111, we have not disclosed them in our IER as they contain commercially sensitive information and they do not meet the requirements for presentation of prospective financial information as set out in ASIC Regulatory Guide 170 "Prospective Financial Information".

In accordance with the requirement of RG 111, we have undertaken a critical analysis of the projections before integrating them into the GT Model and relying on them for the purpose of our valuation assessment. Specifically, we have performed the following analysis:

- Conducted high level checks, including limited procedures in relation to the mathematical accuracy.
- Performed a broad review, critical analysis and benchmarking with the historical performance of Apollo and current trends in the industry.
- Held discussions and interviews with Management of the Company, and its advisor.
- Reviewed and benchmarked revenue growth rates and earnings margins with listed peers.

The assumptions adopted by Grant Thornton Corporate Finance do not represent projections by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of similar businesses. We note that the assumptions are inherently subject to considerable uncertainty and there is significant scope for differences of opinion. It should be noted that the value of Apollo could vary materially based on changes to certain key assumptions. Accordingly, we have conducted certain sensitivity analysis to highlight the impact on the value of Apollo Shares caused by movements to certain key assumptions.

#### COVID-19

One of the key assumptions underlying the projections relates to the recovery in the industry following the outbreak of COVID-19 and the demand for rental RVs, as well as Apollo's ability to rebuild its fleet and regain economies of scale. As the global population achieves high levels of vaccination and the roll-out of booster shots continue, most Governments around the world have acted to ease restrictions allowing for increased mobility within their borders and for the entry of international travellers. However, internal borders remain closed in New Zealand with a gradual and phased reopening planned from the first quarter of 2022. In Australia, international border restrictions have mostly been removed except for Western Australia. However, countries and airlines have a common requirement for international travellers to return a negative COVID-19 test prior to arrival and in some instances upon arrival. These requirements, and the risk of contracting the infection whilst travelling, will continue to affect the demand for tourism and accordingly RV travel in 2022.

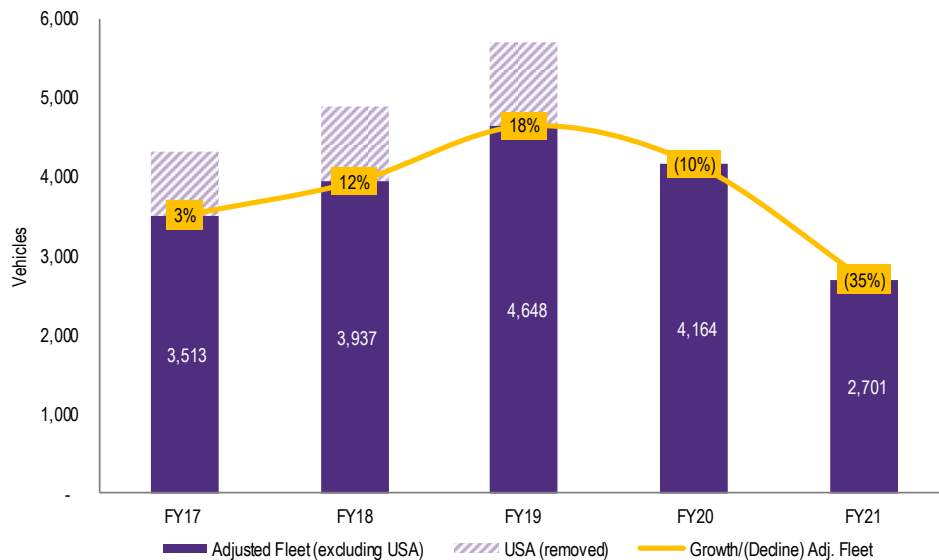
Under the Corporate Model, FY22 is projected to be a subdued year reflecting short term uncertainty as Governments progressively adapt regulations to return to normal living arrangements, in light of increased vaccination rates and in response to new COVID-19 variants. The post COVID-19 recovery is projected to ramp up from FY23 with ATL aggressively re-building the fleet between FY23 and FY24, before returning to a normal level of operations resembling pre COVID-19 levels. However, ATL is still generating negative free cash flow in FY24 due to the capex related to the fleet. As a result, Grant Thornton has decided to extend the Corporate Model for an additional three years to allow the steady state of operations to be

reflected in the Company financials. We have assumed ATL to rebuild the fleet in line with pre-COVID-19 levels to approximately 4,500 vehicles by FY27.

#### Rental Division Revenues

- **Rental Fleet size** – Between FY19 and FY21, Apollo significantly reduced its rental fleet size, including selling its entire US rental fleet as a consequence of putting the US operations into hibernation after the outbreak of COVID-19. From discussions with Management, we understand that as at the date of this report, Apollo has no plan to recommence operations in the US. The graph below illustrates Apollo's fleet size between FY17 and FY21 with the US fleet presented separately.

#### ATL fleet size FY17 – FY21



Sources: Management, GTCF analysis

Note: (1) Total shown amount and % change refer to ATL fleet excluding the USA RVs

In our valuation assessment, we have assumed that Apollo will rebuild its rental fleet to pre-pandemic levels (FY19) by the end of the GT Model as vaccination rates increase, new treatments are developed to combat the virus, and it eventually becomes endemic, resulting in the removal of international travel restrictions and a recovery in the tourism sector.

- **Fleet turnover** – The total rental fleet annual turnover, which we have calculated as vehicles sales divided by the opening fleet, is projected to return to circa 30% by FY24. This is in line with Apollo's historical trends and reflective of the longer lifecycle of the Australian and New Zealand fleet relative to the shorter lifecycle of the Canadian and European fleet caused by the harsher winter conditions. Accordingly, we have maintained the 30% turnover rate in the subsequent years in the GT Model.
- **Utilisation Rate** – ATL Management has assumed a recovery in the average utilisation rate in line with the historical level which we have maintained into perpetuity. We note that Canada has a lower utilisation rate compared to Australia due to greater seasonality during the winter months. As a result of the impact of COVID-19, in FY21 the utilisation rate in Australia declined to c. 50%, with New Zealand, Canada and Europe registering a rate of between 20% and 30%.

- *Rental yield* – Daily rental yields are expected (expressed as a \$ per vehicle per day) to progressively recover to pre-pandemic levels across the various regions by FY24. Beyond FY24 we have maintained these into perpetuity with growth in line with forecast inflation.

#### Sales Division Revenue

- *Ex-rental fleet sales and margins* – The number of vehicles sold is a function of the fleet turnover, which we expected to stabilise at 30% by FY24 after spiking to above 40% in FY21 as a result of the Company downsizing the rental fleet. Between FY20 and FY21, Apollo was able to achieve sales margins on ex-rental fleet above historical levels due to increases in average sales prices resulting from strong demand and supply constraints<sup>82</sup>. In the projections, there is a gradual reduction of the sales margin towards historical averages by FY24 as demand and supply imbalances caused by COVID-19 are expected to recede. Accordingly, we have kept the margin flat from FY24 in the GT model.
- *New vehicles sales and margins* – New vehicle sales have been assumed at approximately 2,000 new vehicles sales per annum throughout the GT Model with a normalisation of the margins in line with historical level.

#### Other Key Assumptions

- *Operating costs, overhead costs and EBIT margins*
  - Operating rental costs refer to rental running costs and are a function of the hire days per year, utilisation rate and fleet size. Operating costs include vehicle cleaning (in between rental and annual deep cleans), insurance, registration fees, accident repairs, maintenance and fleet sale preparation costs. Between FY22 and FY24, the hiring cost per day is expected to gradually reduce as the Company rebuilds its fleet and achieves economies of scale which we have kept flat beyond FY24.
  - The other costs have been modelled and defined within overhead expenses. Beyond FY24, we have estimated those overhead costs as a function of the EBIT margin maintainable by ATL subsequent to returning to normal operating conditions.
  - Depreciation expense is based on the accounting depreciation rate for each country and the gross book value of the rental fleet, adjusted year on year for the units acquired and sold.

The above assumptions result in a normalised EBIT margin of 10.5% from FY24 in the GT Model, which we have assumed will continue in perpetuity. We are of the opinion that the normalised EBIT margin is reasonable and we have cross-checked it with historical trends and brokers' assumptions as set out below.

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<sup>82</sup> The current rental fleet was predominantly acquired prior to the effects of COVID-19 which boosted vehicle demand at a time of reduced supply caused by supply chain issues. This had the effect of increasing the price that Apollo was able to achieve on the sale of its ex-rental fleet.

EBIT Margin Analysis								
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Historical Underlying EBIT Margin	9.2%	11.4%	9.7%	-0.7%	-1.6%			
Broker 1						4.3%	11.0%	12.2%
Broker 2						1.9%	6.8%	8.6%
<b>Average</b>						<b>3.1%</b>	<b>8.9%</b>	<b>10.4%</b>

Sources: ATL annual financial reports, Management and GTCF analysis

Note: (1) We note that the broker forecasts are on a post IFRS16 basis, while the Corporate Model and the GT Model are on pre-IFRS 16 basis. However, we note that at the EBIT level, the impact of the IFRS 16 accounting standard is minimal. We have compared ATL projections pre and post IFRS 16, and note the EBIT post IFRS 16 being circa 3% higher upon the Company reaching a steady state.

- Capital expenditure for rental and dealership fleet** – Capital expenditure is calculated as the number of new vehicles acquired or built multiplied by the average cost per unit. RVs for the Canadian and European fleet are acquired from suppliers under long term relationships and the ANZ RVs (both rental and for sale) are manufactured by ATL. Accordingly, ATL has an accurate view over the production/purchase cost per vehicle. Grant Thornton has adopted the base case projections between FY22 and FY24 and cross checked them based on historical costs and increased them in line with inflation thereafter. The number of new vehicles for the rental fleet is based on the turnover of vehicles sold each year plus the required additions to meet the fleet growth targets. The number of new vehicles for the sales fleet is based on an assumed number of sales per year, which is in line with historical sales volumes. Capital expenditure is partially offset by the cash proceeds from the sale of the ex-rental fleet and new units (“Net Capital expenditure”). Overall, Net Capital expenditure is higher between FY22 and FY24 as Apollo plans to rebuild its fleet, and then expected to progressively normalise towards FY26 and FY27.
- Working capital** – As shown in the table below, under normal trading conditions, ATL’s business has a negative working capital balance due to revenue received in advance relating to RV rentals. In computing the working capital, we have only included work in progress inventory and excluded inventory associated with finished RVs and raw materials which are the major inventory components. We note that the RVs cost is captured through capital expenditures which are funded via debt facilities and hence not captured in the current liabilities and in the working capital calculation.

ATL Historical Working Capital	FY18	FY19	FY20	FY21
A\$ '000	Audited	Audited	Audited	Audited
Trade and other receivables	7,568	13,385	4,926	3,875
Work in progress	782	837	1,469	2,057
Income tax refund receivable	-	976	354	-
Prepayment and other assets	10,601	15,182	8,428	7,780
<b>Current Assets</b>	<b>18,951</b>	<b>30,380</b>	<b>15,177</b>	<b>13,712</b>
Trade and other payables	27,569	33,122	27,506	22,324
Contract liabilities	4,819	4,970	5,977	11,016
Income tax payable	2,580	1,449	99	77
Provisions	4,570	3,402	3,701	4,589
Unearned rental income	24,170	27,775	12,262	15,836
Other liabilities	1,391	1,135	624	212
<b>Current liabilities</b>	<b>65,099</b>	<b>71,853</b>	<b>50,169</b>	<b>54,054</b>
<b>Net working capital</b>	<b>(46,148)</b>	<b>(41,473)</b>	<b>(34,992)</b>	<b>(40,342)</b>
Working capital as a % of total revenues	(13.0%)	(11.4%)	(9.5%)	(13.8%)

Source: ATL annual report, GTCF analysis

Since the outbreak of COVID-19 in FY20, the reduction of rental revenue and changing customer attitudes to pre-book rental vehicles closer to their travel dates has resulted in lower unearned rental income. As conditions normalise, the ramp-up in rental activities over the forecast period is projected to generate a significant working capital inflow, as uncertainty reduces and customers revert to making bookings further in advance.

- **Tax rate** – Each different geographic region is subject to a different tax rate. Between FY22 and FY24, the tax rate is applied separately to each geographic division and ATL benefits from a net tax loss balance of c. A\$13 million as at 31 August 2021, which reduces the effective tax rate paid in the discrete forecast period. Beyond FY24, we have applied a weighted average tax rate of 27% based on the tax rates applied in Australia, New Zealand, the United Kingdom and Canada blended by the geographic revenue split that each region contributes to the consolidated entity.
- **Exchange rates** – In the Corporate Model, the financial performance of each region is consolidated and converted from their respective local currency to NZ\$ at prevailing spot exchange rates. The exchange rates used in the GT Model are the same utilised in the Corporate Model which was prepared between November and December 2021. For presentation purposes, since ATL is an Australian listed company reporting in the Australian dollar, we have presented the output of the valuation assessment in A\$, utilising the NZ\$ to A\$ exchange rate adopted in the Corporate Model.
- **Discount rate** – We have assessed the discount rate between 10.0% and 10.5% based on the WACC. In computing the WACC, we have accounted for ATL's different geographic regions of operations as well as for the risk underlying the timing of the post COVID-19 recovery. In our analysis, we also had regard to the discount rate adopted by investment analysts in the industry. Whilst we note that none of the ATL brokers disclose their assumptions regarding the WACC, *thl* brokers do provide disclosure and they are summarised in the table below.

Discount rate benchmarking			
Broker	Report date	Beta	WACC
Broker 1	10/12/2021	1.43	8.70%
Broker 2	23/12/2020	1.30	9.60%
Broker 3	22/12/2021	n/a	9.50%
Broker 4	14/12/2021	1.30	9.30%
Broker 5	10/12/2021	n/a	8.10%
<b>Median</b>		<b>1.30</b>	<b>9.30%</b>
<b>Average</b>		<b>1.34</b>	<b>9.04%</b>

Sources: *thl* brokers

While *thl* and ATL are very similar from a business operations point of view, the ATL debt structure to fund the manufacturing and purchase of the RVs is significantly different from *thl*. In fact, while *thl* relies on corporate debt facilities, ATL adopts floor plan facilities and fleet financing, which both carry a higher cost of debt. Further, ATL has a higher gearing compared to *thl*. As a result, despite the similarities between the two companies, ATL has a higher risk profile and may have less financial flexibility when compared to *thl* to withstand a slower than forecasted recovery from COVID-19. We have reflected these risks in the WACC by utilising a relatively higher beta of between 1.4 and 1.5 and a specific risk premium of 2.0% for ATL on a standalone basis.

- **Synergies** – We have valued the business on a 100% control basis and accordingly have allowed for certain cost synergies that would be available to a pool of potential purchasers of ATL after one-off

implementation costs. These cost synergies, estimated at around A\$4.0 million per annum, are mainly associated with the gradual elimination of duplicate functions and other costs associated with being a listed company (i.e. audit fees, share registry costs, ASX fees and investor relation costs). For further discussion on the synergies, see the executive summary.

- **Inflation and Terminal growth rate** – The Corporate Model has been prepared in nominal terms with the inflationary impact factored into the cashflows. Beyond FY24, we have adopted an inflation rate and a terminal growth rate of 2.0%, having regard to the analysis across ATL's different operating geographies.

Inflation analysis			
	Australia	New Zealand	United States
<b>Macroeconomic indicators</b>			
10-yr Government Bond yield <sup>1</sup>	1.58%	2.27%	1.44%
<u>September 2021 Quarterly CPI Indicators</u>			
Central Bank long-term inflation target	2% to 3%	1% to 3%	2.00%
Average 10-year yearly GDP growth rate	2.33%	2.67%	1.70%
Average 10-year yearly inflation	1.98%	1.67%	1.93%
<b>Other Industry Sources</b>			
IBIS World - Real GDP Growth (CAGR FY22 - FY26)	2.64%	2.37%	n/a
IMF - Forecast Inflation (2022 - 2026)	2.30%	2.04%	2.72%
<b>Selected terminal rate</b>		<b>2.00%</b>	

Sources: Australian Bureau of Statistics, Stats NZ, US Census Bureau, IBIS World, IMF.

#### 8.1.2 Investment in Camplify

ATL holds 6,895,620 shares in Camplify, equivalent to 17.79% of the issued capital. Camplify is listed on the ASX and accordingly we have assessed the value of this investment having regards to the recent trading prices as summarised in the table below. Given the large nature of the shareholding in Camplify, we have assumed that the Company will realise its investment via a retail broker or investment banks to mitigate any potential downside risk.

VWAP	Low	High	VWAP
Up to 18 Jan 2022			
1 day	3.610	3.880	3.734
5 day	3.530	3.890	3.656
10 day	3.530	4.400	3.785
1 month	3.530	4.470	3.879
2 month	3.200	4.600	3.774
3 month	3.200	5.020	4.053

Sources: GTCF analysis, S&P Global

Based on the above, we have selected a value per share between A\$3.70 and A\$3.80. The table below summarises the assessed value of ATL's investment in Camplify on a post-tax basis.

Interest in Camplify		
A\$	Low	High
Shares Numbers	6,895,620	6,895,620
Market value per share	3.70	3.80
<b>Market value</b>	<b>25,513,794</b>	<b>26,203,356</b>
Cost base	(3,047,000)	(3,047,000)
<b>Capital Gain</b>	<b>22,466,794</b>	<b>23,156,356</b>
Tax rate	30.0%	30.0%
<b>Capital gain tax</b>	<b>6,740,038</b>	<b>6,946,907</b>
<b>Market value less capital gain tax</b>	<b>18,773,756</b>	<b>19,256,449</b>

Source: GTCF analysis

Note: We have utilised the Australian Corporate tax rate representative of investment in Australia

#### 8.1.3 Net debt

As at 31 December 2021, ATL Management reported a net debt position of A\$173.8 million excluding non-fleet AASB16 leases liabilities as summarised in the table below.

ATL Net Debt as at 31 December 2021	
A\$ million	
Total Borrowings	200.0
Cash	(26.2)
<b>Net Debt as at 31 December 2021</b>	<b>173.8</b>

Source: Corporate Model, GTCF analysis

We have computed net debt on a pre-AASB 16 basis, consistent with the Corporate Model and the GT Model.

#### 8.1.4 Share capital

As at the date of this report, Apollo has 186,150,908 shares on issue.

#### 8.1.5 Sensitivity analysis

It should be noted that the enterprise value of Apollo could vary materially based on changes in certain key assumptions. Accordingly, we have conducted sensitivity analysis below to highlight the impact on the value of the Apollo's enterprise value based on the DCF Method caused by movements in certain key assumptions.



Sensitivity analysis A\$			Percentage change	
	Low	High	Low	High
<b>GT assessed value</b>	0.709	0.859		
<b>Discount rate</b>				
-0.5%	0.856	1.026	21%	19%
+0.5%	0.579	0.712	(18%)	(17%)
<b>Terminal growth rate</b>				
-0.5%	0.617	0.753	(13%)	(12%)
+0.5%	0.812	0.978	15%	14%
<b>EBIT Margin (terminal value)</b>				
-1.5%	0.499	0.630	(30%)	(27%)
+1.5%	0.919	1.087	30%	27%
<b>Utilisation rate (terminal value)</b>				
-2.0%	0.688	0.836	(3%)	(3%)
+2.0%	0.730	0.881	3%	3%

Sources: GTCF analysis

These sensitivities do not represent a range of potential enterprise values for Apollo, but rather they intend to demonstrate the sensitivity of our valuation assessment to changes in certain variables.

## 8.2 EBIT Multiple

In order to provide a cross-check of our valuation conclusions under the DCF methodology, we have considered the EBIT Multiples implied in the DCF Method and compared it with listed peers and transactions involving RV manufacturers and tourism operators.

### 8.2.1 EBIT Multiple implied in the DCF assessment

Historically, Apollo's financial performance has been volatile due to a number of Company-specific and industry factors. As discussed earlier, ATL's FY20 and FY21 financial performance was severely adversely affected by lockdowns and domestic and international travel restrictions resulting from COVID-19. Market commentators and broker estimates indicate that global airline capacity, a key indicator of international tourism demand, may not return to normalised levels until 2024. Accordingly, for the purpose of our cross-check we have sought to benchmark an implied EBIT Multiple which is reflective of a normalised financial performance for the Company. As such, we have placed greater reliance on the longer-term forecast (i.e. FY24) EBIT Multiples and we have also utilised the FY19 Multiples before the outbreak of COVID-19. Below we set out the multiples implied in our valuation assessment:

ATL - Implied EBIT multiple A\$ million	Section Reference	Low	High
Enterprise value (control basis)	8.1	287	314
<b>EBIT</b>			
Underlying EBIT FY19		35	35
EBIT FY22 Brokers Consensus Estimate		8	8
EBIT FY23 Brokers Consensus Estimate		28	28
EBIT FY24 Brokers Consensus Estimate		35	35
<b>Implied EV/EBIT</b>			
EV/Underlying EBIT FY19		8.2x	8.9x
EV/EBIT FY22 Brokers Consensus Estimate		35.0x	38.3x
EV/EBIT FY23 Brokers Consensus Estimate		10.3x	11.3x
EV/EBIT FY24 Brokers Consensus Estimate		8.2x	8.9x

Sources: ATL brokers, GTCF analysis

Note: (1) Underlying EBIT refer to historical statutory EBIT adjusted for non-cash impairment of intangible assets and goodwill, and other underlying adjustments.

The implied multiples are prepared on a post AASB 16 basis (excluding FY19), which is the same approach adopted by brokers. The latest available broker consensus estimates for ATL, released after the announcement of the FY21 results at the end of August 2021, as well as other historical information is set out in the table below.

Historical Performance - ATL A\$ millions	Pre AASB 16		Post AASB 16		Forecast - Broker Consensus		
	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Total Statutory Revenue</b>	<b>355.6</b>	<b>364.1</b>	<b>366.7</b>	<b>293.4</b>	<b>276.8</b>	<b>321.6</b>	<b>341.9</b>
Revenue Growth	107.3%	2.4%	0.7%	(20.0)%	(5.6)%	(16.2)%	(6.3)%
<b>Underlying EBIT</b>	<b>40.7</b>	<b>35.2</b>	<b>2.5</b>	<b>(14.8)</b>	<b>8.2</b>	<b>27.8</b>	<b>35.2</b>
EBIT Margin	11.4%	9.7%	(0.7)%	(5.0)%	3.1%	8.9%	10.4%
<b>Size of fleet at year end</b>	<b>4,891</b>	<b>5,693</b>	<b>4,164</b>	<b>2,701</b>	n/a	n/a	n/a

Source: GTCF analysis; Apollo Management; Various broker reports.

Note: (1) Underlying EBIT refer to historical statutory EBIT adjusted for non-cash impairment of intangible assets and goodwill, and other underlying adjustments.

### Historical financial performance

- Increases in FY18 revenue of 107.3% was due to a combination of organic and acquisition growth as Apollo completed the purchase of the remaining shares in CanaDream and acquired George Day Caravans and Motorhomes as well as CamperCo Group Limited. The FY18 results also include the full run rate of revenues from the Kratzmann acquisition which completed in May 2017. In FY18, Apollo also benefited from strong industry conditions globally for both its rental and RV sales businesses. These sales were largely bolstered through abnormally high levels of sales in the US, with 2017 and 2018 reflecting shipped units in excess of 500,000 and 483,000 respectively, compared to the 5-year average of c. 353,700. In Australia and New Zealand, domestic and inbound tourism figures were also strong which supported RV sales and rentals.
- FY19 financial performance was relatively subdued compared to FY18 driven by a significant slowdown in the sale of RVs in the United States and Australia. In the US, Apollo's ex-fleet sales fell by 32.9% due to an oversupply of vehicles and lower demand, illustrated through total US units shipped in CY19 falling by c. 22% on the pcp to c. 339,000. The lower sales also resulted in additional holding costs and forced Apollo to reinstate some of the sales fleet into its rental fleet.

### Forecast financial performance

ATL is covered by two investment brokers who provide regular updates to the market as well as detailed cash flow projections for the business out to FY24. The broker estimates for these years have been prepared on the assumption that the macroeconomic environment improves, following the negative impacts of COVID-19 as well as future growth expected in the travel and tourism industry.

We note that the brokers expect ATL's revenues and earnings to substantially recover to pre-COVID levels by FY24. However, due to the significant sell down of the fleet over the last two years, Apollo will be required to rebuild its fleet ahead of the anticipated recovery in demand.

### 8.2.2 Trading multiples

Summarised below are the trading multiples of selected companies having regard to the trading prices of listed global RV manufacturers and related businesses and tourism related companies operating in Australia. We note that the level of comparability between ATL and the listed companies, except for *thl*, is limited and we have mostly relied on them for directional evidence in supporting our implied multiple.

Comparable companies Company	Country of listing	Market Cap (m) A\$m <sup>1</sup>	EV (m) A\$m <sup>1</sup>	EV / EBIT Multiple (times)				
				FY19	FY21	FY22 F	FY23 F	FY24 F
Tourism Holdings Ltd <sup>2</sup>	Australia	435	552	9.4x	-67.4x	-105.4x	16.4x	10.0x
<b>RV Manufacturers</b>								
Thor Industries, Inc.	USA	6,740	9,503	15.5x	7.7x	5.2x	5.4x	5.5x
Winnebago Industries, Inc.	USA	2,836	3,318	14.2x	5.6x	4.0x	4.5x	NA
Knaus Tabbert AG	Germany	923	1,085	14.8x	10.9x	8.9x	7.1x	6.0x
KABE Group AB (publ.)	Sweden	365	306	13.5x	11.8x	NA	NA	NA
Trigano S.A.	France	5,278	4,731	13.8x	17.6x	8.0x	7.3x	7.0x
Camping World Holdings Inc.	USA	1,944	3,708	19.6x	5.2x	NA	NA	NA
Lci Industries	USA	4,162	4,077	14.4x	16.1x	9.0x	NA	NA
<b>Average - RV Manufacturers</b>				<b>15.1x</b>	<b>10.7x</b>	<b>7.0x</b>	<b>6.1x</b>	<b>6.1x</b>
<b>Median - RV Manufacturers</b>				<b>14.4x</b>	<b>10.9x</b>	<b>8.0x</b>	<b>6.3x</b>	<b>6.0x</b>
<b>Tourism Companies</b>								
Flight Centre Travel Group Ltd	Australia	3,355	3,348	9.7x	-4.5x	-20.3x	15.3x	9.6x
Webjet Ltd	Australia	1,936	1,937	21.6x	-8.9x	-55.4x	18.5x	12.6x
Kelsian Group Ltd <sup>3</sup>	Australia	1,457	1,818	60.2x	24.9x	19.2x	15.1x	13.4x
Corporate Travel Management Ltd	Australia	2,832	2,780	23.0x	-57.8x	45.1x	16.3x	12.9x
Helloworld Travel Ltd	Australia	347	328	6.3x	-9.3x	-10.5x	16.4x	7.1x
Experience Co Ltd	Australia	256	271	20.7x	-159.3x	180.5x	17.0x	9.5x
Event Hospitality & Entertainment Ltd	Australia	2,176	3,543	24.4x	-20.9x	76.1x	20.9x	18.2x
<b>Average - Tourism Companies</b>				<b>23.7x</b>	<b>-33.7x</b>	<b>33.5x</b>	<b>17.1x</b>	<b>11.9x</b>
<b>Median - Tourism Companies</b>				<b>21.6x</b>	<b>-9.3x</b>	<b>19.2x</b>	<b>16.4x</b>	<b>12.6x</b>
<b>Average - Total (excluding outliers)</b>				<b>19.8x</b>	<b>12.5x</b>	<b>14.2x</b>	<b>13.1x</b>	<b>10.2x</b>
<b>Median - Total (excluding outliers)</b>				<b>15.2x</b>	<b>11.3x</b>	<b>9.0x</b>	<b>15.3x</b>	<b>9.6x</b>

Sources: S&P Global; financial reports of comparable companies and GTCF calculations.

Note (1): Enterprise Value and Market Capitalisation based on the share price as at 21 January 2022 (except for *thl* – see following note). Additionally, the EV's of the international companies were converted into A\$ at the prevailing spot rate on 21 January 2022.

Note (2): *thl*'s figures have been calculated as at 10<sup>th</sup> December 2021, the last trading day prior to the announcement of the Scheme. All other figures have been calculated as at 21 January 2022.

Note (3): *Kelsian Group Limited* was formerly known as *Sealink Travel Group Limited*.

Note (4): Outliers refer to all multiples that are negative as well as all multiples greater than 25.0x.

The EBIT Multiples presented above reflect the value of underlying companies on a minority basis and do not include a premium for control. A brief description of the companies listed in the table above is set out in Appendix B.

In addition to the above, we have also set out below key performance indicators that provide further insight into each respective company:

Comparable companies Company	EBIT Margin					Revenue CAGR			
	FY19 (3yr)	FY22 (F)	FY23 (F)	FY24 (F)	3yr (F)	FY19 (3yr) <sup>1</sup>	FY22 (F)	FY23 (F)	FY24 (F)
Tourism Holdings Ltd <sup>2</sup>	13.7%	8.1%	14.0%	NA	11.1%	-3.0%	39.4%	21.5%	NA
<b>RV Manufacturers</b>									
Thor Industries, Inc.	5.9%	7.5%	7.0%	7.1%	7.2%	-1.0%	-1.9%	6.3%	6.4%
Winnebago Industries, Inc.	7.0%	10.7%	7.3%	9.8%	9.3%	8.1%	0.1%	-4.0%	NA
Knaus Tabbert AG	5.9%	6.7%	7.1%	8.2%	7.3%	4.3%	23.8%	12.3%	NA
KABE Group AB (publ.)	6.3%	NA	NA	NA	n/a	-12.0%	NA	NA	NA
Trigano S.A.	9.1%	11.1%	11.1%	10.9%	11.0%	-2.9%	11.2%	5.4%	4.6%
Camping World Holdings Inc.	5.7%	10.2%	NA	NA	10.2%	6.6%	13.9%	NA	NA
Lci Industries	8.2%	NA	NA	NA	NA	6.3%	NA	NA	NA
<b>Average - RV Manufacturers</b>	<b>6.9%</b>	<b>9.2%</b>	<b>8.1%</b>	<b>9.0%</b>	<b>9.0%</b>	<b>1.4%</b>	<b>9.4%</b>	<b>5.0%</b>	<b>5.5%</b>
<b>Median - RV Manufacturers</b>	<b>6.3%</b>	<b>10.2%</b>	<b>7.2%</b>	<b>9.0%</b>	<b>9.3%</b>	<b>4.3%</b>	<b>11.2%</b>	<b>5.8%</b>	<b>5.5%</b>
<b>Tourism Companies</b>									
Flight Centre Travel Group Ltd	-4.9%	11.3%	14.8%	12.5%	12.9%	-19.4%	80.5%	21.4%	30.1%
Webjet Ltd	-2.5%	30.1%	37.8%	16.2%	28.0%	-40.8%	128.8%	16.4%	-12.2%
Kelsian Group Ltd <sup>3</sup>	10.9%	9.2%	9.8%	8.8%	9.2%	75.7%	2.7%	5.4%	0.1%
Corporate Travel Management Ltd	18.3%	21.6%	23.9%	24.5%	23.3%	-7.8%	64.5%	14.3%	9.8%
Helloworld Travel Ltd	7.3%	8.1%	15.5%	NA	11.8%	-7.6%	118.5%	20.7%	NA
Experience Co Ltd	4.3%	14.3%	19.7%	NA	17.0%	-19.6%	83.7%	30.4%	NA
Event Hospitality & Entertainment Ltd	9.9%	14.9%	16.5%	16.0%	15.8%	0.9%	40.1%	3.9%	9.1%
<b>Average - Tourism Companies</b>	<b>6.2%</b>	<b>15.6%</b>	<b>19.7%</b>	<b>15.6%</b>	<b>16.9%</b>	<b>-2.7%</b>	<b>74.1%</b>	<b>16.1%</b>	<b>7.4%</b>
<b>Median - Tourism Companies</b>	<b>7.3%</b>	<b>14.3%</b>	<b>16.5%</b>	<b>16.0%</b>	<b>15.8%</b>	<b>-7.8%</b>	<b>80.5%</b>	<b>16.4%</b>	<b>9.1%</b>
<b>Average - Total (excluding outliers)<sup>4</sup></b>	<b>6.5%</b>	<b>11.5%</b>	<b>15.5%</b>	<b>12.7%</b>	<b>13.6%</b>	<b>-0.8%</b>	<b>26.5%</b>	<b>12.0%</b>	<b>6.8%</b>
<b>Median - Total (excluding outliers)<sup>4</sup></b>	<b>6.6%</b>	<b>10.9%</b>	<b>14.8%</b>	<b>10.9%</b>	<b>11.4%</b>	<b>-2.9%</b>	<b>13.9%</b>	<b>12.3%</b>	<b>6.4%</b>

Sources: S&P Global; financial reports of comparable companies and GTCF calculations.

Note (1): All figures (except *thl* – See note below) have been calculated as at 21 January 2022.

Note (2): *thl*'s figures have been calculated as at 10<sup>th</sup> December 2021, the last trading day prior to the announcement of the Scheme. All other figures have been calculated as at 21 January 2021.

Note (3): Kelsian Group Limited was formerly known as Sealink Travel Group Limited.

Note (4): Outliers refer to all percentages greater than 100%.

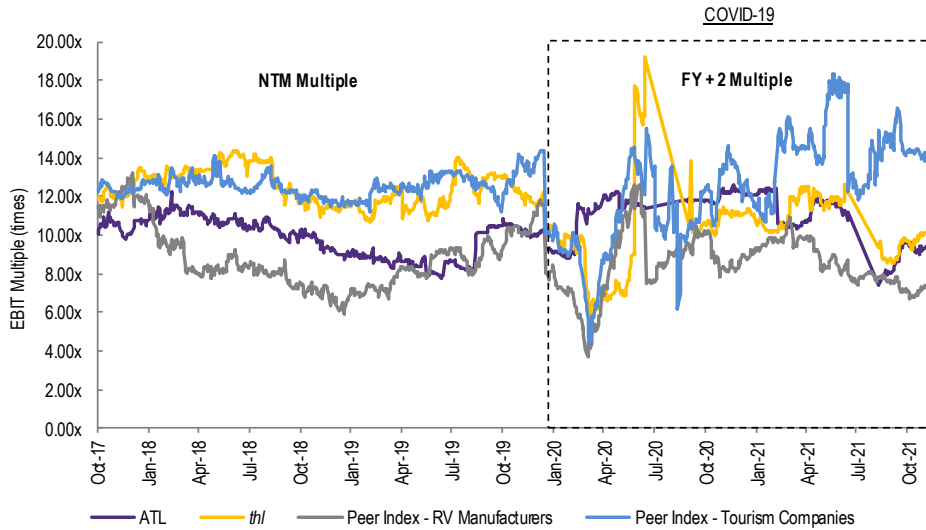
Given the volatility of the historical performance, we have also considered the rolling forecast EBIT Multiples of the listed peers. The following graph displays the forecast rolling EBIT Multiple for each of ATL, *thl* and the aggregated index for both the RV Manufacturer Peers<sup>83</sup> and the Tourism Peers<sup>84</sup> since October 2017. Between October 2017 and December 2019, we have relied on the forecast next-twelve-month (“NTM”) EBIT Multiple. However, due to the significant disruption from COVID-19, from 1 January

<sup>83</sup> The aggregated index for RV Manufacturer Peers includes Thor Industries (Inc.), Winnebago Industries (Inc.), Knaus Tabbert AG, KABE Group AB (publ.), Trigano S.A., Camping World Holdings and Lci Industries.

<sup>84</sup> The aggregated index for Tourism Peers includes Flight Centre Travel Group Ltd, Webjet Ltd, Kelsian Group Ltd, Corporate Travel Management Ltd, Helloworld Travel Ltd, Experience Co Ltd, and Event Hospitality & Entertainment Ltd.

2020 to December 2021, we have selected the broker consensus forecast EBIT, two financial years into the future due to the expected delayed timing in the recovery of COVID-19.

### Rolling forecast EBIT Multiples



Sources: S&P Global; GTCF analysis.

Note (1): Prior to the introduction of COVID-19 the rolling EBIT Multiples were calculated on a NTM basis. Due to the material uncertainty and associated short-term volatility surrounding COVID-19 however, from January 2020 onwards the rolling EBIT Multiples were calculated on a two year forward basis.

As set out in the graph above, prior to COVID-19, between October 2017 and December 2019 ATL consistently traded within an NTM EBIT Multiple range of approximately 8.0x to 12.0x with an average of 9.9x over this period. Comparatively, *thl* traded within an NTM EBIT Multiple range of approximately 10.7x to 14.4x, with an average of 12.5x. It also appears that the market considers and values *thl* to be more in line with Tourism companies, whilst ATL trades closer in line with RV Manufacturers.

We consider *thl* before the announcement of the Scheme to be the most comparable listed company to Apollo whilst the other listed companies offer limited comparability. We have set out below a detailed comparison between the two businesses.

Comparison of ATL and <i>thl</i>	Units	ATL KPIs	<i>thl</i> KPIs
Market Capitalisation <sup>1</sup>	Millions	A\$103	NZ\$433
Enterprise Value <sup>1</sup>	Millions	A\$257	NZ\$481
Average revenue split - (5 yr) <sup>2</sup>	%	R 45% / S 55%	R 52% / S 40% / T 8%
Geographic breakdown by revenue <sup>3</sup>	%	A 58% / US 30% / NZ 8% / E 4%	NZ 41% / US 41% / AU 18%
Total Fleet size - (FY21 year end)	No. of units	2,701	4,242
Net Current Assets	Millions	A\$(52.6)	NZ\$65.6
Gearing <sup>4</sup> - 30 June 2021	%	68.0%	11.3%
Net Tangible Assets	Millions	A\$15.1	NZ\$261.5

Sources: S&P Global; GTCF analysis.

Note (1): Market Capitalisation and Enterprise value are calculated as at 9 December 2021.

Note (2): R = Rental Income, S = Sales Income, T = Tourism Income

Note (3): Geographic breakdown by revenue is the historical five year average. AU = Australia, NZ = New Zealand, US = United States and E = Europe & the UK.

Note (4): Gearing has been calculated as Net Debt / (Market Capitalisation + Net Debt). Net Debt is calculated excluding AASB 16 / IFRS 16 liabilities.

*thl*'s EBIT Multiple has historically traded at a premium to ATL's which does not seem unreasonable due to the following:

- *thl*'s EBIT margins are higher than ATL's averaging 16.0% between FY17 and FY19 compared to 10.1% for ATL. Furthermore the brokers expect ATL's margins to return to c. 10.4% by FY24 and 13.9% for *thl*.
- ATL has also been more severely impacted by the downturn due to COVID-19 and has reduced its fleet by over 50% between FY19 and FY21. This compares to a smaller fleet reduction of 34% for *thl*.
- ATL has higher gearing levels than *thl* and in FY20, it impaired its assets by A\$38.9 million as a result of COVID-19.

The tourism companies all have an underlying exposure to tourism, however none have a similar exposure to RV sales and rentals like Apollo. Due to the challenging industry conditions domestically, many of them have been required to raise capital during the downturn. Similarly, ATL and the Australian tourism peers' products and services are discretionary in nature and sensitive to changes in consumer sentiment and the macroeconomic environment. Tourism is expected to recover strongly once COVID-19 restrictions are eased and grow at a strong CAGR in the future than ATL. We note that for nine consecutive years prior to COVID-19 (2011 to 2019), revenues in the tourism industry consistently outpaced global GDP growth<sup>85</sup>.

The RV Manufacturers operate in a highly fragmented sector, and compete with a large number of small companies, and more competitively priced imports from countries such as China. There is a large number of manufacturers producing a wide array of competing RV products including camper trailers, vehicle accessories (such as rooftop tents and slide-on campers), and others. As a result, EBIT margins and revenue growth for the RV manufacturers are lower than Apollo and *thl*. Given the lower profitability, greater competition and wider range of substitute products, we would expect Apollo to trade at a higher EBIT Multiple than the Campervan and RV Manufacturing listed peers.

### 8.2.3 Transaction Multiples

In relation to the EBIT Multiple implied by comparable transactions, we note that:

- The implied transaction multiples may incorporate various levels of control premium and special value paid for by the acquirers.
- The multiples likely reflect synergies paid by the acquirer which may be unique to the acquirers.
- The transactions observed took place during the period between October 2015 and December 2020. Economic and market factors, including competition dynamics and consumer confidence, may be materially different from those as at the valuation date. These factors may influence the amounts paid by the acquirers for these businesses.
- Excluding the most recent transaction, all others occurred prior to the onset of COVID-19.
- The transaction multiples are calculated based on the historical EBIT of the acquired companies (unless otherwise stated) which typically tend to provide a higher multiple due to the growth

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<sup>85</sup> World Travel and Tourism Council – Global Economic Impact and Trends 2021.

expectations included in forecast financial performance.

- The EBIT multiples are on pre AASB16 basis, however, the impact of the new accounting standard on EBIT is limited.

The following table summarises the EBIT multiples implied by these transactions.

Date	Target Company	Country	Bidder Company	Stake (%)	Enterprise value (m)	EBIT Multiple
Dec-20	Tiffin Motorhomes Inc.	USA	Thor Industries, Inc.	100%	US\$300	n/a
Sep-19	Newmar Corporation	USA	Winnebago Industries, Inc.	100%	US\$344	6.6x
Sep-18	Erwin Hymer Group	USA	Thor Industries, Inc.	Majority	€2,100	11.9x
Mar-18	Swift Group Limited	UK	Management Buyout	100%	£115	5.7x
Mar-16	Rhiag Group	Italy	LKQ Corporation Inc.	100%	€1,004	11.8x
Oct-15	AL-KO Vehicle Technology	Germany	Dexter Axle Company, Inc.	100%	US\$410	9.8x
<b>Average</b>						<b>9.2x</b>
<b>Median</b>						<b>9.8x</b>

Source: Mergermarket; GTCF analysis

In addition to the above transactions, we have also had regard to the prior acquisitions undertaken by both ATL and *thl*. Based on our research, none of the transactions had enough publically available information in which we could calculate implied EBIT multiples and accordingly, we have not included them in the table above.

Furthermore, given that all the transactions occurred before the outbreak of COVID-19 (with the exception of Tiffin Motorhomes) and none of the transactions involved companies with a similar mix of RV sales and rental revenue streams as ATL, we have relied on the comparable transactions for directional evidence only in our valuation assessment.

#### 8.2.4 Conclusion on EV/EBIT multiple

Based on the analysis above and the detailed conclusions outlined in the Executive Summary, we have concluded that the EBIT multiples implied in our valuation assessment appear reasonable.

### 8.3 Quoted Security Pricing Method

In our assessment of the fair market value of ATL shares, we have also had regard to the trading prices of the listed securities on the ASX.

The consideration of the trading price is an exercise of professional judgement that takes into consideration the depth of the market for the listed securities, volatility of the market price, and whether or not the trading price are likely to represent the underlying value of ATL. The following sections detail the analysis undertaken on ATL's trading price.

#### 8.3.1 Liquidity analysis

In accordance with the requirements of RG 111, we have analysed the liquidity of ATL shares before relying on them for the purpose of our valuation assessment. We have set out below the monthly trading

volume of ATL shares over the past 12 months as a percentage of the total shares outstanding as well as free float shares outstanding<sup>86</sup>.

Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Cumulative		Cumulative	
				Volume traded as % of total shares	Volume traded as % of total shares	Volume traded as % of free float shares	Volume traded as % of free float shares
Dec 2020	2,718	0.3421	930	1.5%	1.5%	3.8%	3.8%
Jan 2021	1,683	0.3245	546	0.9%	2.4%	2.3%	6.1%
Feb 2021	3,718	0.3280	1,219	2.0%	4.4%	5.1%	11.2%
Mar 2021	4,065	0.2884	1,172	2.2%	6.5%	5.6%	16.8%
Apr 2021	9,556	0.3964	3,788	5.1%	11.7%	13.2%	30.1%
May 2021	6,052	0.4783	2,894	3.3%	14.9%	8.4%	38.4%
Jun 2021	5,026	0.3950	1,985	2.7%	17.6%	6.9%	45.4%
Jul 2021	2,951	0.3949	1,166	1.6%	19.2%	4.1%	49.4%
Aug 2021	3,465	0.3384	1,172	1.9%	21.1%	4.8%	54.2%
Sep 2021	6,488	0.4704	3,052	3.5%	24.6%	9.0%	63.2%
Oct 2021	6,678	0.6869	4,587	3.6%	28.1%	9.0%	72.2%
Nov 2021	3,913	0.6434	2,518	2.1%	30.3%	5.3%	77.6%
<b>Min</b>				<b>0.9%</b>		<b>2.3%</b>	
<b>Average</b>				<b>2.5%</b>		<b>6.5%</b>	
<b>Median</b>				<b>2.1%</b>		<b>5.5%</b>	
<b>Max</b>				<b>5.1%</b>		<b>13.2%</b>	

Source: S&P Global, GTCF analysis

With regard to the above analysis, we note that:

- The level of free float of ATL is low at 39.7%<sup>87</sup>. From December 2020 to November 2021, c. 77.6% of the free float shares were traded with an average monthly volume of 6.5% of the total free float shares. This is relatively low compared to the other listed peers indicating that liquidity is low.
- In the absence of a takeover or other share offers, the trading price represents the value at which minority shareholders could realise their portfolio investment.
- Apollo complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of the Company. ATL provides updates to the market on a regular basis with information regarding its investment strategy and performance. As a result, there is extensive analysis provided to the market not only about ATL's performance and market standing, but also regarding industry trends.
- The Company's stock is covered by two investment analysts who provide updates to the market on a regular basis.

As set out below, the level of free float of ATL shares is in line with the listed peers. However, the average monthly volume traded as percentage of free float shares is lower than most of the listed peers.

<sup>86</sup> Free float shares excludes those owned by Company employees, individual insiders, related parties and/or other strategic investors.

<sup>87</sup> This comprises of the total shares outstanding 186,150,908 less the shares held by Corporations (104,248,566) and Individuals / Insiders (8,085,924).

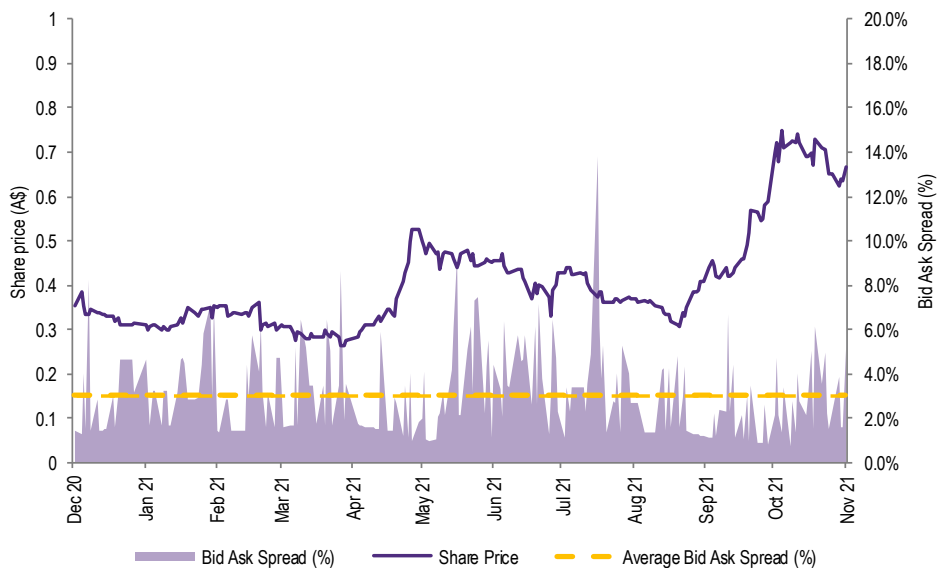


Liquidity analysis		Free float	Average volume traded as a % of total shares	Average volume traded as a % of free float shares	Cumulative volume traded as a % of total shares	Cumulative volume traded as a % of free float shares
Company	Country	(%)				
Apollo Tourism & Leisure Ltd	Australia	39.7%	2.5%	6.5%	30.3%	77.6%
Tourism Holdings Limited	New Zealand	72.9%	2.1%	2.9%	25.8%	35.2%
Thor Industries, Inc.	United States	95.9%	24.7%	25.7%	296.0%	308.6%
Winnabago Industries, Inc.	United States	95.8%	40.2%	41.9%	481.9%	502.4%
Knaus Tabbert AG	Germany	29.8%	0.7%	2.2%	7.9%	26.0%
KABE Group AB (publ.)	Sweden	37.9%	1.2%	3.2%	14.5%	38.2%
Trigano S.A.	France	42.0%	2.4%	5.7%	28.7%	68.4%
Camplify Holdings Limited	Australia	40.0%	8.1%	19.9%	33.9%	83.4%
Camping World Holdings, Inc.	United States	84.1%	58.2%	72.9%	698.3%	874.4%
LCI Industries	United States	97.3%	12.9%	13.3%	155.0%	159.3%
<b>Low</b>		<b>29.8%</b>	<b>0.7%</b>	<b>2.2%</b>	<b>7.9%</b>	<b>26.0%</b>
<b>Average</b>		<b>66.8%</b>	<b>14.0%</b>	<b>15.8%</b>	<b>168.4%</b>	<b>189.9%</b>
<b>Median</b>		<b>72.9%</b>	<b>2.5%</b>	<b>6.5%</b>	<b>30.3%</b>	<b>77.6%</b>
<b>High</b>		<b>95.9%</b>	<b>40.2%</b>	<b>41.9%</b>	<b>481.9%</b>	<b>502.4%</b>

Sources: S&P Global, GTCF analysis

In addition to the above, where a company's shares are relatively illiquid and not heavily traded, there is a difference in the opinion between the buyer and seller on the value of the stock. Where this is the case, the market typically observes a difference between the 'bid' and 'ask' price for the shares. As set out in the following graph, we note that the historical average bid-ask spread in the 12 months between December 2020 and December 2021 has been 3.1%, which is significantly higher than all the other peers, indicating low liquidity:

#### Apollo spread between bid and ask price



Source: S&P Global, GTCF analysis

As can be observed from the following table, Apollo's twelve month average bid-ask spread<sup>88</sup> is significantly higher than that of its listed peers, however this is not unreasonable given the size of other peers relative to ATL.

Liquidity analysis			Average
Company	Country	Market Cap (A\$m)	Bid-Ask spread
Apollo Tourism & Leisure Ltd	Australia	320	3.1%
Tourism Holdings Limited	New Zealand	555	1.5%
Thor Industries, Inc.	United States	10,255	0.1%
Winnebago Industries, Inc.	United States	3,673	0.1%
Knaus Tabbert AG	Germany	1,019	1.9%
KABE Group AB (publ.)	Sweden	276	0.8%
Trigano S.A.	France	4,196	0.2%
Campify Holdings Limited	Australia	134	0.3%
Camping World Holdings, Inc.	United States	4,361	0.1%
LCI Industries	United States	5,025	0.1%
<b>Average</b>			<b>0.8%</b>
<b>Median</b>			<b>0.2%</b>

Source: S&P Global, GTCF analysis

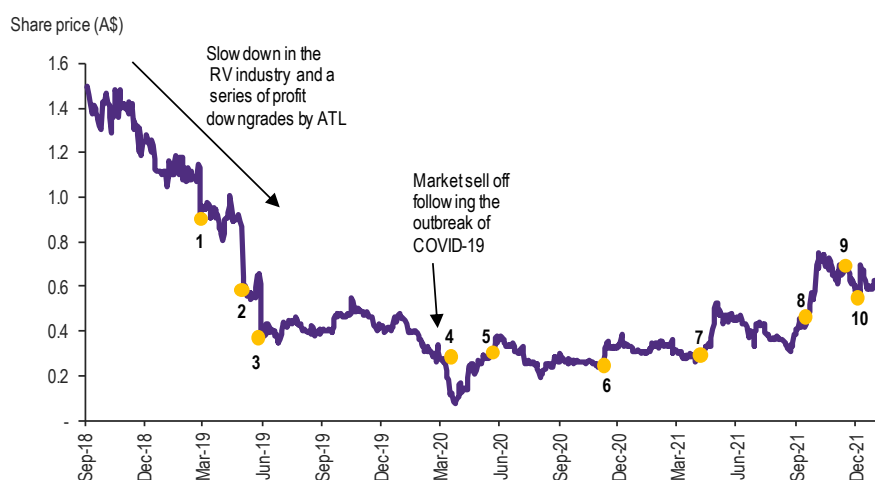
Note: Market capitalisation as at 3 December 2021

Based on the analysis above, we conclude that there is limited liquidity in ATL's trading price and accordingly, we have only provided an analysis of the historical share prices to support our valuation assessment.

### 8.3.2 Analysis of Apollo share prices

We have set out below an analysis of the Apollo share prices since 1 September 2018 to analyse the performance before and after the outbreak of COVID-19.

#### ATL – Historical share trading price



<sup>88</sup> From the twelve month period between 4 December 2020 and 3 December 2021.

Source: S&P Global, GTCF analysis

We note that ATL shares have been highly volatile over the last several years as demonstrated in the above chart. Below we provide further insights into ATL's share price since September 2018 including the following key price sensitive events:

- *Notes 1 to 3* – At the end of 2018 and start of 2019 ATL's share price began to fall as the RV industry slowed down and as ATL provided a number of downgrades to NPAT guidance for FY19. ATL's share price fell from approximately A\$1.50 at the start of September 2018, to approximately A\$1.10 by the end of December 2018. Then on 25 February 2019 (Note 1) in its 1HFY19 Interim Results Presentation, ATL reaffirmed its NPAT guidance of A\$22 million to A\$24 million for FY19. Notably however, ATL commented that the Company was tracking toward the lower end of the range NPAT guidance, in turn triggering a sharp decline in the share price. The Company subsequently revised down its FY19 NPAT guidance twice to between A\$17.5 million and A\$19.5 million on 2 May 2019 (Note 2) and between A\$14 million to A\$15.5 million on 29 May 2019 (Note 3).
- *Note 4* – In late February and early March 2020, the ASX 200 decreased by over 30% due to the outbreak of COVID-19. During this time the Company released two separate trading updates, the first of which (12 March 2020) saw ATL withdraw their FY20 underlying NPAT guidance and the second of which (16 March 2020) acknowledged that all future RV consumer expos in Australia and the US at which ATL and its partner dealers would normally sell vehicles would be cancelled for the foreseeable future.
- *Note 5* – ATL released a trading update announcing the sale of the US rental fleet and that the US rental business would be placed into hibernation for the foreseeable future.
- *Note 6* – Pfizer and BioNTech announced their results from their phase 3 trials that showed their vaccine candidate to be more than 90% effective in preventing COVID-19 with no safety concerns raised. This represented the first compelling evidence that a vaccine could be developed in the short term to prevent/limit the spread COVID-19.
- *Note 7* – Following months of discussions amongst both the Australian and New Zealand Governments, the Trans-Tasman Bubble<sup>89</sup> opened on the 19th of April. Given the proportion of New Zealand visitors to Australia and vice versa, the opening of the travel bubble was seen as a positive event for each respective country's tourism industry and was likely the driving force behind a marked increase in ATL's share price throughout the period. We note that the Trans-Tasman Bubble was relatively short lived and was paused to NSW, Victoria and SA due to rising COVID-19 case numbers and eventually put on hold by New Zealand in July 2021 as a result of the Delta outbreak. This led to a decline in ATL's share price over this period.
- *Note 8* – ATL released their annual results for the period ending 30 June 2021. Whilst the Company experienced a c. 20% decline in revenues y-o-y, liquidity was managed through continued fleet sales, cost restructuring and Government support loans, culminating in a group debt reduction of c. A\$52.8 million and cash on hand of A\$45.5 million as at 30 June 2021. ATL's share price increased during September and early October as vaccination rates in Australia and New Zealand increased and

<sup>89</sup> This Bubble refers to an exclusive travel corridor between Australia and New Zealand that allows residents of the two nations to travel without the need to quarantine for recreational purposes.

market conditions improved following the conclusion of prolonged lockdowns in NSW and Victoria and a reduction in border restrictions.

- *Note 9* – However, the improved outlook was adversely affected by the spread of the Omicron variant which the World Health Organisation designated as a variant of concern after it was first reported to the WHO from South Africa on 24 November 2021. In the following days, studies showed the Omicron variant to be far more transmissible than previous variants, including the Delta variant, and cases began to be recorded in Australia with a number of countries, including the United States, New Zealand and Australia all subsequently tightening restrictions.
- *Note 10* – The Scheme was announced.

Refer to our discussion in the Executive Summary for the reasons why we are of the opinion that the trading prices of ATL before the Scheme supports our valuation assessment based on the DCF Method.

## 9 Valuation assessment of the Scheme Consideration

In this section of the report, we have assessed the fair market value of the shares in *thl* after the Scheme (“Merged Group Shares”) on a minority interest basis by aggregating the following:

- The market value of the Merged Group on a minority basis computed through the DCF Method.
- Value of expected synergies to be realised as a result of the Scheme net of the one-off implementation costs.
- Merged Group’s pro-forma net debt as at 31 December 2021.

Before reaching our valuation conclusions, we have cross checked our valuation assessment based on the implied EBIT Multiple Method and the Quoted Security Price Method.

### 9.1 DCF Method

The table below sets out a summary of our valuation assessment of *thl* and of the Scheme Consideration after implementation of the Scheme on a minority basis:

Merged Group - valuation summary A\$'000	Section Reference	Low	High
<b>Enterprise value on a control basis</b>	<b>9.1.1</b>	<b>886,300</b>	<b>1,045,733</b>
Add: <i>thl</i> sale of Mighway and Shareacamper to Camplify	9.1.2	7,370	7,370
Add: Togo preference shares	9.1.3	20,060	20,060
Add: ATL holding in Camplify	9.1.2	18,774	19,256
Add: Cash from <i>thl</i> Rights and Options exercised <sup>1</sup>	9.1.5	12,684	12,684
Less: Net Debt as at 31 December 2021	9.1.4	(191,804)	(191,804)
<b>Equity value (control basis)</b>		<b>753,383</b>	<b>913,298</b>
Number of outstanding shares (fully diluted) <sup>2</sup>	9.1.5	209,111,614	209,111,614
<b>Value per share (control basis) (A\$ per share)</b>		<b>3.603</b>	<b>4.368</b>
Discount for Control Premium <sup>3</sup>	App. E	23%	23%
<b>Value per share (on minority basis) (A\$ per share)</b>		<b>2.771</b>	<b>3.360</b>
Conversion Ratio	1	3.680818	3.680818
<b>Value of the Scheme Consideration</b>		<b>0.753</b>	<b>0.913</b>

Sources: ATL and *thl* Management; GTCF analysis

Notes: (1) For the Rights and Options considered as exercised, we have included the corresponding cash converted from NZ\$ to A\$ with the exchange ratio adopted in the Corporate and GT Models (2) The total number of shares of the Merged Group of 202,369,663 as at the implementation of the Scheme have been adjusted by adding 6,741,951 shares related to *thl* Rights and Options considered exercised; (3) The discount for control premium has been calculated as the inverse of a premium for control of 30%.

#### 9.1.1 GT Model – Key valuation assumptions

In our valuation assessment of the Merged Group based on the DCF Method we have relied on the GT Model. This reflects the ATL and *thl* standalone projections adjusted for the Synergies. Refer to section 8.1.1 for an overview of the procedures undertaken by Grant Thornton Corporate Finance on the projections.

### Synergies

Refer to our discussion in the Executive Summary in relation to our assessment of the Synergies. We note that the majority of the projected Recurring Synergies at an EBIT level (circa 69%<sup>90</sup>) are fixed cost savings and accordingly not dependant on the Merged Group's COVID-19 recovery profile. In addition to the recurring Fixed and Variable Synergies, the Merged Group is expected to benefit from one-off synergies associated with the planned rationalisation of the fleet, achieved through the elimination of up to c. 1,250 vehicles. The Merged Group expects that it will be able to service the rental business on a smaller, more optimised fleet through improved utilisation. The Fleet Rationalisation is expected to be implemented in three phases:

- A reduction of 300 vehicles upon completion of the Scheme based on the current fleet in place at the time.
- As the fleet is rebuilt over FY22 and FY23 and the COVID-19 recovery takes place, management estimate that they will be able to meet the same growth in rental demand without the need to replace 600 vehicles. Management have quantitatively estimated this fleet rationalisation of 900 units to result in a lower net capital expenditure over the forecast period, hence lowering net debt by c. A\$38 million (NZ\$40 million) compared to the scenario where the two businesses operate separately to one another.
- Management has estimated that a further potential rationalisation of 350 vehicles may be achievable compared to the current and steady state depending on the post-COVID-19 recovery profile. A more aggressive recovery profile (and hence higher fleet growth) corresponds to greater efficiencies (and thus fleet optimisation) on a Merged Group basis. The additional 350 fleet reduction is expected to deliver further net capital expenditure savings of c. A\$28.5 million (NZ\$30 million).

We note that in the Corporate Model, Management has assumed the full Fleet Rationalisation of 1,250 units by FY24 with the associated cost synergies phased over a two and a half year period to June 2024.

### Rental Division Revenues

- **Rental Fleet Size** – We note that the future fleet size within the scenarios provided for the Merged Group has been prepared for ATL and *thl* on a standalone basis and then overlaid with the Fleet Rationalisation. We have assumed that both businesses will rebuild the fleet in line with pre-COVID-19 level by FY27 to approximately 8,900 vehicles after considering the Fleet Rationalisation.
- **Rental fleet turnover** - The implementation of the rental Fleet Rationalisation is expected to result in an elevated (relative to historical levels) annual fleet turnover of existing fleet between FY22 and FY23. Going forward, fleet turnover is expected to reduce towards a normalised level of c. 43% of the existing fleet. The Merged Group turnover rate is projected to be higher than ATL as *thl* turns over its rental fleet faster than ATL<sup>91</sup> and the Merged Group plans to adopt a strategy of higher fleet turnover in North America.
- **Utilisation Rate** – For the period up to FY24, the utilisation rate is expected to increase materially compared to historical level due to increased demand accompanying the COVID-19 recovery, improved fleet management and timelier vehicle sales as discussed earlier. We have then reduced

<sup>90</sup> The sum of synergies associated with duplicate corporate costs and property.

<sup>91</sup> Between FY17-FY19, *thl*'s fleet turnover averaged 40% of existing fleet.

the utilisation rate to be in line with the historical average of ATL and *thl* on a standalone basis prior to the impact of COVID-19. We note that the synergies associated with the Fleet Rationalisation have a relatively higher level of uncertainty as they depend on the COVID-19 recovery profile driving the timing of the Merged Group reaching a steady state of operations.

- *Rental yield*<sup>92</sup> – The Merged Group rental yield is the weighted average of the projected rental yield achieved by ATL and *thl* and the Merged Group. We note that beyond FY24, we have assumed the rental yield will grow in line with inflation.

#### Sales division Revenues

- *Ex-rental fleet sales and margins* – The number of vehicles sold is driven by the turnover rate of the rental fleet described above. The rental margin is the weighted margin between ATL and *thl* on a standalone basis adjusted for the synergies. As per ATL on a standalone basis, the margins are expected to decrease between FY22 and FY24 as supply chain constraints ease accompanying the post COVID-19 recovery. Beyond FY24, we have assumed the margin stabilises and only reflects the impact of inflation.
- *New vehicles and margins* – The sale of new vehicles is an activity predominantly undertaken by ATL and accordingly, the underlying assumptions adopted in the valuation of ATL before the Scheme have been retained.

#### Other Key Assumptions

- *Operating costs, overheads cost and EBIT margins*
  - *Operating costs* – These are the weighted average costs for ATL and *thl* across the various geographies adjusted for repairs and maintenance cost synergies.
  - *Overheads Costs* – As mentioned previously, 51% of the Synergies<sup>93</sup> are associated with the elimination of duplicate corporate costs. Notably, these synergies are greater in the shared geographic area of operations for ATL and *thl* being Australia and New Zealand. By FY24, the Synergies are expected to be fully implemented upon the Merged Group reaching a steady state. Beyond FY24, we have grown overhead costs in line with inflation.
  - *Depreciation* – The depreciation expense is based on the accounting depreciation rate for each country of the Merged Group and the gross book value of the rental fleet, adjusted year on year for the units acquired and sold.

The Merged Group is expected to reach an EBIT margin of c. 16% by FY24 following the recovery from COVID-19 and realisation of the Synergies. Beyond FY24, we have assumed the EBIT margin stabilises at c. 13.5% into perpetuity as a result of our lower utilisation rate in the latter years of the GT Model. The following table illustrates the historical and broker forecast breakdown of both ATL's and *thl*'s EBIT margins.

<sup>92</sup> The rental yield is the average daily revenue per rental vehicle net of certain rental costs.

<sup>93</sup> At an EBIT level.

EBIT Margin Analysis								
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>ATL</b>								
Historical Underlying EBIT Margin	9.2%	11.4%	9.7%	-0.7%	(1.6%)			
Broker 1						4.3%	11.0%	12.2%
Broker 2						1.9%	6.8%	8.6%
<b>Average</b>						<b>3.1%</b>	<b>8.9%</b>	<b>10.4%</b>
<b>thl - Prior to announcement of Scheme</b>								
Historical Underlying EBIT Margin	14.0%	19.2%	14.7%	12.0%	(2.3%)			
Broker 1						(6.7%)	9.3%	12.3%
Broker 2						(2.0%)	8.3%	13.4%
Broker 3						0.1%	14.0%	15.7%
Broker 4						(0.9%)	8.2%	14.1%
Broker 5						1.4%	8.3%	14.0%
<b>Average</b>						<b>(1.6%)</b>	<b>9.6%</b>	<b>13.9%</b>
<b>thl - Post announcement of Scheme (including synergies)</b>								
Broker 1						(2.0%)	8.2%	13.4%
Broker 2						(1.1%)	8.1%	14.0%
Broker 3						(0.4%)	14.2%	16.0%
<b>Average</b>						<b>(1.2%)</b>	<b>10.2%</b>	<b>14.5%</b>
<b>Combined Group</b>								
Broker 1						(5.4%)	12.0%	13.9%

Sources: ATL & thl annual financial reports, Management and GTCF analysis

Note: (1) We note that the brokers' forecasts are prepared on a post-IFRS16 basis, whereas the Corporate Model and GT Model are on pre-IFRS 16 basis. However, we note that at the EBIT level, the impact of the IFRS 16 accounting standard is immaterial. We have compared ATL projections both pre and post IFRS 16, noting ATL's EBIT post IFRS 16 is circa 3% higher once the Company reaches a steady state following the COVID-19 recovery.

- Capital Expenditure for rental and dealership fleet** – The number of the new vehicles for the rental fleet is the sum of the forecasted fleet growth for ATL and thl on a standalone basis, adjusted for the Fleet Rationalisation and fleet turnover. Between FY22 and FY24, we have relied on Management's assumptions in the Corporate Model, where the average purchase price per unit has been modelled based on a weighted average cost per unit purchased/produced, adjusted for potential synergies. Beyond FY24, we have increased the average purchase/production price per unit in line with inflation. Regarding capital expenditure for the sale of new fleet, we have maintained this assumption in line with ATL on a standalone basis, as this specifically relates only to ATL.
- Working Capital** – Similar to ATL on a standalone basis, between FY22 and FY24 the Merged Group generates a material positive cash inflow from working capital as a result of the increase in rental revenue received in advance. As per ATL on a standalone basis, beyond FY24, to reflect the business operating in a steady state, we have normalised the working capital requirements utilising the proportion between working capital balance as percentage of revenues as a proxy. Beyond FY24, we have normalised the working capital cash flow in line with ATL and thl historical trend. As a result, we note that in the terminal value, the impact of the working capital requirement is almost neutral which also aligns with Management projections.
- Tax Rate** - Each different geographic region is subject to a different tax rate. Between FY22 and FY24, the tax rate is applied separately to each geographic division and the Merged Group benefits



from a tax loss balance of US\$53 million<sup>94</sup> as at 31 December 2021 associated with *thl*'s US operations which are expected to be carried forward<sup>95</sup>. Beyond FY24, we have applied a consolidated tax rate of 28% which is the result of the tax rates applied in Australia, New Zealand, United Kingdom, USA and Canada blended by the geographic split of EBIT, which has been assumed to remain constant from FY24 onwards.

- **Discount Rate** – We have assessed the discount rate between 9.0% and 10.0% based on the WACC. In our assessment of the WACC, we have reflected the risk attached to achieving the Synergies and ramp up of the COVID-19 recovery profile. We note that Management has assessed significant one-off net debt/capex synergies through higher utilisation rates by FY24. In the GT Model, we have gradually reduced the utilisation rate in line with historical levels and accordingly, we have not reflected this risk into the discount rate.
- **Inflation and terminal growth rate** – We have adopted the same assumption as per ATL on a standalone basis described in section 8.2.1.

#### 9.1.2 Holdings and investments

As discussed in section 8.2.2, ATL holds 6,895,620 shares in Camplify, which we have valued between c. A\$18.8 million and c. A\$19.3 million (refer to section 8.1.2).

In addition, we note that on 26 October 2021 *thl* announced that it had entered into an agreement to sell the subsidiaries Mighway and SHAREaCAMPER to Camplify for a purchase price of A\$7.37 million (subject to closing adjustments)<sup>96</sup>. The purchase price will be funded by Camplify through the issuance of new, fully paid ordinary shares to *thl* in two equal tranches<sup>97</sup>. For the purpose of the Merged Group valuation assessment, we have assumed the transaction completes in line with the purchase price.

Merged Group - Holdings and Investments		
A\$'000	Low	High
<i>thl</i> - Consideration Mighway and SHAREaCAMPER	7,370	7,370
ATL - Investment in Camplify (net of capital gains tax)	18,774	19,256
<b>Combined Group - Total Holdings and investments</b>	<b>26,144</b>	<b>26,626</b>

Sources: ATL and *thl* Management, GTCF analysis

#### 9.1.3 Togo Preference Shares

On 2 April 2020, *thl* entered into an agreement with Thor to undergo a managed exit from Togo Group. This resulted in *thl* reducing its shareholding in Togo Group from c. 50% of the ordinary shares to c. 26.49% of class B preference shares. The Togo Preference Shares have a face value of c. US\$20.2 million and entitle *thl* to a c. 3% annual cash dividend for a four year period. Thor has a call option relative to the Togo Preference Shares in the amount of US\$20.2 million. The option is exercisable over a four year period, after which time, if the option has not been exercised, the Class B shareholding will convert to c. 26.49% ordinary shares in Togo Group.

<sup>94</sup> Gross tax losses.

<sup>95</sup> We have attributed nil value to ATL tax losses in valuing the Merged Group due to the material uncertainty regarding the ability of the Merged Group to carry forward those losses.

<sup>96</sup> The merger is subject to approval from the New Zealand Commerce Commission.

<sup>97</sup> The first tranche will be issued on completion and the second tranche will be issued 12 months after completion. The issue price for the first tranche is set at A\$3.34 per share. The issue price for the second tranche will be the lesser of the first tranche issue price and the 60 days VWAP for CHL prior to the second issue date (with the VWAP subject to a minimum of A\$1.42 per share).

As at 30 June 2021, the Togo Preference Shares have been internally valued at c. A\$20.1 million<sup>98</sup>. We have reviewed the approach adopted and note that no material changes have taken place between 30 June 2021 and the Valuation Date and, accordingly, we have relied on the value recorded in the FY21 annual report. In February 2022 *thl* received an indication from Thor Industries that they are open to discussing an early buyout of the *thl* preference shares in Roadpass Digital at a discount to the buy-out value of those shares. *thl* is considering its position and is likely to enter into negotiations over the coming weeks. Based on discussions with Management of *thl* and a review of the information available nothing has come to our attention that would lead us to believe that the adopted value is inappropriate from a materiality perspective.

#### 9.1.4 Net Debt

The Corporate Model provides a pro-forma net debt of the Merged Group as at 31 December 2021, which we have summarised in the table below and adopted to derive the equity value of the Merged Group.

Merged Group - Pro forma Net Debt as at 31 December 2021	
A\$ million	
ATL Net debt as at 31 December 2021	174
<i>thl</i> Net debt as at 31 December 2021	18
<b>Merged Group - Net Debt as at 31 December 2021</b>	<b>192</b>

Source: ATL and *thl* Management, GTCF analysis

#### 9.1.5 Share Capital

As at the time of this report and upon signing the SID, ATL and *thl* have 186,150,908 and 152,040,427 ordinary shares on issue respectively. *thl* currently owns 898,150 of ATL's shares. Under the SID, the ATL shares held by *thl* will not be acquired under the Scheme and accordingly, no new shares will be issued to *thl* in relation to its shareholding in ATL. As a result, ATL Shares are reduced to 185,252,758 for the purpose of the Scheme. Accordingly, based on the Conversion Ratio of 1 *thl* share for every 3.680818 ATL shares (or 1 ATL share per 0.2717<sup>99</sup> *thl* shares), this results in 50,329,236<sup>100</sup> new *thl* shares being issued to ATL Shareholders.

Furthermore, as reported in section 5.8, *thl* has 8,836,950 *thl* Share Rights and Options on issue as a result of different share scheme payments, which are summarised below:

<i>thl</i> Share Rights and Options			
	Year of issue	Exercise prices NZ\$	Number of Rights and Options
2009 LTI Scheme	2016	2.79	985,630
2017 LTI Scheme	2017-2021	1.29 - 6.08	5,164,999
Retention Shares Options	2020-2021	2.00 - 2.55	1,357,771
Retention Shares Rights	2020-2021	-	1,328,550
<b>Total</b>			<b>8,836,950</b>

Source: *thl* Management

*thl* Share Rights and Options have vesting conditions solely related to the continuous employment of the holder. In computing the share capital of the Merged Group, we have added *thl* Share Rights and Options

<sup>98</sup> The fair value of Togo Preference Shares was determined by an independent valuer utilising the reference to the face value of the preference shares, and deducting the value of the call option determined using the Black-Scholes option pricing model.

<sup>99</sup> Excluding *thl* interest in ATL.

<sup>100</sup> Excluding *thl* interest in ATL.

that are currently in the money, as well as the related cash inflow from their exercise. We have attributed a A\$nil value to the *thl* Rights and Options which are materially out of the money. Below we have summarised the computation of the Merged Group share capital.

Merged Group - Capital structure	
ATL Shares on issue	186,150,908
Less: ATL Shares hold by <i>thl</i>	(898,150)
<b>ATL Shares on issue adjusted</b>	<b>185,252,758</b>
Conversion Ratio	3.6808
<b><i>thl</i> Shares to be issued to ATL Shareholders</b>	<b>50,329,236</b>
<i>thl</i> Shares on issue	152,040,427
<b>Merged Group ordinary shares</b>	<b>202,369,663</b>
Add: <i>thl</i> Right and Options considered as exercised	6,741,951
<b>Merged Group Shares (fully diluted)<sup>1</sup></b>	<b>209,111,614</b>

Sources: ATL and *thl* Management, GTCF analysis

Note: (1) Fully diluted shares are excluding *thl* rights and options that are materially out of the money.

#### 9.1.6 Minority discount

Given the DCF Method produces a control valuation, we have applied a minority discount of 23.1% based on the inverse of a 30% control premium. Refer to Appendix E for further details.

#### 9.1.7 Sensitivity Analysis

It should be noted that the enterprise value of the Merged Group could vary materially based on changes in certain key assumptions. Accordingly, we have conducted certain sensitivity analysis below to highlight the impact on the value of Merged Group enterprise value after the Scheme based on the DCF Method caused by movements in certain key assumptions.

Sensitivity analysis A\$	Percentage change	
	Low	High
<b>GT assessed value</b>	2.77	3.36
<b>Discount rate</b>		
-0.5%	3.05	3.72
+0.5%	2.53	3.05
<b>Terminal growth rate</b>		
-0.5%	2.60	3.13
+0.5%	2.96	3.62
<b>EBIT Margin (terminal value)</b>		
-1.5%	2.47	3.00
+1.5%	3.07	3.72
<b>Utilisation rate (terminal value)</b>		
-2.0%	2.71	3.28
+2.0%	2.84	3.44
<b>Recurring synergies</b>		
50% of Recurring Synergies (mid-point)	2.65	3.22
75% of Recurring Synergies (mid-point)	2.52	3.07

Source: GTCF analysis

These sensitivities do not represent a range of potential enterprise values of the Merged Group, but they intend to show to ATL Shareholders the sensitivity of our valuation assessment to changes in certain variables.

## 9.2 Cross Check – Implied EBIT Multiple

We have set out in the table below the EBIT multiples implied in our valuation assessment of the Merged Group.

Merged Group - Implied EBIT multiple A\$ million	Section Reference	Low	High
Enterprise value (control basis)	9.1	886	1,046
<b>EBIT</b>			
Underlying EBIT FY19	9.2	111	111
EBIT FY22 Brokers (sum ATL and THL brokers consensus plus synergies)	9.2	(6)	(6)
EBIT FY23 Brokers (sum ATL and THL brokers consensus plus synergies)	9.2	82	82
EBIT FY24 Brokers (sum ATL and THL brokers consensus plus synergies)	9.2	110	110
<b>Implied Enterprise value/EBIT</b>			
EV/Underlying EBIT FY19		8.0x	9.4x
Implied EV/EBIT FY22 Brokers		Nmf	Nmf
Implied EV/EBIT FY23 Brokers		10.8x	12.8x
Implied EV/EBIT FY24 Brokers		8.0x	9.5x

Sources: ATL and thl brokers, GTCF analysis

To compute the implied EV/EBIT multiple, we have added together the standalone ATL and *thl* consensus forecast projections prepared by the brokers covering the two companies. Furthermore in both FY23 and FY24, we have added the midpoint of the Synergies estimated at the EBIT level. We have also had regard to a singular broker that provides a forecast for the Merged Group. The table below summarises the computation of the EBIT.

<i>thl</i> Broker Consensus					
A\$ million	Date	FY22	FY23	FY24	
<u>ATL Brokers</u>					
Broker 1	24-Aug-21	10.7	31.4	38.5	
Broker 2	24-Aug-21	5.7	24.2	31.8	
<b>Average/Median</b>		<b>8.2</b>	<b>27.8</b>	<b>35.2</b>	
<u>thl Brokers</u>					
Broker 1	24-Aug-21	(5.0)	35.8	53.1	
Broker 2	26-Aug-21	(16.6)	30.1	48.5	
Broker 3	14-Dec-21	(5.7)	28.5	56.1	
Broker 4	22-Oct-21	0.4	53.6	70.7	
Broker 5	13-Dec-21	(1.4)	52.3	70.4	
<b>Average</b>		<b>(5.7)</b>	<b>40.1</b>	<b>59.8</b>	
<b>Median</b>		<b>(5.0)</b>	<b>35.8</b>	<b>56.1</b>	
<b>ATL plus thl projections</b>		<b>3</b>	<b>69</b>	<b>97</b>	
Synergies mid-point		-	17.2	17.2	
<b>Combined Group - EBIT</b>		<b>3</b>	<b>86</b>	<b>114</b>	
Broker 1 Combined Group	13-Dec-21	(15.3)	77.0	106.4	
<b>Average /Median</b>		<b>(6)</b>	<b>82</b>	<b>110</b>	

Sources: ATL and *thl* brokers, ATL and *thl* Management and GTCF analysis

In our analysis, we have put greater reliance on the FY24 EV/EBIT multiple as it reflects a more steady state of operations following a COVID-19 recovery. Regarding the implied FY24 EV/EBIT multiple, we note the following:

- It is in line with the range of ATL and *thl*'s FY24 trading EV/EBIT multiple on a standalone basis between 8.8x and 10.0x. We consider this reasonable as the Merged Group, whilst it is expected to generate material synergies through the combination of the two businesses is also subject to the timing of the post COVID-19 recovery.
- It is at the low end of the range of FY24 EV/EBIT multiple of Tourism Companies between 10.3x and 13.3x. We note that most of these companies are significantly larger than the Merged Group, with an average market cap of c. A\$1,766 million as at 24 January 2021.

Having regards to the above, we consider the implied FY24 EBIT Multiple by our valuation assessment as reasonable, because a reflection of the material synergies of the Merged Group mitigated by the uncertainty regarding the timing of the post COVID-19 recovery.

### 9.3 Quoted Security Pricing Method

As discussed in Section 9.0, we have also considered the Quoted Security Price Method for our assessment of the fair market value of the Scheme Consideration. As Apollo's Shareholders will collectively own 24.9% of the Merged Group, we have cross checked our assessed value of the Scheme Consideration on a minority basis having regard to *thl*'s trading price after the announcement of the Scheme.

The consideration of the trading price is an exercise of professional judgement that takes into consideration the depth of the market for the listed securities, volatility of the market price, and whether or not the trading price is likely to represent the underlying value of the Scheme Consideration. The following sections detail the analysis undertaken on *thl*'s trading price in our assessment of the Scheme Consideration.

#### 9.3.1 Liquidity analysis

In accordance with the requirements of RG 111, we have analysed the liquidity of *thl* Shares before relying on them for the purpose of our valuation assessment. We set out below the monthly trading volume of *thl* shares over the past 12 months as a percentage of the total shares outstanding as well as free float shares outstanding<sup>101</sup>.

Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares	Cumulative Volume traded as % of total shares	Volume traded as % of free float shares	Cumulative Volume traded as % of free float shares
Jan 2021	1,999	2.4110	4,820	1.4%	1.4%	1.8%	1.8%
Feb 2021	1,682	2.1899	3,683	1.1%	2.5%	1.6%	3.4%
Mar 2021	7,394	2.3064	17,053	5.0%	7.5%	6.8%	10.2%
Apr 2021	4,086	2.7126	11,085	2.7%	10.2%	3.7%	13.9%
May 2021	3,614	2.5571	9,241	2.4%	12.6%	3.2%	17.1%
Jun 2021	2,327	2.5588	5,954	1.5%	14.1%	2.1%	19.2%
Jul 2021	3,172	2.4154	7,661	2.1%	16.2%	2.9%	22.0%
Aug 2021	4,730	2.3418	11,077	3.1%	19.3%	4.3%	26.3%
Sep 2021	1,924	2.4271	4,670	1.3%	20.6%	1.7%	28.0%
Oct 2021	3,304	2.6976	8,912	2.2%	22.7%	3.0%	31.0%
Nov 2021	2,816	2.8463	8,015	1.9%	24.6%	2.5%	33.5%
Dec 2021	2,428	2.9913	7,263	1.6%	26.2%	2.2%	35.7%
<b>Min</b>				<b>1.14%</b>		<b>1.55%</b>	
<b>Average</b>				<b>2.18%</b>		<b>2.98%</b>	
<b>Median</b>				<b>1.97%</b>		<b>2.70%</b>	
<b>Max</b>				<b>4.99%</b>		<b>6.82%</b>	

Sources: S&P Global, GTCF analysis

With regard to the above analysis, we note that:

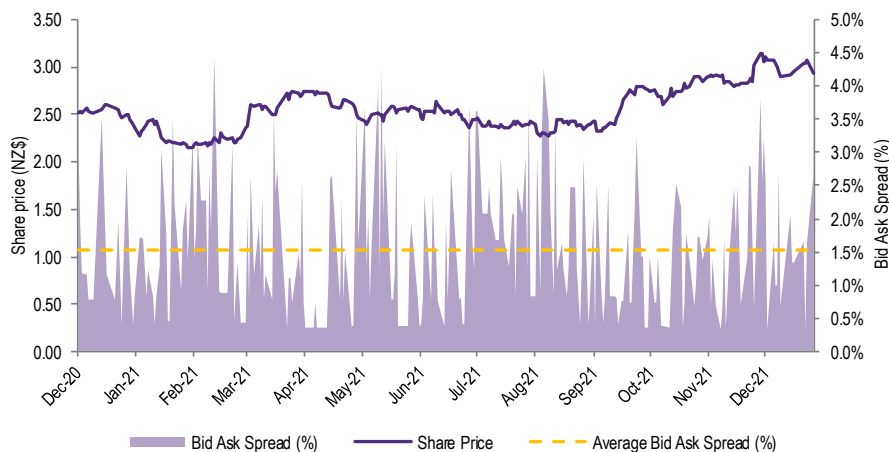
- The level of free float of *thl* is quite high at 73.1%. From January 2021 to December 2021, only c. 26.2% of the free float shares were traded with an average monthly volume of c. 2.2% of the total free float shares.

<sup>101</sup> Free float shares excludes those owned by Company employees, individual insiders, related parties and/or other strategic investors.

- In the absence of a takeover or other share offers, the trading price represents the value at which minority shareholders could realise their portfolio investment.
- *thl* complies with the full disclosure regime required by the NZX. As a result the market is fully informed about the performance of *thl*. *thl* provides updates to the market on a regular basis with information regarding its investment strategy and performance. As a result, there is extensive analysis provided to the market not only about *thl*'s performance and market standing, but also regarding industry trends.
- Given the relatively high degree of institutional interest, *thl* is also covered by multiple brokers who provide updates, forecasts and commentary on the financial performance and announcements of *thl*.

Similarly to ATL, we have set out below the bid and ask price for *thl* between December 2020 and December 2021.

#### *thl* spread between bid and ask price



Sources: S&P Global, GTCF analysis

As set out in the graph above, we note that the historical average and median bid-ask spread has been 1.5% and 1.2% respectively since December 2020 with occasional spikes above 4.0% in conjunction with large movements in the trading price.

Based on the analysis above, we conclude that the liquidity in *thl* shares is reasonable.

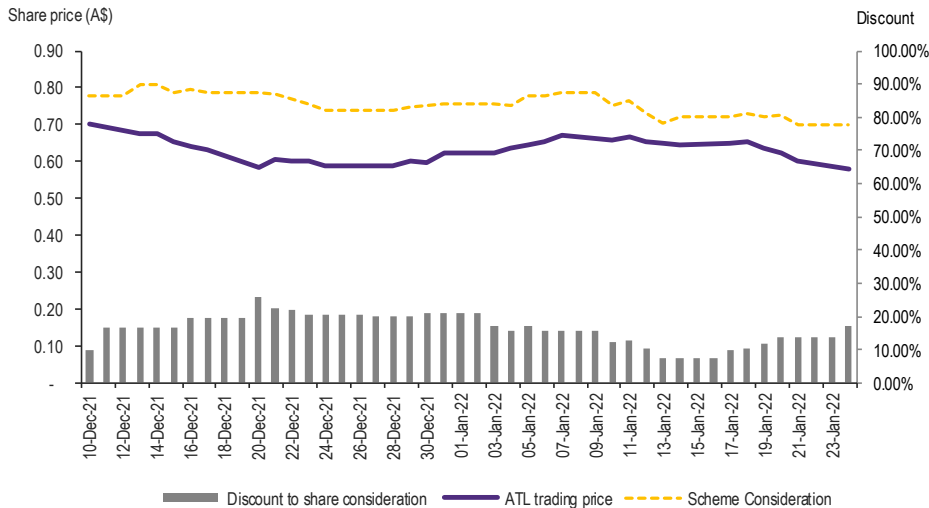
#### 9.3.2 Valuation of the Scheme Consideration based on *thl*'s trading price

We have considered the trading price of *thl* Shares after the announcement of the Scheme, which we have converted to Australian Dollars and divided by the Conversion Ratio to provide a like-for-like comparison between ATL's trading price and the Scheme Consideration.

However, *thl*'s trading price after the announcement of the Scheme should be treated with a degree of caution given it is likely to incorporate the market's view of the risk of the deal completing. As discussed in Section 8.3.2, this risk appears to be reflected in ATL's trading price, given it has persistently traded at a

discount to the Scheme Consideration (based on *thl*'s trading price) since the announcement of the Scheme as presented below:

#### ATL trading price and discount to implied Scheme Consideration



Sources: S&P Global, GTCF analysis.

Note: Scheme Consideration assessed based on the closing price of *thl* shares converted into Australian Dollars using the closing NZ\$:A\$ FX rate on each day and divided by the Conversion Ratio.

It is therefore also likely that *thl*'s share price reflects some level of risk of the Scheme completing. As the Scheme progresses and key regulatory approvals are obtained and the completion of the transaction is materially de-risked, we would expect *thl*'s and ATL's share prices to rerate with ATL's share price converging towards the Scheme Consideration with the discount illustrated above to largely dissipate. In our view, the fact that ATL's trading price is at a discount to the Scheme Consideration (based on *thl*'s trading price) is due to the greater downside risks to ATL than *thl* if the Scheme does not complete. This is primarily due to its constrained financial position relative to *thl* that may require ATL to undertake further asset sales or source alternative funding if the Scheme is not implemented.

Notwithstanding the above, we consider the Scheme Consideration (based on *thl*'s trading prices) to be a useful high-level cross check to our valuation conclusions of the Scheme Consideration as detailed in section 9.1.

#### 9.3.3 VWAP of the Scheme Consideration (based on *thl*'s trading price)

Set out below is a summary of the VWAP of *thl*'s Shares after the announcement of the Scheme, converted into Australian Dollars and divided by the Conversion Ratio to provide a comparison with our assessed valuation of the Scheme Consideration.

VWAP	Low	High	VWAP
Up to 24 Jan 2022			
1 day	0.666	0.714	0.690
5 day	0.664	0.725	0.710
10 day	0.666	0.773	0.720
1 month	0.668	0.789	0.729

Source: S&P Global and GTCF analysis



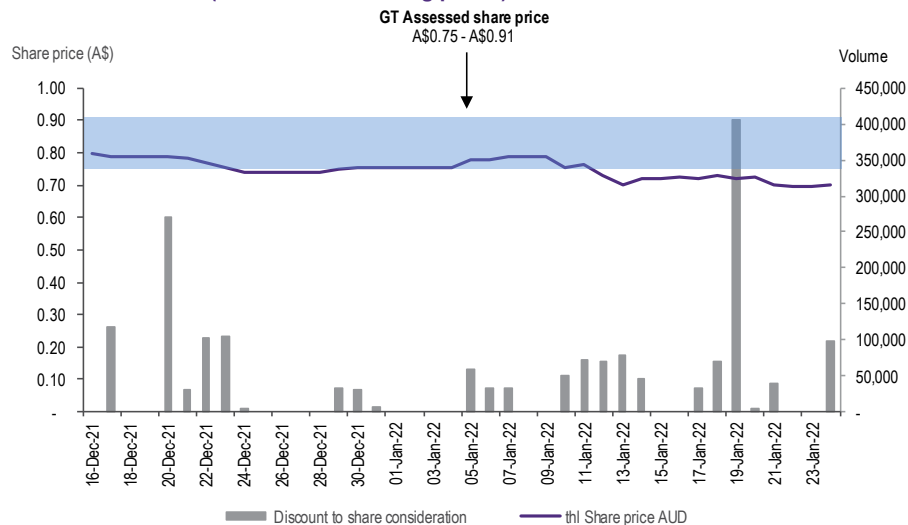
Note: The above values have been adjusted from NZ\$ to A\$ at the respective average exchange rate for that period (i.e. 1 day = 0.9388, 5 days = 0.9368, 10 days = 0.9395 and 1 month = 0.9424). Following this, these figures were converted into the implied Scheme Consideration VWAPs based on the Conversion Ratio of 3.680818.

In addition to the table above, we note the following:

- The median and average broker consensus target share price for *thl* following the announcement of the Scheme is currently NZ\$3.37<sup>102</sup> and NZ\$3.41 respectively, implying a Scheme Consideration (based on *thl*'s trading price) of c. A\$0.86<sup>103</sup> cents (based on the median) and c. A\$0.87<sup>104</sup> (based on the average) per ATL Share. This is materially above the value of the Scheme Consideration implied in the current trading prices as it has not been risk adjusted for the Scheme not completing.
- The Scheme Consideration (based on *thl*'s trading prices) has fluctuated within a relatively narrow band of A\$0.70 to A\$0.81 since the announcement of the Scheme. We note the VWAP since the announcement of the Scheme is c. A\$0.76<sup>105</sup>.

We have set out below the historical share price of *thl* shares since the announcement of the proposed Scheme and our assessed trading price range:

#### Scheme Consideration (based on *thl*'s trading prices) since the announcement of the Scheme



Source: S&P Global, GTCF analysis

The value of the Scheme Consideration implied in the trading prices of *thl* is towards the low-end of our assessed fair market value based on the DCF Method. We are of the opinion that this is reasonable considering the completion risks currently reflected in *thl* trading prices.

<sup>102</sup> This relates to 3 brokers.

<sup>103</sup> Based on a NZ\$:A\$ exchange rate of 0.9388 as at 24 January 2022 and the Conversion Ratio.

<sup>104</sup> Based on a NZ\$:A\$ exchange rate of 0.9388 as at 24 January 2022 and the Conversion Ratio.

<sup>105</sup> Based on a VWAP of *thl* Shares of NZ\$2.9624, an average NZ\$:A\$ exchange rate of 0.9427 since the announcement of the Scheme, and the Conversion Ratio.

## 10 Sources of information, disclaimer and consents

### 10.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Scheme Booklet
- Annual reports/consolidated accounts of ATL and *thl* for FY17 to FY21.
- Proposed merger of ATL and *thl* investor presentations
- Management projections for ATL and *thl* for FY22 to FY24
- Corporate Model.
- ATL Standalone Model.
- Scheme Implementation Deed
- Transaction databases such S&P Global Capital IQ and Mergermarket.
- IBISWorld industry reports.
- Various industry and broker reports.
- Press releases and announcements by ATL on the ASX.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of Apollo and *thl* and their advisers.

### 10.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This report has been only been prepared at the request of ATL Directors to provide an independent opinion as to whether the Scheme is in the best interests of the ATL Shareholders. This report should not be used for any other purpose. In particular, it is not intended that this report should be used by current and future investors in making their investment decisions in relation to the Scheme.

Apollo has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services



contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

Apollo is not responsible for any information provided by *thl* or its management or advisers.

## Appendix A – Valuation methodologies

### Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future.

Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

### Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

### Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

### Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

### Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

## Appendix B – Comparable companies

Company	Description
Thor Industries, Inc. NYSE:THO	Thor Industries, Inc. designs, manufactures, and sells recreational vehicles (RVs), and related parts and accessories in the United States, Canada, and Europe. The company offers travel trailers; gasoline and diesel Class A, Class B, and Class C motorhomes; conventional travel trailers and fifth wheels; luxury fifth wheels; and motorcaravans, caravans, campervans, and urban vehicles. It also provides aluminum extrusion and specialized component products to RV and other manufacturers; and digital products and services for RVs. The company provides its products through independent and non-franchise dealers. The company was founded in 1980 and is based in Elkhart, Indiana.
Winnebago Industries, Inc. NYSE:WGO	Winnebago Industries, Inc. manufactures and sells recreation vehicles and marine products primarily for use in leisure travel and outdoor recreation activities. The company operates in six segments: Grand Design Towables, Winnebago Towables, Winnebago Motorhomes, Newmar motorhomes, Chris-Craft Marine, and Winnebago Specialty Vehicles. It provides towable products that are non-motorized vehicles to be towed by automobiles, pickup trucks, SUVs, or vans for use as temporary living quarters for recreational travel, such as conventional travel trailers, fifth wheels, folding camper trailers, and truck campers under the Winnebago and Grand Design brand names. The company also offers motorhomes, which are self-propelled mobile dwellings used primarily as temporary living quarters during vacation and camping trips, or to support active and mobile lifestyles under the Winnebago and Newmar brand names. In addition, it offers other specialty commercial vehicles for law enforcement command centers, mobile medical clinics, and mobile office spaces; commercial vehicles as bare shells to third-party up fitters; and boats in the recreational powerboat industry under the Chris-Craft and Barletta brand names. Further, the company is involved in the original equipment manufacturing of parts for other manufacturers and commercial vehicles. The company sells its products primarily through independent dealers in the United States, Canada, and internationally. Winnebago Industries, Inc. was incorporated in 1958 and is based in Forest City, Iowa.
Knaus Tabbert AG XTRA:KTA	Knaus Tabbert AG, together with its subsidiaries, manufactures and sells leisure vehicles in Europe. It operates through Premium and Luxury segments. The company offers motorhomes, caravans, and camper vans under the KNAUS, TABBERT, WEINSBERG, T@B, and MORELO brands. It also operates RENT AND TRAVEL digital portal for renting leisure vehicles through a network of partners operating approximately 180 rental stations. Knaus Tabbert AG was founded in 1912 and is headquartered in Jandelsbrunn, Germany.
KABE Group AB (publ.) OM:KABE B	KABE Group AB (publ.) manufactures and sells caravans and mobile homes. The company sells its products through dealers in Europe. The company was formerly known as KABE AB (publ.) and changed its name to KABE Group AB (publ.) in July 2018. KABE Group AB (publ.) is based in Tenhult, Sweden.
Trigano S.A. ENXTPA:TRI	Trigano S.A. designs, manufactures, markets, and sells leisure vehicles and trailers for individuals and professionals in Europe. The company operates through Leisure Vehicles and Leisure Equipment segments. It offers leisure vehicles, including caravans, motorhomes, and mobile homes; camping and garden equipment; tents; and baggage and utility trailers, as well as accessories for leisure vehicles. The company also rents motorhomes; and provides finance for leisure vehicles, as well as offers a range of rental stay services in mobile homes. It offers its products through dealer networks and distributors, as well as through its online sales site, Triganostore.com. The company was founded in 1935 and is based in Paris, France.
Camping World Holdings, Inc. NYSE:CWH	Camping World Holdings, Inc., through its subsidiaries, operates as a recreational vehicle (RV) and outdoor retailer. It operates through two segments, Good Sam Services and Plans; and RV and Outdoor Retail. The company provides a portfolio of services, protection plans, products, and resources in the RV industry. It also offers extended vehicle service contracts; roadside assistance plans; property and casualty insurance programs; travel assist travel protection plans; and RV and outdoor related consumer shows, as well as produces various monthly and annual RV focused consumer magazines; travel and planning directories; and operates the Coast to Coast Club. In addition, the company provides new and used RVs; vehicle financing; RV repair and maintenance services; range of RV parts, equipment, supplies, and accessories, which include towing and hitching products, satellite and GPS systems, electrical and lighting products, appliances and furniture, and other products; and collision repair services comprising fiberglass front and rear cap replacement, windshield replacement, interior remodel solutions, and paint and body work. Further, it offers equipment, gears, and supplies for camping, hunting, fishing, skiing, snowboarding, bicycling, skateboarding, marine and watersports, and other outdoor activities, as well as operates Good Sam Club, a membership organization that offers savings on a range of products and services and provides co-branded credit cards. As of June 22, 2021, the company operated through a network of approximately 175 retail locations in 38 states of the United States. It serves customers through dealerships, and online and e-commerce platforms. The company was founded in 1966 and is headquartered in Lincolnshire, Illinois.
LCI Industries NYSE:LCII	LCI Industries, together with its subsidiaries, manufactures and supplies components for the manufacturers of recreational vehicles (RVs) and adjacent industries in the United States and internationally. It operates in two segments, Original Equipment Manufacturers (OEM) and Aftermarket. The OEM segment manufactures and distributes a range of engineered components, such as steel chassis and related components; axles and suspension solutions; slide-out mechanisms and solutions; thermofomed bath, kitchen, and other products; vinyl, aluminum, and frameless windows; manual, electric, and hydraulic stabilizer and leveling systems; entry, luggage, patio, and ramp doors; furniture and mattresses; electric and manual entry steps; awnings and awning accessories; towing products; truck accessories; electronic components; and other accessories. This segment serves OEMs of RVs and adjacent industries, including buses; trailers used to haul boats, livestock, equipment, and other cargo; trucks; boats; trains; manufactured homes; and modular housing, as well as travel trailers, fifth-wheel travel trailers, folding camping trailers, and truck campers. The Aftermarket segment supplies various components of RV and adjacent industries to retail dealers, wholesale distributors, and service centers. This segment also sells replacement glass and awnings to fulfill insurance claims, biminis, covers, buoys, and fenders to the marine industry. The company was formerly known as Drew Industries Incorporated and changed its name to LCI Industries in December 2016. LCI Industries was incorporated in 1984 and is based in Elkhart, Indiana.

Company	Description
Flight Centre Travel Group Limited ASX:FLT	Flight Centre Travel Group Limited provides travel retailing services for the leisure and corporate sectors in Australia, New Zealand, Americas, Europe, the Middle East, Africa, Asia, and internationally. The company offers leisure travel services for the niche sectors, as well as mass, youth, premium, and cruise markets; and corporate travel services for organizations of various sizes across industries, as well as supplies products to its national and international network, or travel retail outlets. It also provides tour operations, hotel management, and destination management services. In addition, the company offers other travel related services, including foreign currency exchange and travel academies; recruitment marketing and bike retailing; and employee benefit services. Flight Centre Travel Group Limited provides its services primarily under the Flight Centre brand, as well as other travel brands, such as Student Flights, Travel Associates, Liberty Travel, Infinity Holidays, GOGO Vacations, FC, Travel Solutions, Corporate Traveller, Stage and Screen, and cievents. The company was formerly known as Flight Centre Limited and changed its name to Flight Centre Travel Group Limited in November 2013. Flight Centre Travel Group Limited was incorporated in 1987 and is headquartered in South Brisbane, Australia.
Webjet Limited ASX:WEB	Webjet Limited provides online travel booking services in Australia, New Zealand, the United Arab Emirates, the United Kingdom, and internationally. It operates through Business to Consumer Travel and Business to Business Travel segments. The company enables its customers to compare, combine, and book domestic and international travel flight deals, hotel accommodations, holiday package deals, travel insurances, rental cars, motorhomes, and cruises. Its brands include Webjet, Online Republic, JacTravel, Sunhotels, Lots of Hotels, Totalstay, Destinations of the World, FIT Rooms, and Umrah Holidays International. The company serves retail and corporate travel agents, online travel agencies, wholesalers, and tour operators. Webjet Limited was founded in 1998 and is based in Melbourne, Australia.
Kelsian Group Limited ASX:KLS	Kelsian Group Limited provides land and marine tourism and public transport services in Australia, Singapore, and the United Kingdom. It operates through Marine & Tourism, Australian Bus, and International Bus segments. The Marine & Tourism segment operates vehicle and passenger ferry services, barging, coach tours and package holidays, lunch, dinner, charter cruises, and accommodation facilities. The Australian Bus segment operates metropolitan public bus services on behalf of governments in Sydney, Melbourne, Perth, Adelaide, and Darwin. The International Bus segment operates metropolitan public bus services on behalf of governments in London and Singapore. The company was formerly known as SeaLink Travel Group Limited and changed its name to Kelsian Group Limited in November 2021. Kelsian Group Limited was founded in 1989 and is headquartered in Adelaide, Australia.
Corporate Travel Management Limited ASX:CTD	Corporate Travel Management Limited, a travel management solutions company, manages the purchase and delivery of travel services for the corporate market. It operates through four segments: Australia and New Zealand, North America, Asia, and Europe. The company provides strategic account management, small business travel, and event travel management services; and resource travel management products, which include shift management tools, emergency evacuation solutions, charter negotiation, and expense solutions. It also offers sport travel and leisure travel management services. Corporate Travel Management Limited was founded in 1994 and is headquartered in Brisbane, Australia.
Helloworld Travel Limited ASX:HLO	Helloworld Travel Limited operates as a travel distribution company in Australia, New Zealand, and internationally. The company provides international and domestic travel products and services, as well as operates a franchised network of travel agents. It operates retail travel brands, including Helloworld Travel—the Travel Professionals; and a network of retail outlets, such as Helloworld Travel Associate, Helloworld Business Travel, Magellan Travel, Mobile Travel Agent, My Travel Group, and The Travel Brokers. The company also provides corporate travel management services, including booking flights, accommodation, and other services through QBT, APX, Inspire Travel Management, TravelEdge, Show Group, GO Conference & Incentives, and AOT Hotels. Its wholesale operations include distribution of travel products and services under the Viva Holidays, Sunlover Holidays, Territory Discoveries, Asia Escape Holidays, Skiddoo, GO Holidays, Ready Rooms, Seven Oceans Cruises, and Willimings Travel brands, as well as operates needitnow.com.au. In addition, the company also provides air, cruise, and land products for packaging and sale through retail travel agency networks and other third-party retailers; and inbound and destination management services. Further, it offers access to a database of various ocean and river cruise products, including itineraries, cruise lines, ocean and river cruise vessels, and information on various ports, as well as cruise packaging and services. The company was formerly known as Helloworld Limited and changed its name to Helloworld Travel Limited in April 2017. Helloworld Travel Limited was incorporated in 2000 and is based in Melbourne, Australia.
Experience Co Limited ASX:EXP	Experience Co Limited, an adventure tourism company, provides tandem skydiving services in Australia and New Zealand. The company operates through Skydiving and GBR Experiences segments. It also provides boat tours, snorkeling, and diving in the Great Barrier Reef; and rainforest tour in the Daintree in North Queensland, as well as aircraft maintenance services. The company operates 12 skydiving drop zones in Australia and 3 in New Zealand. Experience Co Limited was founded in 1998 and is based in Sydney, Australia.
Event Hospitality & Entertainment Limited ASX:EVT	Event Hospitality & Entertainment Limited operates as an entertainment, hospitality, and leisure company in Australia, New Zealand, and Germany. The company operates through Entertainment, Hotels and Resorts, Thredbo Alpine Resort, and Property and Other Investments segments. It is involved in cinema exhibition operations under the Event Cinemas, Moonlight Cinemas, Greater Union and Birch, and Carroll & Coyle cinemas brands; and the operation of Cinebuzz Rewards, a movie loyalty program, as well as State Theatre, a 2,000-seat theatre located in Sydney. The company also supplies cinema technology solutions to the industry in digital and electronic cinema, and film projection portfolios; owns, operates, and manages hotels and resorts under the Rydges, QT, Atura, and Thredbo Alpine brand names; and operates Priority Guest Rewards, a hotel and resort rewards program. In addition, it invests in, develops, and rents properties; and invests in shares of unlisted companies. The company was formerly known as Amalgamated Holdings Limited and changed its name to Event Hospitality & Entertainment Limited in December 2015. Event Hospitality & Entertainment Limited was founded in 1910 and is headquartered in Sydney, Australia.

## Appendix C – Comparable transactions

Target	Description
Tiffin Motorhomes Inc.	Tiffin Motorhomes, Inc. designs and manufactures motor homes. The company also provides parts and repair services. It markets and sells its products through dealers in the United States, Canada, Australia, and New Zealand. The company was founded in 1972 and is headquartered in Red Bay, Alabama. As of December 18, 2020, Tiffin Motorhomes, Inc. operates as a subsidiary of Tiffin Group, LLC.
Newmar Corporation	Newmar Corporation operates as vehicle manufacturer specializing in motor homes and trailers. The Company's products include fifth wheels, motorhomes, and luxury motorhomes.
Erwin Hymer Group	Erwin Hymer Group SE manufactures and markets caravans and motor homes for leisure purpose. It also offers vans, tent-trailers, and roof top tents along with the rental options. The company provides caravans and campervans under the brand names: Buccaneer, Bürstner, Compass, Dethleffs, Elddis, and Eriba; motor homes under the brand names: Carado, Dethleffs, Elddis, Etrusco, Hymer, Laika, LMC, NIESMANN+BISCHOFF, Roadtrek, Sunlight, Cliffride, Goldschmitt, and Movera; roof top tents under the brand name: 3DOG; and hardtops under the brand name: American Fastbacks. It serves customers through a network of dealers in Europe. Erwin Hymer Group SE was founded in 1923 and is based in Bad Waldsee, Germany. As of February 1, 2019, Erwin Hymer Group SE operates as a subsidiary of Thor Industries, Inc.
Swift Group Limited	Swift Group Limited manufactures and sells leisure vehicles. It offers caravans, motorhomes, and holiday homes. The company also offers spare parts and after sales services. It sells its products through dealers. The company was founded in 1964 and is based in Cottingham, United Kingdom. Swift Group Limited is a former subsidiary of Swift Holdings (UK) Ltd.
Rhiag Group	RHIAG Group Ltd distributes automotive aftermarket components. It offers vehicle spare parts, tires, oils, car parts, accessories, tools and equipment, and chemical products. The company was founded in 1979 and is based in Baar, Switzerland. RHIAG Group Ltd operates as a subsidiary of LKQ Corporation.
AL-KO Vehicle Technology Group	AL-KO Vehicle Technology Group GmbH manufactures and supplies chassis components for trailers, leisure vehicles, and light commercial vehicles. The company was founded in 1931 and is based in Kötz, Germany. AL-KO Vehicle Technology Group GmbH operates as a subsidiary of DexKo Global Inc.

## Appendix D – Discount rate

### Introduction

The cash flow assumptions underlying the DCF approach are on a nominal, ungeared and post-tax basis. Accordingly, we have assessed a range of nominal post-tax discount rates for the purpose of calculating the net present value of the cash flows.

The discount rates were determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$\text{WACC} = R_d \times \frac{D}{D + E} \times (1 - t) + R_e \times \frac{E}{D + E}$$

Where:

- $R_e$  = the required rate of return on equity capital;
- $E$  = the market value of equity capital;
- $D$  = the market value of debt capital;
- $R_d$  = the required rate of return on debt capital; and
- $t$  = the statutory corporate tax rate.

### *Required rate of return on equity capital*

We have used the CAPM, which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion.

Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.



The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity ( $R_e$ ) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- $R_f$  = risk free rate
- $\beta_e$  = expected equity beta of the investment
- $(R_m - R_f)$  = market risk premium

#### *Risk-free rate*

In the absence of an official risk free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Accordingly, we have observed the yields on the 10-year Australian Government bond, 10-year Canadian Government bond, 10-year USA Government bond and the 10-year UK Government bond over the last ten years.

We note that the 10-year average yields are c. 2.50% for Australia, c. 1.71% for Canada, c. 2.04% for the United States and c. 1.44% for the United Kingdom. The table below sets out the average yield of the different Government debts analysed:

Government debt analysis as at	24 January 2022	Range	Daily average	
			Nominal	
<b><u>Australian Government Debt - 10 Year</u></b>				
Previous 5 trading days	1.91%	-	1.99%	1.95%
Previous 10 trading days	1.84%	-	1.99%	1.91%
Previous 20 trading days	1.54%	-	1.99%	1.81%
Previous 30 trading days	1.54%	-	1.99%	1.74%
Previous 60 trading days	1.54%	-	1.99%	1.75%
Previous 1 year trading	1.04%	-	2.10%	1.53%
Previous 2 years trading	0.60%	-	2.10%	1.23%
Previous 3 years trading	0.60%	-	2.25%	1.29%
Previous 5 years trading	0.60%	-	2.99%	1.84%
Previous 10 years trading	0.60%	-	4.44%	2.50%
Previous 20 years trading	0.60%	-	6.79%	3.99%
<b><u>Canadian Government Debt - 10 Year</u></b>				
Previous 3 years trading	0.43%	-	1.98%	1.25%
Previous 5 years trading	0.43%	-	2.58%	1.58%
Previous 10 years trading	0.43%	-	2.81%	1.71%
Previous 20 years trading	0.43%	-	5.99%	2.86%
<b><u>United States Government Debt - 10 Year</u></b>				
Previous 3 years trading	0.52%	-	2.76%	1.47%
Previous 5 years trading	0.52%	-	3.24%	1.93%
Previous 10 years trading	0.52%	-	3.24%	2.04%
Previous 20 years trading	0.52%	-	5.54%	2.99%
<b><u>United Kingdom Government Debt - 10 Year</u></b>				
Previous 3 years trading	0.08%	-	1.29%	0.62%
Previous 5 years trading	0.08%	-	1.65%	0.90%
Previous 10 years trading	0.08%	-	3.07%	1.44%
Previous 20 years trading	0.08%	-	5.55%	2.86%

Source: S&P Global, GTCF analysis

Given the historically low Government Bond yields around the world over the last 18 months due to profound market uncertainty as a result of COVID-19, we believe utilising a long-term average yield is reasonable.

Having regard to the above and based on our forecast inflation assumption of c. 2.0% in the Corporate Model and GT Model, we have estimated a blended risk free rate of c. **3.00%** for both ATL and the Merged Group.

#### *Market risk premium*

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned. However, given the inherent high volatility of realised rates of return, especially for equities, the market risk premium can only be meaningfully estimated over long periods of time. In this regard, Grant Thornton studies of the historical risk premium over periods of 20 to 80 years suggest a risk premium of 6.0% for the Australia markets.

For the purpose of the WACC assessment, Grant Thornton Corporate Finance has adopted a market risk premium of **6.0%**.

### Equity beta

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity.

For the purpose of the report, we have had regards to the observed betas (equity betas) of comparable listed companies operating in the tourism and RV (related) industries as outlined in the following tables below. Note, these betas include the impact of COVID-19 on each respective business. We have performed regressions of the historical betas over 5-year monthly and 2-year weekly time period with local or MSCI indices.

Beta analysis	Market cap	5 years monthly - 43% regearing ratio				2 years weekly - 43% regearing ratio				
		Equity Beta	R squared	Ungearred Beta	Adopted Beta	Equity Beta	R squared	Ungearred Beta	Adopted Beta	
Company	Country	A\$m	Beta	R squared	Beta	Beta	Beta	Beta	Beta	
Apollo Tourism & Leisure Ltd	Australia	58	2.11	0.15	0.78	1.03	2.26	0.21	0.79	1.04
Tourism Holdings Limited	New Zealand	312	2.19	0.35	1.74	2.29	3.53	0.58	2.92	3.84
Thor Industries, Inc.	United States	7,572	2.00	0.34	1.77	2.33	1.42	0.36	1.17	1.53
Winnebago Industries, Inc.	United States	2,865	1.90	0.30	1.68	2.21	1.68	0.44	1.53	2.00
KABE Group AB (publ.)	Sweden	229	0.77	0.18	0.77	1.01	0.77	0.26	0.77	1.01
Knaus Tabbert AG	Germany	1,142	0.64	0.13	0.59	0.77	0.18	0.01	0.17	Nmf
Trigano S.A.	France	4,585	1.30	0.25	1.30	1.70	1.07	0.34	1.07	1.40
Flight Centre Travel Group Limited	Australia	3,012	2.18	0.35	2.18	2.87	2.07	0.40	2.07	2.72
Webjet Limited	Australia	1,637	2.32	0.32	2.29	3.00	2.07	0.33	2.03	2.67
Kelsian Group Limited	Australia	1,315	1.07	0.18	0.97	1.27	1.14	0.32	0.99	1.29
Corporate Travel Management Limited	Australia	2,157	2.19	0.26	2.19	2.87	2.35	0.46	2.35	3.09
Camping World Holdings, Inc.	United States	1,731	2.90	0.25	1.04	1.36	1.78	0.25	0.83	1.08
LCI Industries	United States	4,639	1.53	0.44	1.34	1.76	1.17	0.42	0.96	1.27
Helloworld Travel Limited	Australia	380	1.99	0.21	1.99	2.61	3.49	0.45	3.49	4.58
Experience Co Limited	Australia	122	1.91	0.22	1.75	2.30	2.78	0.42	2.61	3.42
Event Hospitality & Entertainment Limited	Australia	1,565	1.13	0.25	0.86	1.13	1.37	0.41	0.90	1.18
Millennium & Copthorne Hotels New Zealand Limited	New Zealand	316	0.80	0.18	0.80	1.06	0.30	0.08	0.30	0.40
<b>Low</b>						<b>0.77</b>				<b>0.40</b>
<b>Median</b>						<b>1.76</b>				<b>1.47</b>
<b>Average</b>						<b>1.86</b>				<b>2.03</b>
<b>High</b>						<b>3.00</b>				<b>4.58</b>

Source: S&P Global and GTCF calculations

Note (1): Equity betas are calculated using data provided by S&P Global. The betas are based on a five-year period with monthly observations based on the local or MSCI index. Betas have been degearred based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values). Betas have been regearred based on ATL's assumed regearing ratio of 67%.

Beta analysis Company	Country	Market cap A\$m	5 years monthly - 67% regearing ratio				2 years weekly - 67% regearing ratio			
			Equity Beta	R squared	Ungearred Beta	Adopted Beta	Equity Beta	R squared	Ungearred Beta	Adopted Beta
			Apollo Tourism & Leisure Ltd	Australia	58	2.11	0.15	0.78	1.16	2.26
Tourism Holdings Limited	New Zealand	312	2.19	0.35	1.74	2.59	3.53	0.58	2.92	4.34
Thor Industries, Inc.	United States	7,572	2.00	0.34	1.77	2.63	1.42	0.36	1.17	1.74
Winnebago Industries, Inc.	United States	2,865	1.90	0.30	1.68	2.50	1.68	0.44	1.53	2.27
KABE Group AB (publ.)	Sweden	229	0.77	0.18	0.77	1.14	0.77	0.26	0.77	1.15
Knaus Tabbert AG	Germany	1,142	0.64	0.13	0.59	0.87	0.18	0.01	0.17	Nmf
Trigano S.A.	France	4,585	1.30	0.25	1.30	1.93	1.07	0.34	1.07	1.59
Flight Centre Travel Group Limited	Australia	3,012	2.18	0.35	2.18	3.25	2.07	0.40	2.07	3.08
Webjet Limited	Australia	1,637	2.32	0.32	2.29	3.40	2.07	0.33	2.03	3.02
Kelsian Group Limited	Australia	1,315	1.07	0.18	0.97	1.44	1.14	0.32	0.99	1.46
Corporate Travel Management Limited	Australia	2,157	2.19	0.26	2.19	3.25	2.35	0.46	2.35	3.50
Camping World Holdings, Inc.	United States	1,731	2.90	0.25	1.04	1.54	1.78	0.25	0.83	1.23
LCI Industries	United States	4,639	1.53	0.44	1.34	1.99	1.17	0.42	0.96	1.43
Helloworld Travel Limited	Australia	380	1.99	0.21	1.99	2.95	3.49	0.45	3.49	5.18
Experience Co Limited	Australia	122	1.91	0.22	1.75	2.60	2.78	0.42	2.61	3.87
Event Hospitality & Entertainment Limited	Australia	1,565	1.13	0.25	0.86	1.28	1.37	0.41	0.90	1.34
Millennium & Copthorne Hotels New Zealand Limited	New Zealand	316	0.80	0.18	0.80	1.20	0.30	0.08	0.30	0.45
<b>Low</b>						<b>0.87</b>				<b>0.45</b>
<b>Median</b>						<b>1.99</b>				<b>1.66</b>
<b>Average</b>						<b>2.10</b>				<b>2.30</b>
<b>High</b>						<b>3.40</b>				<b>5.18</b>

Source: S&P Global and GTCF calculations

Note (1): Equity betas are calculated using data provided by S&P Global. The betas are based on a two-year period with weekly observations based on the local or MSCI index. Betas have been degeared based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values). Betas have been regeared based on the Merged Group's assumed regearing ratio of 43%.

In addition to the above, we have also had regard to the equity betas of comparable listed companies operating in the tourism and RV related industries prior to COVID-19. We have performed regressions of the historical betas prior to February 2020 over 5-year monthly and 2-year weekly time periods with local or MSCI indices:

Beta analysis Company	Country	Market cap A\$m	5 years monthly - 43% regearing ratio				2 years weekly - 43% regearing ratio			
			Equity Beta	R squared	Ungearred Beta	Adopted Beta	Equity Beta	R squared	Ungearred Beta	Adopted Beta
			Apollo Tourism & Leisure Ltd	Australia	58	(0.40)	0.01	(0.17)	Nmf	1.08
Tourism Holdings Limited	New Zealand	312	0.66	0.06	0.52	0.68	0.71	0.06	0.52	0.69
Thor Industries, Inc.	United States	7,572	2.12	0.42	2.06	2.70	1.80	0.35	1.64	2.16
Winnebago Industries, Inc.	United States	2,865	1.81	0.24	1.61	2.11	1.36	0.18	1.15	1.52
KABE Group AB (publ.)	Sweden	229	0.35	0.05	0.35	0.46	0.45	0.11	0.44	0.57
Trigano S.A.	France	4,585	0.80	0.07	0.77	1.01	1.18	0.11	1.12	1.48
Flight Centre Travel Group Limited	Australia	3,012	0.32	0.01	0.32	Nmf	0.73	0.07	0.72	0.94
Webjet Limited	Australia	1,637	1.44	0.13	1.44	1.89	1.74	0.19	1.71	2.25
Kelsian Group Limited	Australia	1,315	0.09	0.00	0.08	Nmf	0.03	0.00	0.03	Nmf
Corporate Travel Management Limited	Australia	2,157	1.75	0.23	1.75	2.30	1.26	0.14	1.26	1.66
Camping World Holdings, Inc.	United States	1,731	3.51	0.43	1.14	1.49	2.20	0.24	0.53	0.70
LCI Industries	United States	4,639	1.54	0.33	1.45	1.91	1.52	0.34	1.33	1.74
Helloworld Travel Limited	Australia	380	(0.02)	0.00	(0.02)	Nmf	0.43	0.03	0.43	Nmf
Experience Co Limited	Australia	122	0.01	0.00	0.01	Nmf	0.37	0.00	0.32	Nmf
Event Hospitality & Entertainment Limited	Australia	1,565	0.13	0.01	0.12	Nmf	0.26	0.04	0.22	Nmf
Millennium & Copthorne Hotels New Zealand Limited	New Zealand	316	(0.07)	0.00	(0.07)	Nmf	0.15	0.01	0.15	Nmf
<b>Low</b>						<b>0.46</b>				<b>0.43</b>
<b>Median</b>						<b>1.89</b>				<b>1.48</b>
<b>Average</b>						<b>1.62</b>				<b>1.28</b>
<b>High</b>						<b>2.70</b>				<b>2.25</b>

Source: S&P Global and GTCF calculations

Note (1): Equity betas are calculated using data provided by S&P Global. The betas are based on a five-year period with monthly observations based on the local or MSCI index. Betas have been degeared based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values). Betas have been regeared based on ATL's assumed regearing ratio of 67%.

Beta analysis	Market cap	5 years monthly - 67% regearing ratio				2 years weekly - 67% regearing ratio				
		Equity R squared	Ungeared	Adopted	Equity R squared	Ungeared	Adopted			
Company	Country	A\$m	Beta	Beta	Beta	Beta	Beta	Beta	Beta	
Apollo Tourism & Leisure Ltd	Australia	58	(0.40)	0.01	(0.17)	Nmf	1.08	0.05	0.32	0.48
Tourism Holdings Limited	New Zealand	312	0.66	0.06	0.52	0.77	0.71	0.06	0.52	0.78
Thor Industries, Inc.	United States	7,572	2.12	0.42	2.06	3.06	1.80	0.35	1.64	2.45
Winnebago Industries, Inc.	United States	2,865	1.81	0.24	1.61	2.39	1.36	0.18	1.15	1.72
KABE Group AB (publ.)	Sweden	229	0.35	0.05	0.35	0.52	0.45	0.11	0.44	0.65
Trigano S.A.	France	4,585	0.80	0.07	0.77	1.14	1.18	0.11	1.12	1.67
Flight Centre Travel Group Limited	Australia	3,012	0.32	0.01	0.32	Nmf	0.73	0.07	0.72	1.07
Webjet Limited	Australia	1,637	1.44	0.13	1.44	2.15	1.74	0.19	1.71	2.54
Kelsian Group Limited	Australia	1,315	0.09	0.00	0.08	Nmf	0.03	0.00	0.03	Nmf
Corporate Travel Management Limited	Australia	2,157	1.75	0.23	1.75	2.60	1.26	0.14	1.26	1.88
Camping World Holdings, Inc.	United States	1,731	3.51	0.43	1.14	1.69	2.20	0.24	0.53	0.79
LCI Industries	United States	4,639	1.54	0.33	1.45	2.16	1.52	0.34	1.33	1.97
Helloworld Travel Limited	Australia	380	(0.02)	0.00	(0.02)	Nmf	0.43	0.03	0.43	Nmf
Experience Co Limited	Australia	122	0.01	0.00	0.01	Nmf	0.37	0.00	0.32	Nmf
Event Hospitality & Entertainment Limited	Australia	1,665	0.13	0.01	0.12	Nmf	0.26	0.04	0.22	Nmf
Millennium & Copthorne Hotels New Zealand Limited	New Zealand	316	(0.07)	0.00	(0.07)	Nmf	0.15	0.01	0.15	Nmf
<b>Low</b>						<b>0.52</b>				<b>0.48</b>
<b>Median</b>						<b>2.15</b>				<b>1.67</b>
<b>Average</b>						<b>1.83</b>				<b>1.45</b>
<b>High</b>						<b>3.06</b>				<b>2.54</b>

Source: S&P Global and GTCF calculations

Note (1): Equity betas are calculated using data provided by S&P Global. The betas are based on a two-year period with weekly observations based on the local or MSCI index. Betas have been degeared based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values). Betas have been regeared based on the Merged Group's assumed regearing ratio of 43%.

It should be noted that the above betas are drawn from the actual and observed historical relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is, to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the predevelopment assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected companies are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparable companies, a process commonly referred as de-gearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the de-gearing and regearing exercise:

$$\beta_e = \beta_a \left[ 1 + \frac{D}{E} \times (1 - t) \right]$$

Where:

- $\beta_e$  = Equity beta
- $\beta_a$  = Asset beta
- $t$  = corporate tax rate

The betas are de-gearred using the average historical gearing levels of those respective companies over several years. We then re-gearred the betas based on the following gearing ratios:

- 40% debt to 60% equity for ATL standalone; and,
- 30% debt to 70% equity for the Merged Group.

Refer to the following Capital Structure Section below for further discussions. Additionally, we note that many betas of other tourism related companies are not statistically relevant, and accordingly we were not able to rely upon them.

For the purposes of our valuation, we have selected the following beta ranges to calculate the required return on equity capital:

- A regeared beta in the range of **1.4 to 1.5** for Apollo.
- A regeared beta in the range of **1.2 to 1.3** for the Merged Group.

With regards to ATL on a standalone basis, we have selected a higher beta range given the heightened debt to equity level of the Company relative to both *thl* standalone and the Merged Group post implementation of the Scheme. Additionally and as illustrated in the tables above, pre-COVID the average 2-years weekly, 67% regeared beta observations for the comparable listed companies support our assessment at 1.45, the midpoint of our selected range.

With regards to the Merged Group, we have selected a lower beta range given that we expect the gearing ratio to decrease and assume the historical debt profile of *thl*. The following table illustrates the historical broker

Discount rate benchmarking - Post Scheme announcement				
	Company	Report date	Beta	WACC
Broker 1	<i>thl</i>	14/12/2021	1.30	9.30%
Broker 2	<i>thl</i>	10/12/2021	1.43	8.70%
Broker 3	<i>thl</i>	22/12/2021	n/a	9.50%
Broker 4	<i>thl</i>	23/12/2020	1.30	9.60%
Broker 5	<i>thl</i>	10/12/2021	n/a	8.10%
<b>Average</b>			<b>1.34</b>	<b>9.04%</b>
<b>Median</b>			<b>1.30</b>	<b>9.30%</b>

Source: *thl* brokers and GTCF calculations

As illustrated, our selected range of 1.2 to 1.3 at the high end is equal to that of the broker median, however this isn't unreasonable given that post implementation of the Scheme, the Merged Group will be substantially de-risked through both greater size and financial stability relative to *thl*.

#### *Specific risk premium*

Specific risk premium (“SRP”) represents the additional return an investor expects to receive to compensate for country, size and project related risks not reflected in the beta of the observed comparable companies.

We have assumed a SRP of **2.0%** for Apollo and **1.0%** for the Merged Entity given the material uncertainty surrounding the industry’s recovery following COVID-19.

#### *Cost of debt*

For the purpose of estimating the cost of debt applicable to ATL, Grant Thornton Corporate Finance has considered the following:

- The weighted average interest rate on credit outstanding for large businesses over the last one to five years as published by the Reserve Bank of Australia.
- The historical and current cost of debt for ATL.
- Expectations of the yield curve.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt of **6.0%** to **7.0%** on a pre-tax basis.

#### *Capital Structure*

Grant Thornton Corporate Finance has considered the gearing ratio which a hypothetical purchaser of the business would adopt in order to generate a balanced return given the inherent risks associated with debt financing. Factors which a hypothetical purchaser may consider include the shareholders’ return after interest payments, and the business’ ability to raise external debt.

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the “target” gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- the quality and variability of earnings and cash flows;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

The following table provides an overview of the historical gearing ratio of both .ATL and *thl* over the last five financial years:

ATL and <i>thl</i> historical gearing ratios	ATL	<i>thl</i>
All figures as at 30 June	A\$m	NZ\$m
<b>FY17</b>		
Net Debt	120.1	176.3
Market Cap	269.0	505.1
Gearing ratio	30.9%	25.9%
<b>FY18</b>		
Net Debt	263.8	198.8
Market Cap	301.2	818.9
Gearing ratio	46.7%	19.5%
<b>FY19</b>		
Net Debt	329.9	202.2
Market Cap	67.9	499.1
Gearing ratio	82.9%	28.8%
<b>FY20</b>		
Net Debt	228.7	128.0
Market Cap	55.8	293.1
Gearing ratio	80.4%	30.4%
<b>FY21</b>		
Net Debt	154.0	48.7
Market Cap	72.6	383.3
Gearing ratio	68.0%	11.3%
<b>Average</b>	<b>61.8%</b>	<b>23.2%</b>
<b>Median</b>	<b>68.0%</b>	<b>25.9%</b>

Source: ATL and *thl* annual reports; GTCF analysis.

Note: Net debt has been calculated on a excluding AASB 16 / IFRS 16 liabilities in FY20 and FY21. .

Note (2): Market cap for each company has been calculated as at 30 June in the respective year.

Note (3): Gearing ratio has been calculated as Net Debt / (Net Debt + Market Cap)

Accordingly, we have adopted the following capital structures within our WACC:

- A debt-to-enterprise ratio of **40%** debt and **60%** equity for Apollo on a standalone basis
- A debt to enterprise of **30%** debt and **70%** equity for the Merged Group.

#### Tax rate

Each different geographic region is subject to a different tax rate. Between FY22 and FY24, the tax rate is applied separately to each geographic region.



*Discount rate summary*

The discount rate range for the different entities is set out below:

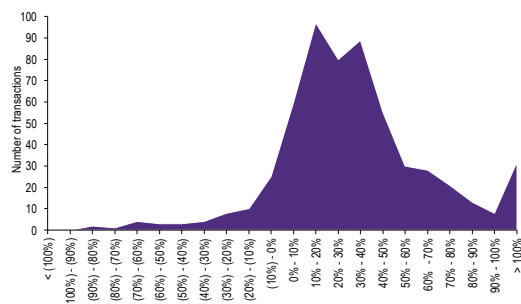
WACC calculation	Apollo		Combined Group	
	Low	High	Low	High
<b>Cost of equity</b>				
Risk free rate	3.0%	3.0%	3.0%	3.0%
Beta	1.40	1.50	1.20	1.30
Market risk premium	6.0%	6.0%	6.0%	6.0%
Specific risk premium	2.0%	2.0%	1.0%	1.0%
<b>Cost of equity</b>	<b>13.4%</b>	<b>14.0%</b>	<b>11.2%</b>	<b>11.8%</b>
<b>Cost of debt</b>				
Cost of debt (pre tax)	6.0%	7.0%	6.0%	7.0%
Tax	26.7%	26.7%	28.2%	28.2%
<b>Cost of debt (post tax)</b>	<b>4.4%</b>	<b>5.1%</b>	<b>4.3%</b>	<b>5.0%</b>
<b>Capital structure</b>				
Proportion of debt	40%	40%	30%	30%
Proportion of equity	60%	60%	70%	70%
	100%	100%	100%	100%
<b>WACC (post tax)</b>	<b>9.8%</b>	<b>10.5%</b>	<b>9.1%</b>	<b>9.8%</b>
<b>WACC (Post tax rounded)</b>	<b>10.0%</b>	<b>10.5%</b>	<b>9.0%</b>	<b>10.0%</b>

Source: GTCF analysis

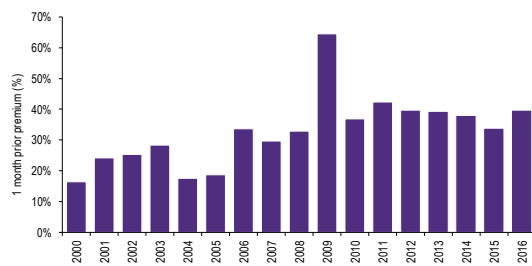
## Appendix E – Premium for control study

Evidence from studies indicates that premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium vary significantly for each transaction.

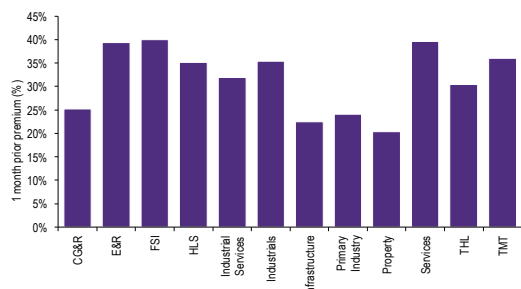
**1 Month Prior Control Premium**



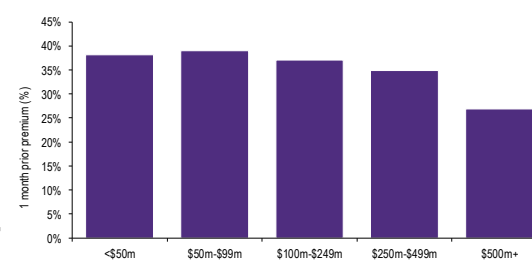
**Control premium per completion date**



**Control premium per industry**



**Control premium and size**



	Control premium
Average	34.33%
Median	29.34%

Source: GTCF analysis.

## Appendix F – Glossary

1Hxx	The first half (i.e. the period 1 July to 31 December) of the financial year ending 30 June 20xx
\$ or A\$	Australian Dollar
AASB 117	Australian Accounting Standards Board 117 – Leases (“AASB117”), the precursor to AASB 16
AASB 16	Australian Accounting Standards Board 16 – Leases
ACCC	Australian Competition and Consumer Commission
Action Manufacturing	Action Manufacturing Ltd Partnership
APES	Accounting Professional and Ethical Standards
APES225	Accounting Professional and Ethical Standard 225 “Valuation Services”
Apollo or ATL or the Company	Apollo Tourism and Leisure Ltd
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Tax Office
ATL Shareholders	All ATL shareholders other than <i>thl</i>
ATL Directors	The directors of ATL
C.	Circa
CAGR	Compound annual growth rate
Campify or CHL	Campify Holdings Ltd
CGT	Capital Gains Tax
Conversion Ratio	Scheme Consideration based on <i>thl</i> 's trading price
Corporations Act	Corporations Act 2001
COVID-19	Coronavirus pandemic
Corporate Model	Cash flow projections prepared by ATL and <i>thl</i> management and incorporated by their advisors into a financial model
DCF	Discounted Cash Flow
DCF Method	Discounted Cash Flow and the estimated realisable value of any surplus assets
EBITDA	Earnings before interest and tax,
EBITDA multiple	Enterprise Value divided by EBIT
ECF	European Camping Federation
EPS	Earnings per share
EV	Enterprise value
FIRB	Foreign Investment Review Board
FITs	Free Independent Tourists
Fixed Synergies	69% of the Recurring Synergies
Founding Family Shareholders	Entities associated with Luke Trouchet and Karl Trouchet
FSG	Financial Service Guide
FTE	Full Time Employees
FYxx	12-month financial year ended 30 June 20xx
Fleet Rationalisation	Fleet rationalisation synergies of between A\$38.0 million and A\$66.5 million
FX	Foreign Exchange
Gearing Ratio	Net Debt over EV
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
GT Model	GT model that includes the reviewed Corporate Model and has been extended by three years to June 2027

IFRS 16	AASB 16 equivalent in new Zealand
Jobkeeper	Stimuli offered by the Australian Government in response to the COVID-19 outbreak
KPI	Key Performance Indicator
National Plan	Australia's national COVID-19 response plan
Net Capital Expenditure	Capital expenditure that is offset by cash proceeds from the sale of the ex-rental fleet and new units
NTM	Next twelve months
NPAT	Net Profit After Tax
NZ\$	New Zealand Dollar
NZX	New Zealand Stock Exchange
NZCC	New Zealand Commerce Commission
Merged Group	The enlarged <i>thl</i> post implementation of the Scheme
Merged Group Shares	The shares in <i>thl</i> after the Scheme
OECD	Organisation for Economic Co-Operation and Development
OEMS	Original Equipment Manufacturers
Quoted Security Price Method	Quoted price for listed securities, when there is a liquid and active market
Recurring Synergies	Recurring cost synergies of between A\$16.2 million and A\$18.1 million per annum
RG	Regulatory Guide
RG111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of experts"
RG60	ASIC Regulatory Guide 60 "Scheme of arrangement"
RV	Recreational Vehicles
RVIA	Rental Vehicles Industry Association
RVSC	RV Super Sales Centre
Scheme	Scheme of Arrangement whereby <i>thl</i> will merge with ATL to form the Merged Group
Scheme Booklet	The Scheme Booklet, including each attachment
STAAP	Strategic Tourism Asset Protection Program
SRP	Specific Risk Premium
Synergies	The amalgamation of Recurring Synergies and Fleet Rationalisation synergies
<i>thl</i>	Tourism Holdings Limited
Togo Preference Shares	The preference shares held by <i>thl</i> in the Togo Group
WACC	Weighted Average Cost of Capital
WHO	World Health Organisation
Variable Synergies	21% of the Recurring Synergies.
VWAP	Volume Weighted Average Price

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# Annexure B

Independent Limited Assurance Report





Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
www.bdo.com.au

Level 10, 12 Creek St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

The Directors  
Apollo Tourism & Leisure Ltd  
698 Nudgee Road  
Northgate QLD 4013  
AUSTRALIA

The Directors  
Tourism Holdings Limited  
PO Box 4293  
Auckland 1010  
NEW ZEALAND

16 February 2022

Dear Directors

## INDEPENDENT LIMITED ASSURANCE REPORT

### INTRODUCTION

BDO Audit Pty Ltd (**BDO**) has been engaged by Apollo Tourism & Leisure Ltd (**ATL**) and Tourism Holdings Limited (**thl**) to prepare this Independent Limited Assurance Report (**Report**) for inclusion in a Scheme Booklet proposed to be issued, in relation to the merger transaction between ATL and thl.

Unless stated otherwise in this Report, expressions defined in the Scheme Booklet have the same meaning in this Report.

Our limited assurance engagement has been carried out in accordance with auditing or other standards and practices generally accepted within Australia. This Report has been prepared for inclusion in the Scheme Booklet. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

### SCOPE

#### STATUTORY HISTORICAL FINANCIAL INFORMATION

You have requested BDO to review the following statutory historical financial information for ATL and thl included in the Scheme Booklet:

- The statutory historical statement of comprehensive income for the year ended 30 June 2021 (as set out in section 9.8(c));
- The statutory historical statement of cash flows for year ended 30 June 2021 (as set out in section 9.8(e); and
- The statutory historical statement of financial position as at 30 June 2021 (as set out in section 9.8(d)),

together the **Statutory Historical Financial Information**.

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in the International Financial Reporting Standards ("IFRS") and the companies adopted accounting policies.

The Statutory Historical Financial Information has been extracted from the financial statements of ATL for the financial period ended 30 June 2021 (audited by BDO Audit Pty Ltd), and thl for the financial period ended 30 June 2021 (audited by PricewaterhouseCoopers). ATL's Statutory Historical Financial Information has been adjusted for the effects of alignment, reclassification and translation as described in section 9.8(f) of the Scheme Booklet.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



BDO Audit Pty Ltd issued an unqualified opinion on the financial report of ATL for the year ended 30 June 2021. PricewaterhouseCoopers issued an unqualified opinion on the financial report of thl for the year ended 30 June 2021. The audits were performed in accordance with relevant Auditing Standards in Australia (ATL) and New Zealand (thl).

#### **MERGED GROUP PRO FORMA FINANCIAL INFORMATION**

You have requested BDO review the following pro forma financial information included in the Scheme Booklet:

- The pro forma statement of comprehensive income for the year ended 30 June 2021 (as set out in section 9.8(c));
- The pro forma statement of cash flows for the year ended 30 June 2021 (as set out in section 9.8(e)); and
- The pro forma statement of financial position as at 30 June 2021 (as set out in section 9.8(d)); and
- Associated details of the pro forma adjustments,

together the Merged Group Pro Forma Financial Information.

The Merged Group Pro Forma Financial Information has been derived from the Statutory Historical Financial Information of ATL and thl, after adjusting for the effects of pro forma adjustments described in Section 9.8(f) of the Scheme Booklet. The stated basis of preparation is the recognition and measurement principles contained in IFRS applied to the Statutory Historical Financial Information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 9.8(b) of the Scheme Booklet, as if those event(s) or transaction(s) had occurred as at 30 June 2021 for the statement of financial position and on 1 July 2020 for the statement of comprehensive income and statement of cash flows. Due to its nature, the Merged Group Pro Forma Financial Information does not represent the Merged Groups actual or prospective financial position, financial performance, and/or cash flows.

#### **DIRECTORS' RESPONSIBILITY**

The directors of ATL and thl are responsible for:

- the preparation of the Statutory Historical Financial Information and Merged Group Pro Forma Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Merged Group Pro Forma Financial Information; and
- Such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information that are free from material misstatement, whether due to fraud or error.

#### **OUR RESPONSIBILITY**

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that the Historical Financial Information and Merged Group Pro Forma Financial Information (as defined in Section 9.8 of the Scheme Booklet), based on the procedures performed, and the evidence we have obtained, has not been properly compiled in all material respects by ATL and thl, in accordance with the stated basis of preparation.

We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.



The limited assurance procedures we performed were based on our professional judgement and included consideration of work papers, accounting records and other documents, including those dealing with the derivation of the Historical Financial Information of ATL and thl from their audited financial statements for the year ended 30 June 2021.

Our limited assurance procedures consist of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with AAS and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

## CONCLUSION

### STATUTORY HISTORICAL FINANCIAL INFORMATION

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information for ATL and thl, as described in Section 9.8 of the Scheme Booklet, and comprising:

- The statutory historical statement of comprehensive income for the year ended 30 June 2021;
- The statutory historical statement of cash flows for the year ended 30 June 2021; and
- The statutory historical statement of financial position as at 30 June 2021

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 9.8 of the Scheme Booklet.

### MERGED GROUP PRO FORMA FINANCIAL INFORMATION

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Merged Group Pro Forma Financial Information, as described in Section 9.8 of the Scheme Booklet, and comprising:

- The pro forma statement of comprehensive income the year ended 30 June 2021;
- The pro forma statement of cash flows for the year ended 30 June 2021; and
- The pro forma statement of financial position as at 30 June 2021

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 9.8 of the Scheme Booklet.

## RESTRICTION ON USE

Without modifying our conclusions, we draw attention to Section 9.8 of the Scheme Booklet, which describes the purpose of the Financial Information, being for inclusion in the Scheme Booklet. As a result, the Financial Information may not be suitable for use for another purpose. We disclaim any liability for use of this Report, or reliance on the Financial Information by any other persons or for any other purpose than that set out in Section 9.8 of the Scheme Booklet.





### CONSENT

We have consented to the inclusion of this Report in the Scheme Booklet in the form and context in which it is included. At the date of this Report, our consent has not been withdrawn. However, BDO has not authorised the issue of the Scheme Booklet. BDO makes no representation regarding, or responsibility for, any other statements, material in (or omissions from) the Scheme Booklet.

### LIABILITY

The liability of BDO is limited to the inclusion of this Report in the Scheme Booklet. BDO makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Scheme Booklet.

### GENERAL ADVICE WARNING


This Report has been prepared, and included in the Scheme Booklet, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 9.8 of the Scheme Booklet, which describes the purpose of the financial information, being for inclusion in the Scheme Booklet. As a result, the financial information may not be suitable for use for another purpose.

### DECLARATION OF INTEREST

BDO does not have any interest in the outcome of the scheme, or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. BDO will receive normal professional fees for the preparation of this Report.

**BDO Audit Pty Ltd**

BDO  


**T J Kendall**  
Director

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# Annexure C

## Scheme Implementation Deed



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## Schedule 3 – Deed Poll



---

Execution Version

# Scheme Implementation Deed

—  
Apollo Tourism & Leisure Ltd (**ATL**)  
Tourism Holdings Rentals Limited ARBN 655 142  
028, a foreign company registered in its original  
jurisdiction of New Zealand as Tourism Holdings  
Limited (**thl**)  
THL Group (Australia) Pty. Ltd. (**thl Acquirer**)  
—

Level 22 Waterfront Place 1 Eagle Street  
Brisbane Qld 4000 Australia DX 102 Brisbane  
T +61 7 3119 6000 F +61 7 3119 1000  
[minterellison.com](http://minterellison.com)

MinterEllison.

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# Scheme Implementation Deed

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# Details

Date 10 December 2021

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## Parties

Name **Apollo Tourism & Leisure Ltd ACN 614 714 742**  
Country of incorporation Australia  
ABN 67 614 714 742  
Short form name **ATL**  
Notice details 698 Nudgee Road, Northgate QLD 4013, Australia  
Email: luke@apollocamper.com.au  
Attention: Luke Trouchet

Name **Tourism Holdings Rentals Limited ARBN 655 142 028, a foreign company registered in its original jurisdiction of New Zealand as Tourism Holdings Limited**  
Country of incorporation New Zealand  
Co. No. 248179  
NZBN 9429039926081  
Short form name **thl**  
Notice details Level 1, 83 Beach Street, Auckland City, Auckland 1140, New Zealand  
Email: grant.webster@thlonline.com  
Attention: Grant Webster

Name **THL Group (Australia) Pty. Ltd. ACN 055 966 222**  
Country of incorporation Australia  
ABN 68 055 966 222  
Short form name **thl Acquirer**  
Notice details Level 1, 83 Beach Street, Auckland City, Auckland 1140, New Zealand  
Email: grant.webster@thlonline.com  
Attention: Grant Webster

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## Background

- A ATL, *thl* and *thl* Acquirer have agreed to implement the Proposed Transaction on and subject to the terms and conditions of this deed.
- B ATL, *thl* and *thl* Acquirer have agreed certain other matters in connection with the Proposed Transaction as set out in this deed.



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# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Defined terms

In this deed, unless the context otherwise requires, the following words and expressions have meanings as follows:

**ACCC** means the Australian Competition and Consumer Commission.

**Acceptable Confidentiality Deed** means a confidentiality deed which contains obligations on the recipient of confidential information which are no less onerous in any material respect than the obligations of *thl* under the Confidentiality Deed.

**Adviser** means in relation to an entity:

- (a) a financier to the entity in connection with the Proposed Transaction; or
- (b) a financial, corporate, legal, technical or other expert adviser or consultant, who provides advisory or consultancy services in a professional capacity in the ordinary course of its business and has been engaged in that capacity in connection with the Proposed Transaction by the entity.

**Announcement** means:

- (a) an announcement by ATL in relation to the Proposed Transaction; or
- (b) an announcement by *thl* in relation to the Proposed Transaction,

as the context requires and, in each case, in the form agreed by ATL and *thl* (both acting reasonably), prior to the execution of this deed.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this deed and ATL was the designated body.

**ASX** means ASX Limited (ABN 98 008 624 691) or, if the context requires, the financial market known as the Australian Securities Exchange operated by it.

**ASX Admission** means the admission of *thl* to the official list (as defined in the ASX Listing Rules) of ASX as an ASX foreign exempt listing and the quotation of *thl* Shares on ASX.

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

**ATL Board** means the board of directors of ATL (or any committee of the board of directors of ATL constituted to consider the Proposed Transaction on behalf of ATL).

**ATL Break Fee** has the meaning given to that term in clause 13.3(a).

**ATL Data Room** means the Project Artemis – ATL data room hosted by Ansarada at the URL address [https://dataroom.ansarada.com/\\_mvc/Dr.Project.Artemis%7C83273/](https://dataroom.ansarada.com/_mvc/Dr.Project.Artemis%7C83273/).

**ATL Director** means a director of ATL.

**ATL Group** means ATL and its Subsidiaries. A reference to a member of the **ATL Group** or an **ATL Group Member** is a reference to ATL or any of its Subsidiaries.

**ATL Information** means information to be included by ATL in the Explanatory Booklet that explains the effect of the Scheme and sets out the information prescribed by the Corporations Act and the *Corporations Regulations 2001* (Cth), and any other information that is material to the making of a decision by the Independent Shareholders as to whether or not to vote in favour of the Scheme (including any supplementary disclosure in respect of the Scheme), being information that is within the knowledge of the ATL Board and has not previously been disclosed to Independent Shareholders but does not include the *thl* Information, the Independent Expert's Report, the Investigating Accountant's Report and any report or opinion prepared by an

accounting firm in relation to the potential taxation consequences of the Scheme on Scheme Shareholders to be included in, or to accompany, the Explanatory Booklet.

**ATL Material Adverse Change** means a change, event, circumstance or occurrence (singularly or in combination) which results in or has the effect of (or which with the lapse of time is reasonably likely to result in or have the effect of):

- (a) resulting in the average price for ex-rental vehicles sold by the ATL Group during any two calendar month period ending on the last day of a calendar month between the date of this deed and the Second Court Date in any of:
  - (i) Australia;
  - (ii) New Zealand; or
  - (iii) Canada,being:
  - (iv) 15% or more below the average price for ex-rental vehicles sold by the ATL Group in any relevant region (referred to in paragraphs (i) to (iii) above) over the six calendar month period ending on 30 November 2021; or
  - (v) 10% or more below the average price for ex-rental vehicles sold by the ATL Group in all regions (referred to in paragraphs (i) to (iii) above) over the six calendar month period ending on 30 November 2021;
- (b) materially impacting in an adverse manner on the Financial Indebtedness or debt arrangements of the ATL Group, including where a demand is made for repayment of any Financial Indebtedness or the Financial Indebtedness becomes repayable in advance of its maturity;
- (c) the business of the ATL Group being unable to be carried on in substantially the same manner as it is carried on at the date of this deed, including as a result of an adverse effect on the status or terms of any licences, permits or authorisations from any Governmental Agency applicable to ATL; or
- (d) materially impacting the reputation of the ATL Group, including in relation to its good standing with any Governmental Agency having jurisdiction over the conduct of business of the ATL Group (including any regulatory investigation, legal proceeding or class action),

other than an event, circumstance or occurrence:

- (a) required to be done or procured by ATL under this deed or the Scheme or the transactions contemplated by either;
- (b) to the extent that:
  - (i) it was Fairly Disclosed in the Due Diligence Material (or which ought reasonable to have been expected to arise from a matter, event or circumstance which was so disclosed);
  - (ii) it was consented to in writing by *thl* (in its absolute discretion);
  - (iii) it was Fairly Disclosed in documents that were publicly available prior to the date which is 2 Business Days prior to the date of this deed from public filings of ATL with ASX or ASIC;
  - (iv) it results from a change in generally applicable accounting standards or principles;
  - (v) it results from a change in any applicable law or policy required by law or general economic, political or regulatory conditions in Australia, New Zealand, Canada or the United Kingdom or that otherwise affects or otherwise has an impact on Australia, New Zealand, Canada or the United Kingdom; or
  - (vi) it results from any acts of war or terrorism, natural disaster or pandemic (including COVID-19), or any escalation of the same, affecting businesses like those operated by ATL generally.

**ATL Parties** means each member of the ATL Group and their respective Authorised Persons.

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**ATL Prescribed Occurrence** means the occurrence of any of the following on or after the date of this deed:

- (a) ATL converts all or any of its shares into a larger or smaller number of shares (see section 254H of the Corporations Act);
- (b) any member of the ATL Group resolves to reduce its share capital in any way;
- (c) any member of the ATL Group:
  - (i) enters into a buy-back agreement; or
  - (ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (d) any member of the ATL Group issues securities, or grants a performance right, or an option over its securities, or agrees to make such an issue or grant such a right or an option;
- (e) any member of the ATL Group issues, or agrees to issue, convertible notes;
- (f) other than in the ordinary course of business of the ATL Group (as determined by reference to the course of business during the 12 months prior to the date of this deed), any member of the ATL Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property where that business or property represents more than 10% of the equity value of the ATL Group;
- (g) any member of the ATL Group creates or agrees to create, any security interest over the whole, or a substantial part, of its business or property;
- (h) an Insolvency Event occurs in relation to any member of the ATL Group;
- (i) ATL pays, declares, distributes or incurs a liability to make or pay a dividend, bonus or other share of its profits, income, capital or assets by way of dividend or other form of distribution;
- (j) any member of the ATL Group makes any change to its constitution or convenes a meeting to consider a resolution to change a constitution of any member of the ATL Group;
- (k) any member of the ATL Group ceases, or threatens to cease to, carry on the business conducted as at the date of this deed;
- (l) any member of the ATL Group (other than a dormant, non-operating member of the ATL Group) being deregistered as a company or being otherwise dissolved;
- (m) any disposal of shares or securities by a member of the ATL Group in any member of the ATL Group other than to a member of the ATL Group; or
- (n) any member of the ATL Group directly or indirectly authorises, commits or agrees to take or announces any of the actions referred to in paragraphs (a) to (m) inclusive above insofar as it applies to the member of the ATL Group the subject of such direct or indirect authorisation, commitment, agreement or announcement,

provided that an ATL Prescribed Occurrence will not include any matter:

- (o) required to be done or procured by the ATL Group under this deed or the Scheme;
- (p) required by law or by an order of a court or Governmental Agency;
- (q) to the extent it is Fairly Disclosed in filings of ATL with the ASX in the 24 months prior to the date of this deed;
- (r) to the extent it is Fairly Disclosed in the Due Diligence Material; or
- (s) the undertaking of which *thl* has previously approved in writing.

**ATL Register** means the register of shareholders maintained by ATL under section 168(1) of the Corporations Act.

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**ATL Related Person** means, in respect of ATL:

- (a) a Related Body Corporate of ATL; and
- (b) any director, officer, member or employee of ATL or of a Related Body Corporate of ATL.

**ATL Share** means an issued fully paid ordinary share in the capital of ATL.

**ATL Shareholder** means a person who is registered in ATL Register as a holder of one or more ATL Shares.

**ATL Significant Approval Matter** means a decision, initiative or other matter relating to the ATL Group that requires the prior approval of the ATL Board or the managing director of ATL under the delegated authority framework for the ATL Group Fairly Disclosed as part of the Due Diligence Material prior to the date of this deed.

**ATL Warranties** means the representations and warranties of ATL set out in clause 9.4.

**AU Accounting Standards** means:

- (a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; and
- (b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a).

**Australian Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Authorised Person** means, in respect of a person:

- (c) a director, officer or employee of the person;
- (d) an Adviser of the person; and
- (e) a director, officer or employee of an Adviser of the person.

**Business Day** means a day that is not a Saturday, Sunday, public holiday or bank holiday in Brisbane, Queensland, Australia or Auckland, New Zealand.

**CCA** means the *Competition and Consumer Act 2010* (Cth).

**Claim** means, in relation to a person, a demand, claim, action or proceeding made or brought by or against the person, however arising and whether present, unascertained, immediate, future or contingent.

**Cleansing Notice Date** means the date on which the Explanatory Booklet is despatched.

**Commerce Commission** means the New Zealand Commerce Commission.

**Companies Act** means *Companies Act 1993* (NZ).

**Competing Proposal** means any offer, proposal or expression of interest, transaction or arrangement (including, by way of takeover bid or scheme of arrangement) under which, if ultimately completed substantially in accordance with its terms, a person or two or more persons who are Associates (other than a member of the *thi* Group) would directly or indirectly:

- (a) acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the ATL Shares or of the share capital of any material ATL Group Member;
- (b) acquire control of ATL, within the meaning of section 50AA of the Corporations Act;
- (c) acquire, obtain a right to acquire, or otherwise obtain an economic interest in, 20% or more by value of the business or property of ATL or any member of the ATL Group (based on the value of the ATL Group's total consolidated assets as at 30 June 2021);
- (d) acquire or merge with ATL or amalgamate with any member of ATL Group, or acquire a significant shareholding or economic interest in ATL or any member of ATL Group or 20% or more by value of the total assets or business of any member of ATL Group;

- 
- (e) result in ATL ceasing to be admitted to the official list of ASX or the ATL Shares ceasing to be officially quoted on the market operated by ASX (except in circumstances where such cessation is as a result of the implementation of the Scheme); or
- (f) require ATL to abandon, or otherwise fail to proceed with, the Proposed Transaction, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for ATL or other synthetic merger or any other transaction or arrangement. Each successive material modification or variation of a Competing Proposal will constitute a new Competing Proposal.

**Conditions** means the conditions set out in clauses 3.1 and **Condition** means any one of them.

**Confidentiality Deed** means the Mutual Confidentiality Agreement between *thl* and ATL dated 11 June 2021.

**Control** means with respect to any person (other than an individual) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise and **Controlled** has a corresponding meaning.

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

**Counter Proposal** has the meaning given to that term in clause 14.8(b).

**Court** means the Supreme Court of Queensland or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing.

**Cut Off Date** has the meaning given to that term in clause 14.8(b).

**Deed Poll** means the deed poll to be executed by *thl* and *thl* Acquirer prior to the First Court Date in relation to the Scheme, in the form set out in Schedule 3 or in such other form as is acceptable to ATL acting reasonably.

**Delivery Time** means, in relation to the Second Court Date, two hours before the commencement of the hearing or, if the commencement of the hearing is adjourned, two hours before the commencement of the adjourned hearing, of the Court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act.

**Due Diligence Material** means the written information disclosed by or on behalf of ATL and its Subsidiaries (including any management presentations and all written responses provided in response to written questions or requests for information) to *thl*, or any of its Authorised Persons prior to the date of this deed in the ATL Data Room, as evidenced by the documents in the ATL Data Room as at 11.59pm, on the day immediately preceding the date of this deed.

**Effective** means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective.

**End Date** means:

- (a) 29 April 2022, unless the only Conditions that must still be satisfied or waived prior to the Second Court Date on that date are one or more of the Conditions in clauses 3.1(a)(ii) (ACCC), 3.1(a)(iii) (Commerce Commission) and 3.1(a)(iv) (FIRB) in which case it is 30 June 2022; or
- (b) such other date and time agreed in writing between *thl* and ATL.

**Exclusivity Period** means the period commencing on the date of this deed and ending on the earliest of:

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

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**Explanatory Booklet** means the explanatory booklet to be prepared by ATL in respect of the Proposed Transaction in accordance with the terms of this deed and to be dispatched to Independent Shareholders.

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

**Financial Indebtedness** means any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any:

- (a) borrowing from any bank or other financial institution;
- (b) bill, bond, debenture, note or similar instrument;
- (c) acceptance, endorsement or discounting arrangement;
- (d) guarantee;
- (e) finance or capital lease;
- (f) swap, hedge arrangement, option, futures contract, derivative or analogous transaction;
- (g) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or business;
- (h) agreement for the deferral of a purchase price or other payment in relation to the provision of services other than in the ordinary course of business of the ATL Group; or
- (i) obligation to deliver goods or provide services paid for in advance by any financier.

**Financial Reporting Act** means the *Financial Reporting Act 2013* (NZ).

**FIRB** means the Australian Foreign Investment Review Board.

**First Court Date** means the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

**FMCR** means the *Financial Markets Conduct Regulations 2014* (NZ).

**Foreign Scheme Shareholder** means a Scheme Shareholder whose address as shown in the ATL Register (as at the Scheme Record Date) is located outside of:

- (a) Australia and its external territories;
- (b) New Zealand;
- (c) United Kingdom; and
- (d) any other jurisdictions as may be agreed in writing by ATL and *thl*,

unless *thl* determines (in its absolute discretion), that *thl* is permitted to allot and issue *thl* Consideration Shares to that Scheme Shareholder by the laws of that place either unconditionally or after compliance with conditions that *thl* considers are not unduly onerous or impracticable.

**Governmental Agency** means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, ASX, FIRB, ACCC, Australian Takeovers Panel, Financial Markets Authority, NZX, Commerce Commission, NZ Takeovers Panel and any regulatory organisation established under statute or any stock exchange.

**Headcount Test** means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Independent Shareholders present and voting, either in person or by proxy.

**Implementation Date** means, with respect to the Scheme, the later of:

- (a) the fifth Business Day following the Scheme Record Date (as relevant); and
- (b) such other Business Day as the parties agree.

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**Independent Expert** means an expert, independent of the parties, engaged by ATL in good faith to prepare the Independent Expert's Report.

**Independent Expert's Report** means the report from the Independent Expert commissioned by ATL for inclusion in the Explanatory Booklet, which includes a statement or opinion from the Independent Expert on whether the Scheme is in the best interests of ATL Shareholders and includes any update of that report by the Independent Expert.

**Independent Shareholders** means all ATL Shareholder except for the *thl* Entities.

**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 and the action is not stayed, withdrawn or dismissed within 14 days;
- (b) **arrangements:** the entry by the person into a scheme of arrangement (other than the Scheme) or composition with its creditors or takes similar actions as a result of which the entity's assets are, or are proposed to be, submitted to the control of its creditors;
- (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 deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;
- (d) **suspends payments:** the person suspends or threatens to suspend payment of its debts as and when they become due on the basis that it is unable to pay its debts or being or becoming otherwise insolvent;
- (e) **ceasing business:** the person ceases or threatens to cease to carry on all or a substantial part of its business;
- (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;
- (h) **deed of company arrangement:** the person executing a deed of company arrangement;
- (i) **person as trustee or partner:** the person incurs a liability while acting or purporting to act as trustee (or co-trustee) or general partner of a trust or partnership (including a limited partnership) and the person is not entitled to be fully indemnified against the liability out of trust or partnership assets because of one or more of the following:
  - (i) a breach of trust or obligation as partner by the person;
  - (ii) the person acting outside the scope of its powers as trustee or partner;
  - (iii) a term of the trust or partnership denying, or limiting, the person's right to be indemnified against the liability;
  - (iv) the assets of the trust or partnership being insufficient to discharge the liability; or
- (j) **analogous events:** anything analogous to those set out in any of paragraphs (a) to (i) inclusive occurs in relation to the person under the laws of a foreign jurisdiction,

and a person shall be **Insolvent** if any event specified in paragraphs (a) to (j) inclusive occurs in respect of that person.

**Interest Rate** means the Bank Bill Swap Reference Rate as published as at the relevant due date for payment by the Australian Financial Markets Association.

**Investigating Accountant** means the accounting firm appointed by ATL to prepare the Investigating Accountant's Report.

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**Investigating Accountant's Report** means the report to be prepared by the Investigating Accountant in relation to the pro forma financial information regarding the Merged Group from information provided by ATL and *thl* for inclusion in the Explanatory Booklet.

**Material Contracts** means the contracts identified as material contracts as agreed in writing by the parties on or before the date of this deed.

**Merged Group** means the *thl* Group including the ATL Group following implementation of the Scheme.

**NZ Accounting Standards** means:

- (a) accounting standards approved under the Companies Act and the Financial Reporting Act and their requirements about the preparation and contents of accounts; and
- (b) generally accepted accounting principles, policies, practices and procedures in New Zealand.

**NZ Takeovers Panel** means the Takeovers Panel established by section 5(1) of the *Takeovers Act 1993* (NZ).

**NZX** means, where the context requires, NZX Limited (Co. No. 1266120) or NZX Regulation Limited (Co. No. 8072017) and, where the context requires, the main board financial market that these entities operate.

**NZX Listing Rules** means the NZX Listing Rules for the NZX Main Board.

**Proposed Transaction** means:

- (a) the proposed acquisition by *thl* in accordance with the terms and conditions of this deed, of all of the ATL Shares from the Scheme Shareholders through the implementation of the Scheme; and
- (b) all associated transactions and steps contemplated by this deed.

**Refinancing Agreement** has the meaning given in clause 3.1(l).

**Regulatory Approvals** means the approvals set out in clause 3.1(a).

**Related Body Corporate of a person**, means a related body corporate of that person under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act was omitted.

**Relevant Interest** has the meaning given in the Corporations Act.

**Relevant Notice** has the meaning given to that term in clause 14.8(a)(iv)(A).

**RG 60** means Regulatory Guide 60 issued by ASIC in September 2020.

**Scheme** means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between ATL and Scheme Shareholders in respect of all Scheme Shares, substantially in the form set out in Schedule 2 or in such other form as the parties agree in writing, subject to any alterations or conditions that are:

- (a) agreed to in writing by ATL and *thl*, and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to by each party.

**Scheme Consideration** means 1 *thl* Consideration Share per 3.680818 Scheme Shares.

**Scheme Meeting** means the meeting of the Independent Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

**Scheme Record Date** means, in respect of the Scheme, 7.00pm on the second Business Day (or such other Business Day as *thl* and ATL in writing) following the Effective Date.

**Scheme Share** means an ATL Share on issue as at the Scheme Record Date, other than an ATL Share held by a *thl* Entity.

**Scheme Shareholder** means a person who holds one or more Scheme Shares.



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**Second Court Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard.

**Senior Manager** means the managing director and chief executive officer, the chief financial officer and any executive director of ATL.

**Share Splitting** means the splitting by a holder of ATL Shares into two or more parcels of ATL Shares whether or not it results in any change in beneficial ownership of the ATL Shares.

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

**Superior Proposal** means a bona fide Competing Proposal which in the determination of the ATL Board acting in good faith in order to satisfy what the ATL Board considers to be its fiduciary or statutory duties (after having taken advice from their legal and financial advisers):

- (a) is reasonably capable of being completed in accordance with its terms, taking into account all financial, regulatory and other aspects of such proposal, including the ability of the proposing party to consummate the transactions contemplated by the Competing Proposal; and
- (b) would, if completed substantially in accordance with its terms, be reasonably likely to result in a transaction more favourable to ATL Shareholders as a whole than the Proposed Transaction, taking into account all of the terms and conditions of the Competing Proposal, including consideration, conditionality, funding, certainty and timing.

**Tax** means any tax, levy, charge, impost, fee, deduction, offset (including research and development tax offsets), goods and services tax, payroll tax, superannuation guarantee, fringe benefits tax, compulsory loan, PAYG instalment and withholding, that is assessed, levied, imposed or collected by any Governmental Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above, but excludes stamp duty or any duties of a similar nature.

**Tax Act** means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth), or both as the context requires.

**th/Board** means the board of directors of *th/* (or any committee of the board of directors of *th/* constituted to consider the Proposed Transaction on behalf of *th/*).

**th/Break Fee** has the meaning given to that term in clause 13.4.

**th/Consideration Share** means a *th/* Share to be issued under the terms of the Scheme as Scheme Consideration.

**th/Data Room** means the Project Artemis – THL data room hosted by Ansarada at the URL address <https://dataroom.ansarada.com/mvc/de9rdyoagu9%7C78910/4353936/spa/documents>.

**th/Due Diligence Material** means the written information disclosed by or on behalf of *th/* and its Subsidiaries (including any management presentations and all written responses provided to written questions or requests for information) to ATL, or any of its Authorised Persons prior to the date of this deed in the *th/* Data Room, as evidenced by the documents in the *th/* Data Room as at 11.59pm, on the day immediately preceding the date of this deed.

**th/Entities** means:

- (a) *th/*; and
- (b) any other entity that is Controlled by *th/* that holds ATL Shares.

**th/Group** means *th/* and each of its Subsidiaries (excluding, at any time, ATL and its Subsidiaries to the extent that ATL and its Subsidiaries are Subsidiaries of *th/* at that time). A reference to a member of the *th/* Group or a *th/* Group Member is a reference to *th/* or any such Subsidiary.

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**th/Information** means such information regarding the **th/** Group and the Merged Group that is provided by or on behalf of **th/**, or any of their Advisers, to ATL, the Investigating Accountant and the Independent Expert:

- (a) to enable the Explanatory Booklet (or any supplementary disclosure in respect of the Scheme) to be prepared and completed in compliance with all applicable laws and regulations;
- (b) to enable applications for Regulatory Approvals to be made; and
- (c) otherwise in compliance with **th/**s obligations under clause 6.2(a),

but does not include the ATL Information (or any information provided by or on behalf of ATL contained, or used, in the preparation of information on the Merged Group), the Independent Expert's Report, the Investigating Accountant's Report and any report or opinion prepared by an accounting firm in relation to the potential taxation consequences of the Scheme on Scheme Shareholders to be included in, or to accompany, the Explanatory Booklet.

**th/ Material Adverse Change** means a change, event, circumstance or occurrence (singularly or in combination) which results in or has the effect of (or which with the lapse of time is reasonably likely to result in or have the effect of):

- (a) resulting in the average price for ex-rental vehicles sold by the **th/** Group during any two calendar month period ending on the last day of a calendar month between the date of this deed and the Second Court Date in any of:
  - (i) Australia;
  - (ii) New Zealand; or
  - (iii) United States of America,being:
  - (iv) 15% or more below the average price for ex-rental vehicles sold by the **th/** Group in any relevant region (referred to in paragraphs (i) to (iii) above) over the six calendar month period ending on 30 November 2021; or
  - (v) 10% or more below the average price for ex-rental vehicles sold by the **th/** Group in all regions (referred to in paragraphs (i) to (iii) above) over the six calendar month period ending on 30 November 2021;
- (b) materially impacting in an adverse manner on the Financial Indebtedness or debt arrangements of the **th/** Group, including where a demand is made for repayment of any Financial Indebtedness or the Financial Indebtedness becomes repayable in advance of its maturity;
- (c) the business of the **th/** Group being unable to be carried on in substantially the same manner as it is carried on at the date of this deed, including as a result of an adverse effect on the status or terms of any licences, permits or authorisations from any Governmental Agency applicable to **th/**; or
- (d) materially impacting the reputation of the **th/** Group, including in relation to its good standing with any Governmental Agency having jurisdiction over the conduct of business of the **th/** Group (including any regulatory investigation, legal proceeding or class action), other than an event, circumstance or occurrence:
  - (a) required to be done or procured by **th/** under this deed or the Scheme;
  - (b) to the extent that:
    - (i) it was Fairly Disclosed in the **th/** Due Diligence Material (or which ought reasonable to have been expected to arise from a matter, event or circumstance which was so disclosed);
    - (ii) it was consented to in writing by ATL (in its absolute discretion);

- (iii) it was Fairly Disclosed in documents that were publicly available prior to the date which is 2 Business Days prior to the date of this deed from public filings of *thl* with the NZX;
- (iv) it results from a change in generally applicable accounting standards or principles;
- (v) it results from a change in any applicable law or policy required by law or general economic, political or regulatory conditions in Australia, New Zealand, the United Kingdom or the United States of America or that otherwise affects or otherwise has an impact on Australia, New Zealand, the United Kingdom or the United States of America; or
- (vi) it results from any acts of war or terrorism, natural disaster or pandemic (including COVID-19), or any escalation of the same, affecting businesses like those operated by the *thl* Group generally.

***thl* Parties** means the members of the *thl* Group and their respective Authorised Persons.

***thl* Prescribed Occurrence** means the occurrence of any of the following on or after the date of this deed:

- (a) *thl* converts all or any of its shares into a larger or smaller number of shares;
- (b) *thl* resolves to reduce its share capital in any way;
- (c) *thl*:
  - (i) enters into a buy-back agreement in relation to its shares; or
  - (ii) resolves to approve the terms of a buy-back agreement in relation to its shares;
- (d) any member of the *thl* Group issues securities, or grants a performance right, or an option over its securities, or agrees to make such an issue or grant such a right or an option other than:
  - (i) under the valid exercise of an option or performance right on issue immediately before the date of this deed; or
  - (ii) an issue or grant of a security or a performance right under an employee incentive scheme in place as the date of this deed, where the occurrence of such issue or grant has been Fairly Disclosed in the *thl* Due Diligence Material;
- (e) any member of the *thl* Group issues, or agrees to issue, convertible notes;
- (f) other than in the ordinary course of business of the *thl* Group (as determined by reference to the course of business during the 12 months prior to the date of this deed), any member of the *thl* Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property where that business or property represents more than 10% of the equity value of the *thl* Group;
- (g) any member of the *thl* Group creates or agrees to create, any security interest over the whole, or a substantial part, of its business or property;
- (h) an Insolvency Event occurs in relation to any member of the *thl* Group;
- (i) *thl* pays, declares, distributes or incurs a liability to make or pay a dividend, bonus or other share of its profits, income, capital or assets by way of dividend or other form of distribution;
- (j) any member of the *thl* Group makes any change to its constitution or convenes a meeting to consider a resolution to change a constitution of any member of the *thl* Group;
- (k) any member of the *thl* Group ceases, or threatens to cease to, carry on the business conducted as at the date of this deed;
- (l) any member of the *thl* Group (other than a dormant, non-operating member of the *thl* Group) being deregistered as a company or being otherwise dissolved;
- (m) any disposal of shares or securities by a member of the *thl* Group in any member of the *thl* Group other than to a member of the *thl* Group; or

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- (n) any member of the *thl* Group directly or indirectly authorises, commits or agrees to take or announces any of the actions referred to in paragraphs (a) to (m) inclusive above insofar as it applies to the member of the *thl* Group the subject of such direct or indirect authorisation, commitment, agreement or announcement,

provided that a *thl* Prescribed Occurrence will not include any matter:

- (o) required to be done or procured by the *thl* Group under this deed or the Scheme;
- (p) required by law or by an order of a court or Governmental Agency;
- (q) to the extent it is Fairly Disclosed in filings of *thl* with NZX in the 24 months prior to the date of this deed;
- (r) to the extent it is Fairly Disclosed in the *thl* Due Diligence Material; or
- (s) the undertaking of which ATL has previously approved in writing.

***thl* Share** means an issued fully paid ordinary share in the capital of *thl*.

***thl* Significant Approval Matter** means a decision, initiative or other matter relating to the *thl* Group that requires the prior approval of the *thl* Board or the chief executive officer of *thl* under the delegated authority framework for the *thl* Group Fairly Disclosed as part of the Due Diligence Material prior to the date of this deed.

***thl* Warranties** means the representations and warranties of *thl* set out in clause 9.1.

**Timetable** means the indicative timetable in relation to the Proposed Transaction set out in Schedule 1 with such modifications as may be agreed in writing by the parties.

**Trouchet Shareholders** means Eastglo Pty Ltd as trustee for the Trouchet Super Fund, Barmil Enterprises Pty Ltd as trustee for Lurk Investment Trust, KRLG Pty Ltd as trustee for the KL Trust and any other person or entity holding Scheme Shares for or on behalf of Luke Trouchet or Karl Trouchet.

## 1.2 Interpretation

In this deed, except where the context requires otherwise:

- (a) the singular includes the plural, and the converse also applies;
- (b) a gender includes other genders;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this deed, and a reference to this deed includes any schedule or annexure;
- (e) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (f) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (g) a reference to **NZ\$, \$NZ, NZD\$** or **NZD** is to New Zealand currency;
- (h) a reference to time is to Brisbane, Queensland, Australia time;
- (i) a reference to a party is to a party to this deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (j) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (k) a reference to legislation or to a provision of legislation (including a listing rule or operating rule of a financial market or of a clearing and settlement facility) includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (l) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act unless it is otherwise defined in this deed;

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- (m) a reference to conduct includes an omission, statement or undertaking, whether or not in writing;
  - (n) the meaning of general words is not limited by specific examples introduced by **including**, **for example** or similar expressions;
  - (o) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this deed or any part of it;
  - (p) 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; and
  - (q) a reference to **Fairly Disclosed** means disclosed to a party or any of their respective Authorised Persons to a sufficient extent and in sufficient detail so as to enable a reasonable and sophisticated recipient of the relevant information who is experienced in transactions similar to the Proposed Transaction to identify the nature and scope of the relevant matter, event or circumstance.

### 1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

### 1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

### 1.5 Consents or approvals

If the doing of any act, matter or thing under this deed is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion unless provided otherwise.

### 1.6 Listing requirements included as law

A listing rule or operating rule of a financial market or of a clearing and settlement facility will be regarded as a law, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

### 1.7 Reasonable endeavours

Any provision of this deed which requires a party to use reasonable endeavours or best endeavours to procure that something is performed or occurs or does not occur does not include any obligation:

- (a) to pay any money or provide any financial compensation, valuable consideration or any other incentive to or for the benefit of any person except for payment of any applicable fee for the lodgement or filing of any relevant application with any Governmental Agency; or
  - (b) to commence any legal action or proceeding against any person,
- except where that provision specifies otherwise.

## 2. Agreement to propose and implement Scheme

### 2.1 ATL to propose Scheme

ATL agrees to propose the Scheme on and subject to the terms and conditions of this deed, and substantially in accordance with the Timetable.

### 2.2 *thl*/Acquirer to acquire Scheme Shares

The parties agree that *thl*/Acquirer will acquire the Scheme Shares under the Scheme and that *thl*/Acquirer will procure the provision by *thl* of (and *thl* will provide at the request of *thl* Acquirer) the Scheme Consideration in the manner and amount contemplated by this deed and the terms of

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the Scheme. The parties must procure that the Scheme Shares transferred under the Scheme are transferred to *thl* Acquirer.

### 2.3 Agreement to implement Scheme

The parties agree to implement the Scheme on and subject to the terms and conditions of this deed, and substantially in accordance with the Timetable.

### 2.4 Delivery of information

- (a) ATL must provide a USB evidencing the contents of the ATL Data Room, or a link from which the contents of the ATL Data Room can be downloaded, to *thl* as soon reasonably practicable following the execution of this deed.
- (b) *thl* must provide a USB evidencing the contents of the *thl* Data Room, or a link from which the contents of the *thl* Data Room can be downloaded, to ATL as soon reasonably practicable following the execution of this deed.

## 3. Conditions precedent and pre-implementation steps

### 3.1 Conditions to Scheme

Subject to this clause 3, the Scheme will not become Effective, and the respective obligations of the parties in relation to the implementation of the Scheme will not be binding, until each of the following conditions precedent is satisfied or waived to the extent and in the manner set out in this clause 3:

- (a) **(Regulatory Approvals):**
  - (i) **(ASIC, ASX, NZ Takeovers Panel and NZX)** before the Delivery Time on the Second Court Date, ASIC, ASX, NZ Takeovers Panel and NZX issue or provide such consents, approvals or waivers as are necessary or which ATL and *thl* agree are necessary or desirable to implement the Scheme and such consent, approval or other act has not been withdrawn or revoked before the Delivery Time on the Second Court Date;
  - (ii) **(ACCC)** before the Delivery Time on the Second Court Date:
    - (A) *thl* has received notification from the ACCC that:
      - (I) based on the information before it, the ACCC does not propose to intervene in the Proposed Transaction pursuant to section 50 of the CCA (whether or not the notification also states that the ACCC reserves its position if other material information emerges); or
      - (II) based on the information provided to the ACCC and the acceptance by the ACCC of written undertakings (pursuant to section 87B of the CCA) provided or agreed to be provided to the ACCC, the ACCC does not propose to intervene in the Proposed Transaction pursuant to section 50 of the CCA (whether or not the notification also states that the ACCC reserves its position if other material information emerges);
    - (B) the ACCC, or the Australian Competition Tribunal (**Tribunal**) on review of an ACCC decision, has granted authorisation of the Proposed Transaction under Part VII of the CCA either unconditionally or on terms and conditions that are acceptable to *thl* and ATL acting reasonably, and no application to the Federal Court of Australia has been made for judicial review of the decision of the ACCC or the Tribunal within the prescribed period; or
    - (C) the Federal Court of Australia declares or makes orders that the Proposed Transaction will not contravene section 50 of the CCA or *thl* successfully defends proceedings in the Federal Court of Australia alleging that the Proposed Transaction contravenes section 50 of the CCA (and, in either

case, the declaration or decision of the Federal Court of Australia has been finally determined);

- (iii) **(Commerce Commission)** before the Delivery Time on the Second Court Date, *thl* has received from the Commerce Commission, either unconditionally or on terms and conditions that are acceptable to *thl* and ATL acting reasonably:
  - (A) a notice in writing under section 66 of the *Commerce Act 1986* (NZ) giving clearance for the Proposed Transaction; or
  - (B) in response to *thl* filing an informal notification to the Commerce Commission, notice that the Commerce Commission has no objection to, and does not intend to take any action to prevent or oppose, the Proposed Transaction;
- (iv) **(FIRB)** Before the Delivery Time on the Second Court Date, either:
  - (A) *thl* has received a written notice under FATA from the Treasurer (or his delegate) stating that, or to the effect that, the Commonwealth of Australia does not object to the Proposed Transaction, either without conditions or on terms that are acceptable to *thl* and ATL (acting reasonably); or
  - (B) following notice of the Proposed Transaction having been given by *thl* to the Treasurer under FATA, the Treasurer ceases to be empowered to make any order under Part 3 of FATA;
- (v) **(ASX Admission)** Before the Delivery Time on the Second Court Date, *thl* has received approval from ASX for ASX Admission, subject only to customary conditions, the Scheme becoming Effective and any other conditions acceptable to the parties (acting reasonably); and
- (vi) **(Other Governmental Authorities)** before the Delivery Time on the Second Court Date, each other relevant Governmental Agency other than ASIC, ASX, NZ Takeovers Panel, NZX, ACCC, Commerce Commission and FIRB (if any) issue or provide such consents, waivers or approvals which both *thl* and ATL consider are necessary or desirable to implement the Scheme (noting that if such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to the parties (each acting reasonably)) and such consent, approval or other act has not been withdrawn or revoked before the Delivery Time on the Second Court Date;
- (b) **(No ATL Prescribed Occurrence)** no ATL Prescribed Occurrence occurs between the date of this deed and the Delivery Time on the Second Court Date;
- (c) **(No *thl* Prescribed Occurrence)** no *thl* Prescribed Occurrence occurs between the date of this deed and the Delivery Time on the Second Court Date;
- (d) **(ATL Warranties)** the ATL Warranties being true and correct in all material respects on the date of this deed and at the Delivery Time on the Second Court Date;
- (e) **(*thl* Warranties)** the *thl* Warranties being true and correct in all material respects on the date of this deed and at the Delivery Time on the Second Court Date;
- (f) **(No ATL Material Adverse Change)** no ATL Material Adverse Change occurs between the date of this deed and the Delivery Time on the Second Court Date;
- (g) **(No *thl* Material Adverse Change)** no *thl* Material Adverse Change occurs between the date of this deed and the Delivery Time on the Second Court Date;
- (h) **(No restraining orders)** no judgment, order, decree, statute, law, ordinance, rule of regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other Governmental Agency of competent jurisdiction in Australia or New Zealand remains in effect as at the Delivery Time on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Scheme;
- (i) **(Third party consents – Material Contracts)** all consents, approvals or waivers of rights by parties other than ATL under any Material Contracts which are necessary or desirable

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in the reasonable opinion of *thl* are obtained in a form and subject to conditions acceptable to *thl* and ATL (acting reasonably), and such consents, approvals or waivers have not been withdrawn, cancelled or revoked before the Delivery Time on the Second Court Date;

- (j) **(Trouchet escrow arrangements)** Unless it is indicated by the Court when hearing an application for an order under section 411(1) of the Corporations Act directing ATL to convene the Scheme Meeting that such arrangements would mean the Trouchet Shareholders will be a separate class for the purposes of the Scheme, the entry by the Trouchet Shareholders into arrangements with *thl* on terms and conditions acceptable to *thl* and ATL (acting reasonably) documented in a deed under which:
  - (i) 90% of the *thl* Consideration Shares received by them will be escrowed for 12 months after the Implementation Date; and
  - (ii) 50% of the *thl* Consideration Shares received by them on implementation of the Scheme will be escrowed for 24 months after the Implementation Date;
- (k) **(Independent Expert's Report)** The Independent Expert issues the Independent Expert's Report, which concludes that the Scheme is in the best interests of the Independent Shareholders and the Independent Expert does not change, withdraw or qualify its conclusion in any written update to its Independent Expert's Report or withdraw the Independent Expert's Report prior to the Delivery Time on the Second Court Date;
- (l) **(Refinancing)** the *thl* Group entering into an agreement with new or existing financiers, and obtaining all necessary approvals in respect of the entry into that agreement, to refinance either its existing debt facilities or the debt facilities of all or part of the Merged Group on and with effect from the Implementation Date on terms and conditions that are acceptable to *thl* and ATL (acting reasonably) (**Refinancing Agreement**), and all conditions to drawdown under the Refinancing Agreement (other than the Scheme becoming Effective) have either been satisfied or waived prior to the Delivery Time on the Second Court Date or *thl* and ATL are satisfied (acting reasonably) that any remaining conditions will be satisfied on or prior to the Implementation Date;
- (m) **(Consent from ATL financiers or refinancing)** all consents, approvals, confirmations, agreements or waivers of rights from any financier of the ATL Group (except as agreed in writing between the parties or to the extent arrangements with those financiers are addressed by the terms of the Refinancing Agreement) which are in the opinion of ATL or *thl* necessary or desirable in connection with (i) the Proposed Transaction or (ii) the ongoing funding of the Merged Group following the implementation of the Proposed Transaction are obtained in a form and subject to conditions acceptable to *thl* and ATL, and such consents, approvals, confirmations or waivers have not been withdrawn, cancelled or revoked nor have any condition to such consents, approvals, confirmations or waivers become incapable of being satisfied before the Delivery Time on the Second Court Date;
- (n) **(Shareholder approval)** the Scheme is approved by the Independent Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act;
- (o) **(Court approval)** the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either party (acting reasonably);
- (p) **(Order lodged with ASIC)** An office copy of the Court order approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC; and
- (q) **(D&O insurance)** *thl* obtaining, before the Delivery Time on the Second Court Date, confirmation from its insurers that *thl's* existing Directors and Officers insurance policy is extended to include the Scheme. *thl* confirms that its existing insurers have confirmed that, in principle, they can provide that confirmation subject to receiving updated underwriting information with respect to the Scheme and approving final terms for that insurance.



### 3.2 Benefit and waiver of conditions precedent

- (a) The Conditions in clauses 3.1(a) (Regulatory Approvals), 3.1(h) (No restraining orders), 3.1(k) (Independent Expert's Report), 3.1(l) (Refinancing) and 3.1(m) (Consent from ATL financiers or refinancing) are for the benefit of each party and any breach or non-fulfilment of it may only be waived (if capable of waiver) with the written consent of both parties, which consent either party may give or withhold in its absolute discretion.
- (b) The Conditions in clauses 3.1(b) (No ATL Prescribed Occurrences), 3.1(d) (ATL Warranties), 3.1(f) (No ATL Material Adverse Change), 3.1(i) (Third party consents – Material Contracts), 3.1(j) (Trouchet escrow arrangements) and 3.1(q) (D&O Insurance) are for the sole benefit of **thl** and any breach or non-fulfilment of them may only be waived by **thl** giving its written consent.
- (c) The Conditions in clauses 3.1(c) (No **thl** Prescribed Occurrences), 3.1(e) (**thl** Warranties), and 3.1(g) (no **thl** Material Adverse Change) are for the sole benefit of ATL and any breach or non-fulfilment of them may only be waived by ATL giving its written consent.
- (d) A party entitled to waive a Condition under this clause 3.2 may do so in its absolute discretion. Any waiver of a Condition by a party for whose benefit the Condition applies must take place on or prior to the Delivery Time on the Second Court Date. The Conditions in clauses 3.1(n) (Shareholder approval), 3.1(o) (Court approval) and 3.1(p) (Order lodged with ASIC) are for the benefit of both **thl** and ATL but cannot be waived.
- (e) If a party waives the breach or non-fulfilment of any of the Conditions in clause 3.1, that waiver will not preclude it from suing the other parties for any breach of this deed including a breach that resulted in the non-fulfilment of the Condition that was waived.

### 3.3 Reasonable endeavours

- (a) ATL and **thl** will use their respective reasonable endeavours to procure that each of the Conditions for which they are responsible is satisfied as soon as reasonably practicable after the date of this deed or continues to be satisfied at all times until the last time they are to be satisfied (as the case may require). The Conditions for which each of ATL and **thl** are responsible for the purposes of this clause are:
  - (i) ATL – the Conditions in clauses 3.1(b) (No ATL Prescribed Occurrences), 3.1(d) (ATL Warranties) and 3.1(f) (No ATL Material Adverse Change), 3.1(i) (Third party consents – Material Contracts), 3.1(j) (Trouchet escrow arrangements), 3.1(k) (Independent Expert's Report), 3.1(m) (Consent from ATL financiers or refinancing), 3.1(n) (Shareholder Approval), 3.1(o) (Court approval) and 3.1(p) (Order lodged with ASIC);
  - (ii) **thl** – the Conditions in clauses 3.1(a)(ii) (ACCC), 3.1(a)(iii) (Commerce Commission), 3.1(a)(iv) (FIRB), 3.1(a)(v) (ASX Admission), 3.1(c) (No **thl** Prescribed Occurrences), 3.1(e) (**thl** Warranties) and 3.1(g) (no **thl** Material Adverse Change), 3.1(l) (Refinancing) and 3.1(q) (D&O Insurance); and
  - (iii) ATL and **thl** – the Conditions in clauses 3.1(a)(i) (ASIC, ASX, NZ Takeovers Panel and NZX), 3.1(a)(vi) (Other Governmental Authorities) and 3.1(h) (No restraining orders).
- (b) Without limiting clauses 3.4 and 3.5 below, each of ATL and **thl** must:
  - (i) consult and co-operate fully with the other party in relation to the satisfaction of the Conditions, including in relation to all material communications with any Governmental Agency in relation to Regulatory Approvals;
  - (ii) promptly apply for all relevant Regulatory Approvals and provide the other party with a copy of all applications for Regulatory Approvals and all material communications with any Governmental Agency in relation to Regulatory Approvals;
  - (iii) take all the steps for which it is responsible as part of the Regulatory Approvals process;

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- (iv) respond to all requests for information in respect of the applications for Regulatory Approvals as soon as reasonably practicable;
  - (v) provide the other party with all information and assistance reasonably requested in connection with the applications for Regulatory Approvals; and
  - (vi) so far as it is reasonable to do so, allow the other party and its Authorised Persons the opportunity to be present and make submissions at any meetings with any regulatory body relating to the Regulatory Approvals in respect of the Scheme,

provided that:

- (vii) the party applying for a Regulatory Approval may withhold or redact information or documents from the other party if and to the extent that they are either confidential to a third party or commercially sensitive and confidential to the applicant; and
- (viii) neither party is required to consent to the disclosure by the other party of materially commercially sensitive information of the first mentioned party to any Governmental Agency.

### 3.4 Notifications

Each of *thl* and ATL must:

- (a) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (b) promptly notify the other party in writing if it becomes aware that any Condition has been satisfied, in which case the notifying party must provide reasonably evidence to the other party that the Condition has been satisfied if requested by the other party; and
- (c) promptly notify the other party in writing if it becomes aware that any Condition is or has become incapable of being satisfied in accordance with its terms (having regard to the respective obligations of each party under clause 3.3).

### 3.5 Certificate

At or promptly after the Delivery Time on the Second Court Date, in respect of the Scheme:

- (a) *thl* and ATL will provide a joint certificate to the Court confirming whether or not the Conditions set out in clauses 3.1(a)(i) (ASIC, ASX, NZ Takeovers Panel and NZX), 3.1(a)(vi) (Other Governmental Authorities), 3.1(h) (No restraining orders), 3.1(l) (Refinancing) and 3.1(m) (Consent from ATL financiers or refinancing) have been satisfied or waived in accordance with the terms of this deed;
- (b) ATL will provide a certificate to the Court confirming whether or not the Conditions set out in 3.1(b) (No ATL Prescribed Occurrence), 3.1(d) (ATL Warranties), 3.1(f) (No ATL Material Adverse Change), 3.1(i) (Third party consents – Material Contracts), 3.1(k) (Independent Expert's Report) and 3.1(n) (Shareholder Approval) have been satisfied or waived in accordance with the terms of this deed;
- (c) *thl* will provide a certificate to the Court confirming whether or not the Conditions set out in clauses 3.1(a)(ii) (ACCC), 3.1(a)(iii) (Commerce Commission), 3.1(a)(iv) (FIRB), 3.1(a)(v) (ASX Admission), 3.1(c) (No *thl* Prescribed Occurrence), 3.1(e) (*thl* Warranties), 3.1(g) (no *thl* Material Adverse Change), 3.1(j) (Troughet escrow arrangements) and 3.1(q) (D&O Insurance) have been satisfied or waived in accordance with the terms of this deed;
- (d) ATL will provide a certificate to *thl* confirming whether or not ATL has breached any of its obligations under this deed (including a breach of a representation or warranty), and if it has, giving details of such breaches; and
- (e) *thl* will provide a certificate to ATL confirming whether or not *thl* has breached any of its obligations under this deed (including a breach of a representation or warranty), and if it has, giving details of such breaches.

### 3.6 Court approval

If the Court's approval for the Scheme in accordance with section 411(4) of the Corporations Act would impose any terms or conditions other than those set out in the Scheme then each such term or condition must be approved in writing by *thl* and ATL (both acting reasonably) prior to the Court granting the final orders and, if not so agreed, the Condition in clause 3.1(o) (Court approval) will not be satisfied.

### 3.7 Scheme voted down because of Headcount Test

If the Scheme is not approved by the Independent Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test and *thl* or ATL considers, acting reasonably, that Share Splitting or some abusive or improper conduct may have caused or contributed to the Headcount Test not having been satisfied then ATL must:

- (a) apply for an order of the Court contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test and seek Court approval of the Scheme under section 411(4)(b) of the Corporations Act, notwithstanding that the Headcount Test has not been satisfied; and
- (b) make such submissions to the Court and file such evidence as counsel engaged by ATL to represent it in Court proceedings related to the Scheme, in consultation with *thl*, considers is reasonably required to seek to persuade the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act by making an order to disregard the Headcount Test.

### 3.8 Conditions not capable of being fulfilled

- (a) If:
  - (i) any Condition is not satisfied or (where capable of waiver) waived by the date specified in this deed for its satisfaction (or an event occurs which would or is likely to prevent a condition precedent being satisfied by the date specified in this deed);
  - (ii) a circumstance occurs with the result that a Condition is not capable of being fulfilled and, if the Condition is able to be waived by a party under clause 3.2 the party does not waive the Condition within 5 Business Days after the occurrence of the circumstance; or
  - (iii) it becomes more likely than not that the Scheme will not become Effective by the End Date,then ATL and *thl* must consult in good faith with a view to determining whether:
  - (iv) the Scheme may proceed by way of alternative means or methods;
  - (v) to extend the relevant time or date for satisfaction of the Condition;
  - (vi) to change the date of the application to be made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties;
  - (vii) to extend the End Date; or
  - (viii) do all, or any combination of, the matters listed in clauses 3.8(a)(iv) to 3.8(a)(vii) (inclusive).
- (b) Subject to clause 3.8(c), if a Condition becomes incapable of being satisfied before the End Date and ATL and *thl* are unable to reach agreement under clause 3.8(a) within 10 Business Days of the date on which they both become aware that the Condition has become incapable of being satisfied (or, if earlier, by the Delivery Time on the Second Court Date), then unless the relevant Condition (where capable of waiver) is waived:
  - (i) in relation to the Conditions in clauses 3.1(a) (Regulatory Approvals), 3.1(h) (No restraining orders), 3.1(k) (Independent Expert's Report), 3.1(n) (Shareholder Approval), 3.1(o) (Court approval), 3.1(l) (Refinancing) and 3.1(m) (Consent from ATL financiers or refinancing), either *thl* or ATL may terminate this deed by giving

- the other notice without any liability to any party by reason of that termination alone;
- (ii) in relation to the Conditions in clauses 3.1(b) (No ATL Prescribed Occurrence), 3.1(d) (ATL Warranties), 3.1(f) (No ATL Material Adverse Change), 3.1(i) (Third party consents), 3.1(j) (Trouchet escrow arrangements) and 3.1(q) (D&O Insurance), *thl* may terminate this deed by giving ATL notice without any liability to any party by reason of that termination alone; and
  - (iii) in relation to the Conditions in clauses 3.1(c) (No *thl* Prescribed Occurrence), 3.1(e) (*thl* Warranties) and 3.1(g) (No *thl* Material Adverse Change), ATL may terminate this deed by giving *thl* notice without any liability to any other party by reason of that termination alone.
- (c) A party will not be entitled to terminate this deed under clause 3.8(b) if the relevant Condition has not been satisfied as a result of:
- (i) a breach of this deed by that party; or
  - (ii) a deliberate act or omission of that party which either alone or together with other circumstances prevents that Condition being satisfied.

### 3.9 Interpretation

For the purposes of this clause 3, a Condition will be incapable of satisfaction, or incapable of being fulfilled if:

- (a) in the case of a Condition relating to a Regulatory Approval – the relevant Governmental Agency makes or has made a final adverse determination in writing to the effect that it will not provide the Regulatory Approval; and
- (b) in all other cases – there is an act, failure to act or occurrence that will prevent the Condition being satisfied by the End Date (and the breach or non-fulfilment that would otherwise have occurred has not already been waived in accordance with this deed).

## 4. Scheme Structure

### 4.1 Scheme

- (a) ATL must, as soon as reasonably practicable after the date of this deed and substantially in compliance with the Timetable, propose the Scheme under which, subject to the Scheme becoming Effective, all of the Scheme Shares will be transferred to *thl* Acquirer and the Scheme Shareholders will be entitled to receive, for each Scheme Share held at the Scheme Record Date, the Scheme Consideration.
- (b) ATL must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of the Scheme without the prior written consent of *thl*.

### 4.2 Scheme Consideration

Subject to this deed and the Scheme, each of *thl* and *thl* Acquirer covenants in favour of ATL (in ATL's own right and separately as trustee for each Scheme Shareholder) that, in consideration of the transfer to *thl* Acquirer of the Scheme Shares under the terms of the Scheme, on the Implementation Date, *thl* Acquirer will:

- (a) accept that transfer; and
- (b) provide or procure as set forth in clause 4.3 the provision to each Scheme Shareholder of the Scheme Consideration,

in accordance with the Scheme.

### 4.3 Allotment and issue of *thl* Consideration Shares

- (a) Subject to clause 4.3(c) and the Scheme becoming Effective, *thl* Acquirer must procure *thl* to, and *thl* must:

- (i) in accordance with the Deed Poll, issue the *thl* Consideration Shares to the Scheme Shareholders in accordance with the Scheme on terms that each *thl* Consideration Share will rank equally in all respects with each other *thl* Share then on issue;
  - (ii) ensure that on issue each *thl* Consideration Share will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the constitution of *thl*); and
  - (iii) use all reasonable endeavours to ensure that such *thl* Consideration Shares are listed for trading on NZX and ASX, and that trading in the *thl* Consideration Shares commences as soon as practicable after the Implementation Date.
- (b) To facilitate the issue of the *thl* Consideration Shares to Scheme Shareholders, ATL must provide to *thl*, or procure the provision to *thl* of, a complete copy of the ATL Register as at the Scheme Record Date (which must include the name, address and registered holding of each Scheme Shareholder as at the Scheme Record Date), within one Business Day after the Scheme Record Date. The details and information to be provided under this clause must be provided in such form as *thl*, its Advisers or share registry may reasonably require.
- (c) *thl* and *thl* Acquirer have no obligation to issue (or to procure the issue), and must not issue, any *thl* Consideration Shares to Foreign Scheme Shareholders, and instead:
- (i) *thl* will issue the *thl* Consideration Shares that would otherwise have been issued to the Foreign Scheme Shareholders to a nominee appointed by *thl*,
  - (ii) *thl* will procure that, as soon as reasonably practicable after the Implementation Date (and, in any event, not more than 15 Business Days after the Implementation Date), the nominee:
    - (A) sells, or procures the sale, of those *thl* Consideration Shares on-market and in the ordinary course of trading on NZX in such manner, at such price and on such other terms as the nominee determines in good faith; and
    - (B) remits the proceeds from that sale (after deducting any brokerage, duty and other selling costs, taxes and charges) to *thl*; and
  - (iii) as soon as practicable after the last sale of *thl* Consideration Shares in accordance with clause 4.3(c)(ii)(A) and remittance of the proceeds of that sale in accordance with clause 4.3(c)(ii)(B), *thl* will pay the proceeds it receives to the Foreign Scheme Shareholders in accordance with their entitlement in full satisfaction of the Foreign Scheme Shareholders' entitlement to the relevant *thl* Consideration Shares. No assurances will be given to Foreign Scheme Shareholders as to the price that will be achieved for the sale of *thl* Consideration Shares in accordance with this clause and the sale of the *thl* Consideration Shares will be at the risk of the Foreign Scheme Shareholder.
- (d) Any fractional entitlement of the Scheme Shareholder to a part of a *thl* Consideration Share will be rounded as follows:
- (i) if the fractional entitlement is less than 0.5, it will be rounded down to zero *thl* Consideration Shares; and
  - (ii) if the fractional entitlement is equal to or more than 0.5, it will be rounded up to one *thl* Consideration Shares.
- (e) In the case of Scheme Shares held in joint names, any certificates or uncertificated holding statements for *thl* Consideration Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders and will be forwarded to the holder whose name appears first in the ATL Register on the Scheme Record Date.

#### 4.4 ASX Admission

As soon as reasonably practicable after the date of this deed, *thl* must prepare all documents required by ASX to apply for ASX Admission and use all reasonable endeavours to ensure that the ASX grants approval for ASX Admission on or before the Delivery Time on the Second Court

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Date, subject only to customary conditions, the Scheme becoming Effective and any other conditions acceptable to the parties (each acting reasonably), and *thl* must use reasonable endeavours to procure that trading in *thl* Consideration Shares commences on NZX and ASX on a normal trading basis by the Implementation Date or as soon as practicable thereafter.

#### 4.5 Deed Poll

*thl* and *thl* Acquirer covenant in favour of ATL (in ATL's own right and separately as trustee for each of the Scheme Shareholders) to execute and deliver the Deed Poll no later than the Business Day prior to the First Court Date.

## 5. Recommendation, intentions and announcements

### 5.1 ATL Board Recommendation and Voting Intention

- (a) Subject to clause 5.2, ATL must ensure that the Announcement and the Explanatory Booklet state that each ATL Director:
- (i) considers the Scheme to be in the best interests of the Independent Shareholders and recommends that the Independent Shareholders vote in favour of the Scheme (**Recommendation**); and
  - (ii) intends to cause any ATL Shares in which they have a Relevant Interest to be voted in favour of the Scheme (**Voting Intention**),
- in each case qualified only by words to the effect of:
- (iii) *'in the absence of a Superior Proposal'*; and
  - (iv) other than in respect of the Explanatory Booklet, *'subject to the Independent Expert concluding that the Scheme is in the best interests of the Independent Shareholders'* and in respect of the Explanatory Booklet and any public document issued after the Explanatory Booklet, *'subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Independent Shareholders'*.
- (b) Subject to clause 5.2, ATL must ensure that the ATL Board collectively, and the members of the ATL Board individually, do not change, withdraw or modify any Recommendation or Voting Intention unless:
- (i) other than as a result of a breach of clause 14, a Superior Proposal is received by ATL or announced by a third party and the ATL Board, acting in good faith and after having taken advice from ATL's legal advisers (who must be reputable advisers experienced in transactions of this nature), determines that maintaining the Recommendation and Voting Intention would constitute a breach of the fiduciary duties or statutory obligations of any member of the ATL Board to ATL; or
  - (ii) the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any subsequent update of its report) that the Scheme is not in the best interests of the Independent Shareholders,

and ATL has complied with its obligations under clause 14 (including ensuring that all of *thl*'s rights under clause 14.8 have been exhausted).

### 5.2 Exclusion from Recommendation

The obligation of ATL under clause 5.1 to ensure that each ATL Director provides and maintains the Recommendation is qualified to the extent that any ATL Director considers, acting reasonably (including after having taken legal advice from reputable and independent external legal advisors experienced in transactions of this nature) and in good faith, that the ATL Director should not provide or continue to maintain any recommendation (positive or adverse) because that ATL Director has an interest in the Scheme that is so materially different from other Independent Shareholders which would properly preclude or render it inappropriate for the ATL Director to provide any such recommendation.

### 5.3 Confirmation

ATL represents and warrants to *thl* that each ATL Director has confirmed the ATL Director's agreement not to do anything inconsistent with their Recommendation and Voting Intention (including withdrawing, changing or in any way qualifying the ATL Director's Recommendation or Voting Intention) other than in the circumstances referred to in clause 5.1(b).

### 5.4 Promotion of Scheme

During the Exclusivity Period, ATL must procure that the Senior Managers, as reasonably requested by *thl* and as agreed by ATL, participate in efforts to promote the merits of the Scheme, including:

- (a) meeting with key Independent Shareholders;
- (b) communicating with ATL's employees, customers and suppliers and the employees, customers and suppliers of ATL's Related Bodies Corporate; and
- (c) communicating with the public to promote the merits of the Scheme, subject only to:
  - (i) the Independent Expert not having concluded in the Independent Expert's Report (or any subsequent update of the report) that the Scheme is not in the best interests of the Independent Shareholders; and
  - (ii) there being no Superior Proposal.

## 6. Proposed Transaction – parties' respective implementation obligations

### 6.1 ATL's obligations

ATL must take all steps reasonably necessary to propose and (subject to all of the Conditions being satisfied or waived in accordance with their terms) implement the Scheme as soon as reasonably practicable and after the date of this deed and substantially in accordance with the Timetable, including without limitation taking each of the following steps:

- (a) **(Explanatory Booklet)** prepare the Explanatory Booklet in accordance with clause 6.3;
- (b) **(Independent Expert)** promptly:
  - (i) if not already done prior to the date of this deed, appoint the Independent Expert to prepare the Independent Expert's Report; and
  - (ii) provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (c) **(Investigating Accountant's Report)** appoint the Investigating Accountant to prepare the Investigating Accountant's Report and promptly provide all assistance and information reasonably requested by the Investigating Accountant in connection with the preparation of the Investigating Accountant's Report;
- (d) **(review of draft Independent Expert's Report)** on receipt from the Independent Expert, provide *thl* with the draft report received from the Independent Expert for factual accuracy review (noting in each case that any draft of the Independent Expert's Report provided to *thl* for review will not include those sections containing the Independent Expert's opinion), and promptly give to the Independent Expert any comments that *thl* provides ATL in relation to factual matters regarding *thl* in any draft of the Independent Expert's Report;
- (e) **(approval of draft for ASIC and ASX)** as soon as reasonably practicable after the preparation of an advanced draft of the Explanatory Booklet suitable for review by ASIC and ASX, procure that a meeting of the ATL Board, or of a committee of the ATL Board appointed for the purpose, is held to consider approving that draft as being in a form appropriate for provision to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act and to ASX for its review and approval for the purposes of Appendix 7A to the ASX Listing Rules;

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- (f) **(liaison with ASIC and ASX)** as soon as reasonably practicable after the date of this deed and otherwise in accordance with the Timetable:
- (i) provide an advanced draft of the Explanatory Booklet, in a form approved in accordance with clauses 6.1(e) and 6.2(f), to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act and to ASX for its review and approval for the purposes of Appendix 7A to the ASX Listing Rules; and
  - (ii) liaise with ASIC and ASX during the period of their respective consideration of that draft of the Explanatory Booklet and keep *thl* reasonably informed of any matters raised by ASIC or ASX in relation to the Explanatory Booklet and use reasonable endeavours, in consultation with *thl*, to resolve any such matters (provided that, where any matters relate to *thl* Information, ATL must not take any steps to address them without the prior written consent of *thl*, not to be unreasonably withheld or delayed);
- (g) **(approval of Explanatory Booklet)** as soon as reasonably practicable after the conclusion of the reviews by ASIC and ASX of the Explanatory Booklet, procure that a meeting of the ATL Board, or of a committee of the ATL Board appointed for the purpose, is held to consider approving the Explanatory Booklet for dispatch to the Independent Shareholders, subject to orders of the Court under section 411(1) of the Corporations Act;
- (h) **(section 411(17)(b) statements)** apply to ASIC for the production of statements in writing under section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (i) **(confirmation of no objection from ASX)** request ASX to confirm that it has no objection to the draft Explanatory Booklet;
- (j) **(first Court hearing)** lodge all documents with the Court and take all other reasonable steps to ensure that promptly after, and provided that, the approvals in clauses 6.1(g) and 6.2(g) have been received, an application is heard by the Court for an order under section 411(1) of the Corporations Act directing ATL to convene the Scheme Meeting;
- (k) **(registration of explanatory statement)** request ASIC to register the explanatory statement included in the Explanatory Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (l) **(information):**
- (i) provide reasonable information about the Scheme and the ATL Shareholders to *thl* and its Related Bodies Corporate, which *thl* requests and reasonably requires in order to:
    - (A) facilitate the provision by, or on behalf of, *thl* of the Scheme Consideration; or
    - (B) review the tally of proxy appointments and directions received by ATL before the Scheme Meeting;
  - (ii) within 5 Business Days after the date of this deed, provide *thl* with:
    - (A) a copy of the ATL Register as at the date of this deed to the extent doing so does not breach applicable privacy laws; and
    - (B) the most recently available information in ATL's possession regarding the beneficial ownership of ATL Shares including a copy of the most recent beneficial ownership analysis report received by ATL (which may be as at a date prior to the date of this deed); and
  - (iii) provide *thl*, as soon as practicable after receiving a request from *thl*:
    - (A) a copy of the latest ATL Register; and
    - (B) the most recently available information in ATL's possession regarding the beneficial ownership of ATL Shares including a copy of the most recent beneficial ownership analysis report received by ATL;



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- (m) **(convene Scheme Meeting)** subject to the Court granting orders under section 411(1) of the Corporations Act directing ATL to convene the Scheme Meeting, take all reasonable steps necessary to comply with the orders of the Court including, as required, despatching the Explanatory Booklet to the ATL Shareholders and convening and holding the Scheme Meeting;
- (n) **(Court approval application if parties agree that conditions are capable of being satisfied)** if the resolution submitted to the Scheme Meeting is passed by the majorities required under section 411(4)(a)(ii) of the Corporations Act (or, where clause 3.7 applies, the majority required under section 411(4)(a)(ii)(B) of the Corporations Act) and, if necessary, the parties agree on the Business Day immediately following the Scheme Meeting that it can be reasonably expected that all of the Conditions will be satisfied or waived prior to the proposed Second Court Date, apply to the Court for orders approving the Scheme;
- (o) **(appeal process)** if the Court refuses to make any orders directing ATL to convene the Scheme Meeting or approving the Scheme, ATL and *thl* must:
- (i) consult with each other in good faith as to whether to appeal the Court's decision; and
  - (ii) must appeal the Court's decision unless the parties agree otherwise or an independent senior counsel from the Queensland bar gives written advise to a party that, in senior counsel's opinion, an appeal would have no reasonable prospects of success;
- (p) **(implementation of Scheme)** if the Scheme is approved by the Court:
- (i) subject to the ASX Listing Rules, promptly lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act;
  - (ii) determine entitlements to the Scheme Consideration as at the Scheme Record Date in accordance with the Scheme;
  - (iii) execute proper instruments of transfer of and effect and register the transfer of the Scheme Shares to *thl* on the Implementation Date; and
  - (iv) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the Scheme;
- (q) **(Regulatory notifications)** in relation to the Regulatory Approvals, lodge with any Governmental Agency within the relevant periods all documentation and filings required by law to be so lodged by ATL in relation to the Proposed Transaction;
- (r) **(thl Information)** without the prior written consent of *thl*, not use the *thl* Information for any purposes other than those contemplated by this deed or the Scheme;
- (s) **(Documents)** consult with *thl* in relation to the content of the documents required for the purpose of the Scheme including by sharing drafts of the originating process, affidavits, submissions, minutes of Court orders and other documents required for the purposes of the Court hearings held for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme and consider in good faith, for the purpose of amending those drafts, comments from *thl* on those drafts prior to filling those documents with the Court;
- (t) **(Shareholder support)** in consultation with *thl*, and subject to these arrangements being appropriately disclosed to the Court, encourage the Independent Shareholders to vote on the Scheme and, if requested to do so by *thl*, engage a proxy solicitation firm to assist in soliciting proxy votes (and ATL may independently decide to appoint a proxy solicitation firm after consulting in good faith with *thl*);
- (u) **(ASX Admission)** promptly provide reasonable assistance to *thl* to enable *thl* to prepare all documents required by ASX to apply for ASX Admission;
- (v) **(quotation of ATL Shares and ASX listing)** apply to ASX:

- (i) to have trading in ATL Shares suspended from the close of trading on the Effective Date;
- (ii) to have ATL removed from the official list of ASX from:
  - (A) the close of trading on the Business Day immediately following the Implementation Date; or
  - (B) subject to approval by ASX, such other later date after the Implementation Date to be determined by *thf*, and
- (w) **(Compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations.

## 6.2 *th/s* obligations

*th/s* must take all steps reasonably necessary to assist ATL to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable including, without limitation, taking each of the following steps:

- (a) **(th/Information)** promptly provide to ATL, in a form appropriate for inclusion in the Explanatory Booklet, all *th/* Information that is required by all applicable law, the ASX Listing Rules, Australian Takeovers Panel policy and guidance notes and ASIC Regulatory Guides for inclusion in the Explanatory Booklet, which information must without limiting the above:
  - (i) contain all information necessary to enable ATL to ensure that the Explanatory Booklet complies with the requirements of RG 60;
  - (ii) not be misleading or deceptive in any material respect (whether by omission or otherwise) including in the form and context in which it appears in the Explanatory Booklet; and
  - (iii) be updated by all such further or new material information which may arise after the Explanatory Booklet has been dispatched until the date of the Scheme Meeting which is necessary to ensure that it is not misleading or deceptive in any material respect (whether by omission or otherwise);
- (b) **(Regulatory notifications)** in relation to the Regulatory Approvals, lodge with any regulatory authority within the relevant time periods all documentation and filings required by law to be so lodged by *th/s* in relation to the Proposed Transaction;
- (c) **(Independent Expert)** promptly provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report;
- (d) **(Investigating Accountant's Report)** provide all assistance and information reasonably requested by the Investigating Accountant in connection with the preparation of the Investigating Accountant's Report;
- (e) **(review of Explanatory Booklet)** as soon as reasonably practicable after delivery, review the drafts of the Explanatory Booklet prepared by ATL and provide comments on those drafts in good faith;
- (f) **(approval of draft for ASIC and ASX)** as soon as reasonably practicable after the preparation of an advanced draft of the Explanatory Booklet suitable for review by ASIC and ASX, procure that a meeting of the appropriate representatives of *th/s* is held to consider approving those sections of that draft that relate to *th/s*, including the *th/* Information, as being in a form appropriate for provision to ASIC and ASX for review;
- (g) **(approval of Explanatory Booklet)** as soon as reasonably practicable after the conclusion of the review by ASIC and ASX of the Explanatory Booklet, procure that a meeting of the appropriate representatives of *th/s* is held to consider approving those sections of the Explanatory Booklet that relate to *th/s* as being in a form appropriate for dispatch to Independent Shareholders, subject to approval of the Court;

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- (h) **(Deed Poll)** deliver the Deed Poll executed by *thl* and *thl* Acquirer to ATL in accordance with clause 4.5;
  - (i) **(ASX Admission)** apply to ASX for ASX Admission in accordance with clause 4.4;
  - (j) **(consent)** provide a consent and use all reasonable endeavours to obtain consents from third parties in such form as ATL reasonably requires to the form and content in which the *thl* Information appears in the Explanatory Booklet;
  - (k) **(Representation)** procure that *thl* is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act;
  - (l) **(Cleansing notice)** lodging with NZX on the Cleansing Notice Date, the notice contemplated by, and complying with the content and lodgement requirements set out in, clause 20 of Schedule 8 of the FMCR;
  - (m) **(promote the Proposed Transaction)** if requested by ATL, participate in reasonable efforts to promote the merits of the Proposed Transaction and the Scheme Consideration;
  - (n) **(ATL Information)** without the prior written consent of ATL, not use ATL Information for any purposes other than those contemplated by this deed and the Scheme; and
  - (o) **(Compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations.

### 6.3 Explanatory Booklet – preparation principles

- (a) As soon as reasonably practicable after the date of this deed and substantially in accordance with the Timetable, ATL must prepare the Explanatory Booklet in compliance with:
  - (i) all applicable laws, in particular with the Corporations Act, RG 60, Australian Takeovers Panel policy and guidance notes and the ASX Listing Rules; and
  - (ii) this clause 6.3.
- (b) The Explanatory Booklet will include:
  - (i) letter from the ATL chairman;
  - (ii) letter from the *thl* chairman;
  - (iii) the terms of the Scheme;
  - (iv) the notice of Scheme Meeting and any other notice of meeting in respect of any resolution that is necessary, expedient or incidental to give effect to the Scheme, together with proxy forms for the Scheme Meeting and for any ancillary meeting;
  - (v) the ATL Information;
  - (vi) the *thl* Information;
  - (vii) a copy of this deed;
  - (viii) a copy of the executed Deed Poll;
  - (ix) a copy of the Investigating Accountant's Report;
  - (x) a report or opinion prepared by an accounting firm in relation to the potential taxation consequences of the Scheme on Scheme Shareholders; and
  - (xi) a copy of the Independent's Expert Report.
- (c) The Explanatory Booklet must include a statement, in a form to be agreed by the parties, to the effect that:
  - (i) other than the *thl* Information, the Investigating Accountant's Report, the report or opinion prepared by an accounting firm in relation to the potential taxation consequences of the Scheme on Scheme Shareholders and the Independent Expert's Report, the Explanatory Booklet has been prepared by ATL and is the

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- responsibility of ATL, and that *thl* assumes no responsibility for the accuracy or completeness of the Explanatory Booklet (other than *thl* Information); and
- (ii) the *thl* Information in the Explanatory Booklet has been provided by *thl* and is the responsibility of *thl* (other than any information provided by ATL to *thl* or obtained from ATL's public filings on ASX regarding the ATL Group contained in, or used in, the preparation of the information regarding the combined group following the implementation of the Scheme), and ATL assumes no responsibility for the accuracy or completeness of the *thl* Information.
- (d) ATL must make available to *thl* drafts of the Explanatory Booklet (excluding any part of the draft of the Independent Expert's Report which contains the Independent Expert's opinion), consult with *thl* in relation to the content of those drafts (other than the *thl* Information), and consider in good faith, for the purpose of amending those drafts, comments from *thl* on those drafts. *thl* acknowledges and agrees that ATL has ultimate discretion with respect to the preparation, form and content of the Explanatory Booklet, other than as provided in this deed with respect to the *thl* Information.
  - (e) ATL must seek approval from *thl* for the form and context in which the *thl* Information appears in the Explanatory Booklet, which approval *thl* must not unreasonably withhold or delay, and ATL must not lodge the Explanatory Booklet with ASIC until such approval is obtained from *thl*.
  - (f) If *thl* determines (acting reasonably), having regard to advice from a qualified tax advisor, that *thl* is either:
    - (i) required by law to withhold an issue of *thl* Consideration Shares (or a combination) to a Scheme Shareholder; or
    - (ii) liable to pay an amount to the Commissioner of Taxation under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) in respect of the acquisition of Scheme Shares from a Scheme Shareholder,(either of the above being the **Relevant Amount**),  
then:
    - (iii) *thl* must provide written notice, and any reasonable information request by ATL in connection to the advice received by *thl*, to ATL as soon as reasonably practicable following receipt of the advice; and
    - (iv) *thl* and ATL will use best endeavours to ensure that:
      - (A) the Explanatory Booklet includes information on *thl*'s withholding obligations of the Relevant Amount; and
      - (B) relevant Independent Shareholders are provided with an opportunity to provide a declaration form to ATL regarding either their tax residency status or interest in ATL Shares.
  - (g) If ATL and *thl* disagree on the form or content of the Explanatory Booklet, they must consult in good faith to try to settle an agreed form of the Explanatory Booklet. If complete agreement is not reached after reasonable consultation, then:
    - (i) if the disagreement relates to the form or content of any information appearing in the Explanatory Booklet other than the *thl* Information, the ATL Board will, acting in good faith, decide the final form or content of the disputed part of the Explanatory Booklet; and
    - (ii) if the disagreement relates to the form or content of the *thl* Information, ATL will make such amendments to the form or content of the disputed part of the *thl* Information as *thl* reasonably requires.
  - (h) ATL must take all reasonable steps, including by undertaking appropriate verification processes, to ensure that the Explanatory Booklet (other than the *thl* Information) is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date it is dispatched to the Independent Shareholders.

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- (i) **thl** must take all reasonable steps, including by undertaking appropriate verification processes, to ensure that the **thl** Information is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date on which the Explanatory Booklet is dispatched to the Independent Shareholders.
  - (j) ATL must provide to **thl** all such further or new information of which ATL becomes aware that arises after the Explanatory Booklet has been dispatched until the date of the Scheme Meeting where this is or may be necessary to ensure that the Explanatory Booklet continues to comply with the Corporations Act, RG 60, Australian Takeovers Panel policy and guidance notes and the ASX Listing Rules.
  - (k) **thl** must provide to ATL all such further or new information of which **thl** becomes aware that arises after the Explanatory Booklet has been dispatched until the date of the Scheme Meeting where this is or may be necessary to ensure that the **thl** Information continues to comply with the Corporations Act, RG 60, Australian Takeovers Panel policy and guidance notes and the ASX Listing Rules.
  - (l) ATL and **thl** each agree that the efficient preparation of the Explanatory Booklet and the implementation of the Scheme are in the interests of the Independent Shareholders and **thl** and that they will use all reasonable endeavours and utilise all reasonably necessary resources (including management resources and the resources of external advisers) to comply with their respective obligations under this clause 6.3 and to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable.

## 7. Conduct of business before the Implementation Date

### 7.1 Conduct of ATL business

- (a) Subject to clause 7.2(a), from the date of this deed up to and including the Implementation Date, ATL must conduct and must cause each of its Subsidiaries to conduct their businesses in the ordinary and usual course of business and:
  - (i) use reasonable endeavours to preserve their relationships with customers, suppliers, landlords, licensors, licensees and others having material business dealings with them, and to retain the services of all key employees;
  - (ii) use reasonable endeavours to ensure that all assets are maintained in the normal course consistent with past practice;
  - (iii) use reasonable endeavours to comply in all material respects with all material contracts to which a member of the ATL Group is a party, and with laws, authorisations and licences applicable to each member of the ATL Group; and
  - (iv) not take or fail to take any action that constitutes an ATL Prescribed Occurrence or that could reasonably be expected to result in an ATL Prescribed Occurrence.
- (b) Without limiting clause 7.1(a) but subject to clause 7.2(a), ATL must not, and must procure that its Subsidiaries do not, from the date of this deed up to and including the Implementation Date, do any of the following (or agree or offer to do any of the following):
  - (i) incur any additional Financial Indebtedness (except for draw-downs on existing banking facilities or utilisation of existing securitisation programs) or guarantee or indemnify the obligations of any person other than a member of the ATL Group, other than in the usual and ordinary course of business and consistent with past practice;
  - (ii) other than as approved in writing by **thl** (not to be unreasonably withheld or delayed), amend or take any action that:
    - (A) seeks or causes a financier (or person acting on its behalf) to consent to or waive (whether or not such consent or waiver is conditioned) any provision under; or

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(B) would be reasonably likely to give rise to a financier (or person acting on its behalf) being capable of exercising a right that would pose a risk to the continuity of,

any Financial Indebtedness to which one or more members of the ATL Group are a party;

- (iii) make any change to its constitution;
- (iv) (except as required by law or as provided in an existing contract in place as at the date of this deed) enter into or make any material change to the terms of employment of (including increasing the remuneration or compensation of), any person, including an officer, director, executive or other employee, where the relevant action is an ATL Significant Approval Matter (**Key Person**);
- (v) increase the remuneration or compensation of any person, including an officer, director, executive or other employee of the ATL Group where the relevant action is an ATL Significant Approval Matter, other than pursuant to contractual arrangements in effect on the date of this deed and which are Fairly Disclosed in the Due Diligence Material;
- (vi) amend the terms of any option, performance right, incentive or share plan or accelerate the rights of any of their employees to compensation or benefits of any kind (including under any option, performance right, incentive or share plan);
- (vii) rescind the suspension of ATL's STI Plan (or adopt any alternative short term incentive plan);
- (viii) offer to any employee the right to participate in the STI Plan (or any other alternative short term incentive plan);
- (ix) implement the LTI Plan or offer to any employee the right to participate in the LTI Plan;
- (x) terminate or encourage the resignation of a Key Person, except for cause (acting reasonably) in accordance with contractual arrangements in effect on the date of this deed or otherwise in accordance with current personnel practices;
- (xi) pay any of its officers, directors, executives or other employees a bonus payment, a severance, termination or retention payment where the relevant action is an ATL Significant Approval Matter, other than pursuant to contractual arrangements in effect on the date of this deed and which are Fairly Disclosed in the Due Diligence Material;
- (xii) make any concession or acknowledgment in respect of, or vary any pattern of work of, any employee or group of employees that is reasonably expected to give rise to a future potential claim, dispute or liability for the ATL Group where the relevant action is an ATL Significant Approval Matter;
- (xiii) settle or compromise any dispute, audit or inquiry in relation to tax or duty or amends any tax return, other than in the ordinary course of its business;
- (xiv) commence, threaten in writing, settle or offer to settle any legal proceedings, claim, dispute, investigation, arbitration or other like proceeding where the relevant action is an ATL Significant Approval Matter;
- (xv) (except under contractual arrangements in effect on the date of this deed and which are Fairly Disclosed in the Due Diligence Material) enter into any enterprise bargaining agreement or similar collective employment agreement;
- (xvi) in respect of any single transaction or series of related or similar transactions, acquire or dispose of any interest in a business, real property, entity or undertaking, where the relevant action is an ATL Significant Approval Matter;
- (xvii) incur or enter into commitments involving capital expenditure where the relevant action is an ATL Significant Approval Matter;

- (xviii) enter into, vary or terminate any contract, joint venture, partnership or commitment where the relevant action is an ATL Significant Approval Matter;
- (xix) enter into any new financing arrangement, agreement or otherwise provide financial accommodation other than with members of the ATL Group (irrespective of what form that accommodation takes), or amend the terms of any existing financing arrangement, agreement or instrument;
- (xx) write-down any of its material assets other than in accordance with the AU Accounting Standards;
- (xxi) enter into any agreement, arrangement or transaction with respect to derivative instruments (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments, except foreign currency hedges or interest rate hedges (including basis swaps on interest rates, such that the net period for the floating interest on the swaps is the same period as the net floating interest period on the relevant loan) made in the ordinary course of business consistent with past practice and in accordance with existing policy as at the date of this deed;
- (xxii) pay, incur or agree to pay or incur transaction costs (being any investment banking, financial adviser, legal, accounting, share registry and other costs payable to other advisers or third party service providers, and any payments to employees that relate directly to the Proposed Transaction such as deal or retention bonuses) other than in accordance with arrangements Fairly Disclosed in the Due Diligence Material prior to the date of this deed;
- (xxiii) issue, or agree to issue, or grant an option to subscribe for, debentures (as defined in section 9 of the Corporations Act) other than under an existing financing arrangement which has been Fairly Disclosed in the Due Diligence Material;
- (xxiv) alter in any material respect any accounting policy of any member of the ATL Group other than any change required by the AU Accounting Standards; or
- (xxv) amend in a material respect or terminate any existing shareholders agreement, joint venture agreement or other similar investor agreements or arrangements, or enter into any shareholders agreement, joint venture agreement or other similar investor agreement or arrangement.

## 7.2 Permitted activities by ATL

- (a) The obligations of ATL under clause 7.1 do not apply in respect of any matter:
  - (i) undertaken by a member of the ATL Group in conducting its businesses in the usual and ordinary course and consistent with past practice as Fairly Disclosed in the Due Diligence Materials;
  - (ii) required to be done or procured by ATL or its Subsidiaries under, or which is otherwise contemplated by, this deed or the Scheme;
  - (iii) required by law or by an order of a court or Governmental Agency;
  - (iv) subject to clause 7.2(b), Fairly Disclosed in the Due Diligence Material or in documents that were publicly available in the 24 months prior to the date of this deed from public filings of ATL with ASX, ASIC or public registers as being actions that the ATL Group may carry out between the date of this deed and the Implementation Date;
  - (v) the undertaking of which *thl* has approved in writing (which approval must not be unreasonably withheld or delayed);
  - (vi) required in order to comply with any law relating to Tax, including to pay any Tax when due; or
  - (vii) which, in the reasonable opinion of ATL, is a reasonable and prudent response to an emergency or disaster (including, but not limited to an epidemic or pandemic (including COVID-19) or the impact arising from such an event or a situation giving

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rise to a risk of personal injury or damage to property), or any escalation of the same, and it is impractical to seek the approval of *thl* prior to giving effect to the response.

- (b) ATL must, in respect of any matter referred to in clause 7.2(a)(iv) above that it proposes to undertake, promptly provide *thl* with any information regarding the matter reasonably requested by *thl*.
- (c) Clause 7.2(b) does not operate to provide *thl* with a veto right in respect of any matter referred to in clause 7.2(a)(iv).

### 7.3 Conduct of *thl* business

- (a) Subject to clause 7.4(a), from the date of this deed up to and including the Implementation Date, *thl* must conduct and must cause each of its Subsidiaries to conduct their businesses in the ordinary and usual course of business and:
  - (i) use reasonable endeavours to preserve their relationships with customers, suppliers, landlords, licensors, licensees and others having material business dealings with them, and to retain the services of all key employees;
  - (ii) use reasonable endeavours to ensure that all assets are maintained in the normal course consistent with past practice;
  - (iii) use reasonable endeavours to comply in all material respects with all material contracts to which a member of the *thl* Group is a party, and with laws, authorisations and licences applicable to each member of the *thl* Group; and
  - (iv) not take or fail to take any action that constitutes a *thl* Prescribed Occurrence or that could reasonably be expected to result in a *thl* Prescribed Occurrence.
- (b) Without limiting clause 7.3(a) but subject to clause 7.4(a), *thl* must not, and must procure that its Subsidiaries do not, from the date of this deed up to and including the Implementation Date, do any of the following (or agree or offer to do any of the following):
  - (i) incur any additional Financial Indebtedness (except for draw-downs on existing banking facilities or utilisation of existing securitisation programs) or guarantee or indemnify the obligations of any person other than a member of the *thl* Group, other than in the usual and ordinary course of business and consistent with past practice;
  - (ii) other than as approved in writing by ATL (not to be unreasonably withheld or delayed), amend or take any action that:
    - (A) seeks or causes a financier (or person acting on its behalf) to consent to or waive (whether or not such consent or waiver is conditioned) any provision under; or
    - (B) would be reasonably likely to give rise to a financier (or person acting on its behalf) being capable of exercising a right that would pose a risk to the continuity of,  
  
any Financial Indebtedness to which one or more members of the *thl* Group are a party;
  - (iii) make any change to its constitution;
  - (iv) (except as required by law or as provided in an existing contract in place as at the date of this deed) enter into or make any material change to the terms of employment of (including increasing the remuneration or compensation of), any person, including an officer, director, executive or other employee where the relevant action is a *thl* Significant Approval Matter (**Key Person**);
  - (v) increase the remuneration or compensation of any person, including an officer, director, executive or other employee of the *thl* Group where the relevant action is a *thl* Significant Approval Matter, other than pursuant to contractual arrangements in effect on the date of this deed and which are Fairly Disclosed in the *thl* Due Diligence Material,



- (vi) amend the terms of any option, performance right, incentive or share plan;
- (vii) accelerate the rights of any of their employees to compensation or benefits of any kind (including under any option, performance right, incentive or share plan);
- (viii) terminate or encourage the resignation of a Key Person, except for cause (acting reasonably) in accordance with contractual arrangements in effect on the date of this deed or otherwise in accordance with current personnel practices;
- (ix) pay any of its officers, directors, executives or other employees a bonus payment, a severance, termination or retention payment where the relevant action is a **thl** Significant Approval Matter, other than pursuant to contractual arrangements in effect on the date of this deed and which are Fairly Disclosed in the **thl** Due Diligence Material;
- (x) make any concession or acknowledgment in respect of, or vary any pattern of work of, any employee or group of employees that is reasonably expected to give rise to a future potential claim, dispute or liability for the **thl** Group where the relevant action is a **thl** Significant Approval Matter;
- (xi) settle or compromise any dispute, audit or inquiry in relation to tax or duty or amends any tax return, other than in the ordinary course of its business;
- (xii) commence, threaten in writing, settle or offer to settle any legal proceedings, claim, dispute, investigation, arbitration or other like proceeding where the relevant action is a **thl** Significant Approval Matter;
- (xiii) (except under contractual arrangements in effect on the date of this deed and which are Fairly Disclosed in the **thl** Due Diligence Material) enter into any enterprise bargaining agreement or similar collective employment agreement;
- (xiv) in respect of any single transaction or series of related or similar transactions, acquire or dispose of any interest in a business, real property, entity or undertaking where the relevant action is a **thl** Significant Approval Matter;
- (xv) incur or enter into commitments involving capital expenditure where the relevant action is a **thl** Significant Approval Matter;
- (xvi) enter into, vary or terminate any contract, joint venture, partnership or commitment where the relevant action is a **thl** Significant Approval Matter;
- (xvii) enter into any new financing arrangement, agreement or otherwise provide financial accommodation other than with members of the **thl** Group (irrespective of what form that accommodation takes);
- (xviii) write-down any of its material assets other than in accordance with the NZ Accounting Standards;
- (xix) enter into any agreement, arrangement or transaction with respect to derivative instruments (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments, except foreign currency hedges or interest rate hedges (including basis swaps on interest rates, such that the net period for the floating interest on the swaps is the same period as the net floating interest period on the relevant loan) made in the ordinary course of business consistent with past practice and in accordance with existing policy as at the date of this deed;
- (xx) pay, incur or agree to pay or incur transaction costs (being any investment banking, financial adviser, legal, accounting, share registry and other costs payable to other advisers or third party service providers, and any payments to employees that relate directly to the Proposed Transaction such as deal or retention bonuses) other than in accordance with arrangements Fairly Disclosed in the **thl** Due Diligence Material prior to the date of this deed;
- (xxi) issue, or agree to issue, or grant an option to subscribe for, debentures other than under an existing financing arrangement which has been Fairly Disclosed in the **thl** Due Diligence Material;

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- (xxii) alter in any material respect any accounting policy of any member of the **thl** Group other than any change required by the NZ Accounting Standards; or
  - (xxiii) amend in a material respect or terminate any existing shareholders agreement, joint venture agreement or other similar investor agreements or arrangements, or enter into any shareholders agreement, joint venture agreement or other similar investor agreement or arrangement.

#### 7.4 Permitted activities by **thl**

- (a) The obligations of **thl** under clause 7.3 do not apply in respect of any matter:
  - (i) undertaken by a member of the **thl** Group in conducting its businesses in the usual and ordinary course and consistent with past practice;
  - (ii) required to be done or procured by **thl** or its Subsidiaries under, or which is otherwise contemplated by, this deed or the Scheme;
  - (iii) required by law or by an order of a court or Governmental Agency;
  - (iv) subject to clause 7.4(b), Fairly Disclosed in the **thl** Due Diligence Material or in documents that were publicly available in the 24 months prior to the date of this deed from public filings of **thl** with NZX or public registers as being actions that the **thl** Group may carry out between the date of this deed and the Implementation Date;
  - (v) the undertaking of which ATL has approved in writing (which approval must not be unreasonably withheld or delayed);
  - (vi) required in order to comply with any law relating to Tax, including to pay any Tax when due; or
  - (vii) which, in the reasonable opinion of **thl**, is a reasonable and prudent response to an emergency or disaster (including, but not limited to an epidemic or pandemic (including COVID-19) or the impact arising from such an event or a situation giving rise to a risk of personal injury or damage to property), or any escalation of the same, and it is impractical to seek the approval of **thl** prior to giving effect to the response.
- (b) **thl** must, in respect of any matter referred to in clause 7.4(a)(iv) above that it proposes to undertake, promptly provide ATL with any information regarding the matter reasonably requested by ATL.
- (c) Clause 7.4(b) does not operate to provide ATL with a veto right in respect of any matter referred to in clause 7.4(a)(iv).

#### 7.5 Access

- (a) In the period from the date of this deed to the Implementation Date, ATL and **thl** must:
  - (i) procure that at least two members of ATL's and **thl**'s executive management team meet regularly on at least a weekly basis (unless otherwise agreed by the parties) to assist with, among other things:
    - (A) considering matters relevant to the integration of ATL Group into **thl** Group, including in relation to identifying key ATL employees who will be provided with protective contracts (with the understanding that this will be at least three employees);
    - (B) discussing and planning the implementation of the Scheme;
    - (C) considering any other matters as agreed between ATL and **thl** from time to time;
    - (D) keeping each other fully informed of the matters contemplated by clause 7.5(a)(ii) below; and
    - (E) providing each other with access to information and people it has requested under clause 7.5(a)(iii) below;

- (ii) keep each other fully informed of all material developments relating to each of them and provide to each other monthly management, financial and operational reports provided to their respective boards;
  - (iii) promptly following a reasonable request by ATL or *thl*, provide access to:
    - (A) documents and information relating to it; and
    - (B) directors, executives (including in the case of ATL, the Senior Managers), for the purpose of or in connection with:
      - (C) planning the transition of the ATL Group and other matters relating to the conduct of the ATL Group following the Implementation Date;
      - (D) the financing arrangements in respect of the Proposed Transaction, including any refinancing of existing Financial Indebtedness of the ATL Group;
      - (E) understanding the financial position, businesses and operations of it and its Subsidiaries including the cashflow and working capital position of each of them;
      - (F) holding discussions with third parties, with the consent of ATL (such consent not to be unreasonably withheld or delayed) that *thl* and its Authorised Persons reasonably wish to enter into with respect to the Proposed Transaction prior to the Implementation Date, including procuring that Senior Managers participate in such discussions; and
      - (G) otherwise facilitating the Proposed Transaction;
  - (iv) provide each other with complete copies of monthly accounts prepared by management to the extent such accounts are prepared (which must be prepared in accordance with IFRS, AIFRS or GAAP (as applicable) applied to the entities on a basis consistent with past practice) as soon as reasonably practicable after those materials have been provided to their respective boards.
- (b) Nothing in this clause 7.5 obliges ATL or *thl* to do anything, or to provide any information:
- (i) which would cause undue or unreasonable disruption to the operation of its business in the ordinary course;
  - (ii) concerning the ATL Directors' consideration of the Scheme or any Competing Proposal (without limiting ATL's obligations under clause 14); or
  - (iii) which would breach its constituent documents, any applicable law (including privacy and competition laws), or any obligation of confidentiality to any person or result in the loss of legal professional privilege.
- (c) ATL and *thl* will provide reasonable assistance to each other for the purpose of satisfying their respective obligations under this clause 7.5 but nothing in this clause 7.5 requires ATL or *thl* to provide access to its people or documentation or to take any other action which would involve refreshing or updating the Due Diligence Material or *thl* Due Diligence Material, as applicable, or which would disrupt the usual and ordinary course of ATL's or *thl*'s businesses and operations, as applicable.

## 7.6 Change of control rights

In respect of Material Contracts:

- (a) the parties will seek to identify any change of control or similar provisions, or any consent, approval or notification requirements in any Material Contract which would be triggered by the implementation of the Proposed Transaction;
- (b) the parties will use their reasonable endeavours to agree a proposed strategy to obtain any approvals or consents required pursuant to clause 7.6(a) and, if agreed, ATL will then contact the relevant counterparties to these contracts to request that they provide any consent required in relation to the Proposed Transaction (including confirmation that they

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- will not terminate those contracts due to a change in control of ATL as a result of the implementation of the Proposed Transaction);
- (c) ATL must use reasonable endeavours to obtain the consents referred to in clause 7.6(a) in accordance with the agreed strategy as expeditiously as possible and, in any event, prior to the Second Court Date and to ensure that once obtained, the consents are not withdrawn, cancelled or revoked, including by:
- (i) cooperating with, and doing all things reasonably requested by *thl* or the counterparty to a Material Contract;
  - (ii) promptly provide any information reasonably required by a counterparty to a Material Contract, including providing any information requested by *thl* or those counterparties from ATL or in relation to an ATL Related Person; and
  - (iii) make representatives of ATL available, where necessary, to meet with counterparties to Material Contracts to deal with issues arising in relation to the change of control of ATL;
- (d) *thl* must cooperate with, and provide any assistance (including providing factual information regarding *thl* and attending relevant meetings), reasonably requested by ATL for the purposes of ATL complying with its obligations under this clause 7.6, except that *thl* is not responsible for any costs incurred in connection with any application for or granting of consent from the counterparties to the Material Contracts; and
- (e) ATL must not, without the prior written consent of *thl* which must not be unreasonably withheld or delayed, incur any costs other than reasonable travel and legal expenses in connection with performing its obligations under this clause.

## 8. Actions on and following Implementation Date

### 8.1 Reconstitution of the board of *thl* and each member of the ATL Group

- (a) On the Implementation Date, but subject to the Scheme Consideration having been paid in full to ATL or provided by *thl* and receipt by *thl* or ATL (as applicable) of signed consents to act:
- (i) ATL must take all actions necessary (and in accordance with the constitution of the ATL Group member, the Corporations Act and the ASX Listing Rules) to appoint the persons nominated by *thl* as new ATL Directors and new directors of each Subsidiary; and
  - (ii) *thl* must take all actions necessary (and in accordance with the constitution of *thl*, the Companies Act and the NZX Listing Rules) to appoint:
    - (A) Luke Trouchet (as an executive director); and
    - (B) two other independent directors of ATL as at the Scheme Record Date and nominated in writing by ATL to *thl* before the Implementation Date, as directors of *thl*.
- (b) Without limiting clause 8.1(a), on the Implementation Date, but subject to receipt by ATL of written notices of resignation to the effect that the outgoing directors have no claim outstanding against any member of the ATL Group (without prejudice to any rights they may have under any deed of indemnity, access and insurance or policy of directors' and officers' insurance), ATL must procure that:
- (i) all outgoing ATL Directors resign from the ATL Board; and
  - (ii) all outgoing directors of each Subsidiary of ATL resign from their office.
- (c) The parties acknowledge that the board of *thl* is currently expected to remain as constituted in accordance with clause 8.1(a)(ii) until the date of *thl*'s 2022 annual general meeting after which point *thl* intends to have a board consisting of a maximum of eight directors.

## 8.2 Sequence of actions on the Implementation Date

On the Implementation Date, the transactions which form part of the Scheme will be implemented in the following sequence:

- (a) *thl* will issue the Scheme Consideration to relevant Scheme Shareholders in accordance with the Scheme;
- (b) the *thl* Board, the ATL Board and the board of each Subsidiary of ATL will be reconstituted in accordance with clause 8.1;
- (c) *thl* will acquire all of the Scheme Shares in accordance with the Scheme; and
- (d) ATL will apply to ASX to be removed from the official list of ASX (to the extent this has not been done prior to the Implementation Date).

## 9. Representations and warranties

### 9.1 *thl* representations regarding *thl* and *thl* Acquirer

*thl* represents and warrants to ATL (on ATL's own behalf and separately as trustee for each of the other ATL Parties) that, as at the date of this deed and on each subsequent day until the Delivery Time on the Second Court Date (except that where any statement is expressed to be made only at a particular date it is given only at that date):

- (a) each of *thl* and *thl* Acquirer is a validly existing corporation registered under the laws of its place of incorporation;
- (b) *thl* is the sole holder of all issued shares in *thl* Acquirer;
- (c) the execution and delivery of this deed by *thl* and *thl* Acquirer has been properly authorised by all necessary corporate action and *thl* and *thl* Acquirer each have full corporate power and lawful authority to execute and deliver this deed and to perform or cause to be performed its obligations under this deed;
- (d) this deed constitutes legal, valid and binding obligations on *thl* and *thl* Acquirer and this deed does not result in a breach of or default under any deed or any writ, order or injunction, rule or regulation to which *thl* or *thl* Acquirer is a party or is bound;
- (e) the *thl* Information provided to ATL in accordance with clause 6.2(a) for inclusion in the Explanatory Booklet will comply in all material respects with the applicable requirements of the Corporations Act, the ASX Listing Rules, RG 60 and Australian Takeovers Panel policy and guidance notes;
- (f) all information provided by or on behalf of *thl* to the Independent Expert to enable the Independent Expert's Report to be included in the Explanatory Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purposes of preparing the Independent Expert's Report;
- (g) all information provided by or on behalf of *thl* to the Investigating Accountant to enable the Investigating Accountant's Report to be included in the Explanatory Booklet to be prepared and completed will be provided in good faith and on the understanding that the Investigating Accountant will rely upon that information for the purposes of preparing the Investigating Accountant's Report;
- (h) each member of the *thl* Group has all material licences and permits necessary for it to conduct its business and has complied with the terms of those licences and permits in all material respects;
- (i) as at the date of this deed, each of *thl* and *thl* Acquirer is not aware of any facts or circumstances that will cause a third party, as a result of the entry into this document and the implementation of either the Proposed Transaction to exercise a right to terminate a contract which is material to the business of the *thl* Group or vary the performance of any material obligation of *thl* under any such contract or exercise a right to acquire, or require the disposal of, any material assets of the *thl* Group;

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- (j) **thl** has provided all material information relating to the expected availability, terms likely to apply to and any material development that would be reasonably likely to materially adversely affect any Financial Indebtedness or debt arrangements of the **thl** Group, from or after the date of this deed;
- (k) as at the date the Explanatory Booklet is dispatched to the Independent Shareholders, the **thl** Information, in the form and context in which that information appears in the version of the Explanatory Booklet registered by ASIC under section 412(6) of the Corporations Act will not be misleading or deceptive in any material respect (whether by omission or otherwise);
- (l) **thl** will, as a continuing obligation, provide to ATL all such further or new information which may arise after the Explanatory Booklet has been dispatched until the date of the Scheme Meeting which is necessary to ensure that the **thl** Information, in the form and context in which that information appears in the version of the Explanatory Booklet registered by ASIC under section 412(6) of the Corporations Act, is not misleading or deceptive in any material respect (whether by omission or otherwise);
- (m) **thl's** financial statements as disclosed to the NZX have been prepared in accordance with the NZ Accounting Standards on a basis consistent with past practice financial statements and, so far as **thl** is aware, there has not been any event, change, effect or development which would require **thl** to restate its financial statements as disclosed to the NZX;
- (n) during the five year period ending on the date of this deed, no member of the **thl** Group nor, to the **thl** Group's knowledge, any of the officers, directors, employees, agents, intermediaries, representatives, suppliers or joint venture partners of any member of the **thl** Group has, directly or indirectly, in connection with the business of the **thl** Group:
- (i) requested, received, made, offered, authorised, solicited or promised to make or offer any unlawful payment, loan or transfer of anything of value or advantage to or for the benefit of or from any person, including any government official, candidate for public office, political party or political campaign;
  - (ii) requested, received, paid, offered or promised to make or offer any bribe, payoff, influence payment, kickback, unlawful rebate, or other similar unlawful payment of any nature;
  - (iii) requested, received, made, offered or promised to make or offer any unlawful contributions (including political or charitable contributions), gifts, entertainment or other unlawful expenditures;
  - (iv) established or maintained any unlawful fund of corporate monies or other properties;
  - (v) created or caused the creation of any false or inaccurate books and records of any member of the **thl** Group related to any of the foregoing;
  - (vi) otherwise directly or indirectly violated any local or international anti-corruption or anti-bribery law (including, without limitation, the US Foreign Corrupt Practices Act of 1977 as amended and the UK Bribery Act of 2010) applicable to the **thl** Group; or
  - (vii) have sold or purchased goods or services from, or otherwise engaged in any such transaction with, any person in Cuba, Iran, the Democratic Republic of Korea, Syria, Sudan or the Crimea Region of Ukraine and no such sales, purchases or other transactions are pending or have any outstanding obligations involving any person in Cuba, Iran, the Democratic Republic of Korea, Syria, Sudan or the Crimea Region of Ukraine;
- (o) during the five year period ending on the date of this deed, no current or former director or officer of any member of the **thl** Group is or was a Sanctioned Person and, so far as **thl** is aware, no member of the **thl** Group or any of their respective current or former employees or their respective intermediaries is or was a Sanctioned Person. For the purposes of this representation, a **Sanctioned Person** means:

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- (i) any person listed in any sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, the United Nations Security Council, the European Union, any Member State of the European Union, the United Kingdom, Canada, or Australia;
  - (ii) any person operating organised or resided in a U.S. Sanctioned Country (including Iran, Syria, Sudan, Cuba, the Democratic Republic of Korea, or the Crimea Region of Ukraine); or
  - (iii) any person owned or controlled by any such person;
- (p) as at the date of this deed, no shareholder approval of **thl** is required to complete the Proposed Transaction under the Companies Act, the NZX Listing Rules or its constitution;
- (q) except for the Regulatory Approvals contemplated in this deed and approval of the Scheme by the Court, no consents or approvals of or filings or registrations with any Governmental Agency are necessary in connection with:
- (i) the execution and delivery of this deed by **thl** or **thl** Acquirer; or
  - (ii) the implementation of the Scheme and the Proposed Transaction;
- (r) as at the date of this deed, the total issued capital of **thl** is:
- (i) 151,963,759 **thl** Shares;
  - (ii) 5,164,999 long-term incentive options;
  - (iii) 985,630 redeemable ordinary shares;
  - (iv) 1,434,439 retention share options; and
  - (v) 1,347,022 retention share rights,
- and there are no other **thl** options, warrants, performance rights, shares, convertible notes or other securities (or offers or agreements to issue any of the foregoing that has not been Fairly Disclosed in an announcement by **thl** to NZX or in the **thl** Due Diligence Material);
- (s) the **thl** Shares issued under the Scheme Consideration will, on issue:
- (i) be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the constitution of **thl**); and
  - (ii) rank equally in all respects with each other **thl** Share then on issue;
- (t) as at the date of this deed, **thl** is not in breach of its continuous disclosure obligations under the NZX Listing Rules and is not relying on the exclusion in NZX Listing Rule 3.1.2 to withhold any information from disclosure (other than in relation to the Proposed Transaction or as disclosed in writing to ATL on or before the date of this deed) that a reasonable person would expect to have a material effect on the price or value of **thl** Shares;
- (u) as at the date of this deed, neither the NZ Takeovers Panel or NZX has made a determination against any member of the **thl** Group for any contravention of the requirements of the Companies Act or the NZX Listing Rules or any rules, regulations or policy statements under the Companies Act or the NZX Listing Rules;
- (v) as at the date of this deed, no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending, or to the knowledge of **thl** and **thl** Acquirer, threatened, which, if adversely decided, could reasonably be expected to give rise to a **thl** Material Adverse Change;
- (w) **thl** currently intends to retain the key ATL brands (being the “Apollo” and “CanaDream” brands) as trading brands for the rental businesses in Australia, New Zealand and Canada, as applicable, noting however the company brand and brand strategies across the **thl** Group will always remain subject to **thl** Board review and that this intention may change after the Implementation Date;

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- (x) the **thl** Due Diligence Material has been disclosed in good faith and, so far as the **thl** Board and each of Grant Webster, Nick Judd, Steven Hall and Amir Ansari are aware after due enquiry, the **thl** Due Diligence Material is true, complete and accurate and not misleading or deceptive in any material respect, including by omission;
  - (y) as at the date of this deed, no Insolvency Event has occurred or is reasonably likely to occur in the near term in relation to **thl** or another **thl** Group Member, nor has any regulatory action of any nature of which it is aware been taken that would reasonably be likely to prevent or restrict its ability to fulfil its obligations under this deed or under the Scheme; and
  - (z) **thl** is not aware of any information relating to the **thl** Group or its respective businesses or operations (having made reasonable enquiries) as at the date of this deed that has or could reasonably be expected to give rise to a **thl** Material Adverse Change that has not been Fairly Disclosed in an announcement by **thl** to NZX or in the **thl** Due Diligence Material.

## 9.2 **thl's indemnity**

**thl** agrees with ATL (on ATL's own behalf and separately as trustee or nominee for each of the other ATL Parties) to indemnify and keep indemnified the ATL Parties from and against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which any of the ATL Parties may suffer or incur by reason of any breach of any of the representations and warranties in clause 9.1.

## 9.3 **Qualifications on thl's representations, warranties and indemnities**

The representations and warranties in clause 9.1 and the indemnity in clause 9.2 are each subject to matters which:

- (a) are expressly provided for in this deed;
- (b) have been Fairly Disclosed in:
  - (i) the **thl** Due Diligence Material; and
  - (ii) **thl's** announcements to NZX in the 24 month period prior to the date of this deed; or
- (c) are within the actual knowledge of ATL as at the date of this deed, which for these purposes is taken to include (and be limited to) the facts, matters and circumstances of which the following individuals are actually aware as at the date of this deed:
  - (i) Luke Trouchet;
  - (ii) Karl Trouchet; and
  - (iii) Kelly Shier.

## 9.4 **ATL representations**

ATL represents and warrants to **thl** (on its own behalf and separately as trustee for each of the **thl** Parties) that as at the date of this deed and on each subsequent day until the Delivery Time on the Second Court Date (except that where any statement is expressed to be made only at a particular date it is given only at that date):

- (a) ATL is a validly existing corporation registered under the laws of its place of incorporation;
- (b) the execution and delivery of this deed by ATL has been properly authorised by all necessary corporate action and ATL has full corporate power and lawful authority to execute and deliver this deed and to perform or cause to be performed its obligations under this deed;
- (c) this deed constitutes legal, valid and binding obligations on ATL and the execution of this deed of itself does not result in a breach of or default under any agreement or deed or any writ, order or injunction, rule or regulation to which ATL or any of its Subsidiaries is a party or to which they are bound;



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- (d) the ATL Information contained in the Explanatory Booklet will comply in all material respects with the requirements of the Corporations Act, ASX Listing Rules, RG 60 and Australian Takeovers Panel policy and guidance notes;
  - (e) except for the Regulatory Approvals contemplated in this deed and approval of the Scheme by the Court, no consents or approvals of or filings or registrations with any Governmental Agency are necessary in connection with:
    - (i) the execution and delivery of this deed by ATL; or
    - (ii) the implementation of the Scheme and the Proposed Transaction;
  - (f) as at the date the Explanatory Booklet is dispatched to the Independent Shareholders, the Explanatory Booklet registered by ASIC under section 412(6) of the Corporations Act (excluding the *thi* Information, Investigating Accountant's Report, the report or opinion prepared by an accounting firm in relation to the potential taxation consequences of the Scheme on Scheme Shareholders and the Independent Expert's Report) will not be misleading or deceptive in any material respect (whether by omission or otherwise);
  - (g) as at the date of this deed, ATL is not in breach of its continuous disclosure obligations under the ASX Listing Rules and is not relying on the exclusion in ASX Listing Rule 3.1A to withhold any information from disclosure (other than in relation to the Proposed Transaction or as disclosed in writing to *thi* on or before the date of this deed) that a reasonable person would expect to have a material effect on the price or value of ATL Shares;
  - (h) as at the date of this deed, the total issued capital of ATL is 186,150,908 ATL Shares and there are no other ATL options, performance rights, shares, convertible notes or other securities (or offers or agreements to issue any of the foregoing);
  - (i) ATL's Short Term Incentive Plan (as described in ATL's annual report for the year ended 30 June 2021) (**STI Plan**) is suspended and ATL has no obligation to provide any benefits to any employees under the STI Plan in respect of the financial years ending on or prior to 30 June 2021;
  - (j) ATL's Share Appreciation Rights Plan (as described in ATL's annual report for the year ended 30 June 2021) (**LTI Plan**) has not been implemented by ATL and ATL has no obligation to provide any benefits to any employees under the LTI Plan in respect of the financial years ending on or prior to 30 June 2021;
  - (k) the STI Plan and the LTI Plan are entirely discretionary and may be terminated by ATL at any time and no employee has any contractual or legal right to participate in either Plan (and no employee has been offered a right to participate in the LTI Plan);
  - (l) each member of the ATL Group has all material licences and permits necessary for it to conduct its business and has complied with the terms of those licences and permits in all material respects;
  - (m) each member of the ATL Group has complied with its obligations under the Material Contracts in all material respects;
  - (n) as at the date of this deed, neither ASIC nor ASX (as applicable) has made a determination against any member of the ATL Group for any contravention of the requirements of the Corporations Act or the ASX Listing Rules or any rules, regulations or policy statements under the Corporations Act or the Listing Rules;
  - (o) during the five year period ending on the date of this deed, no member of the ATL Group nor, to the ATL Group's knowledge, any of the officers, directors, employees, agents, intermediaries, representatives, suppliers or joint venture partners of any member of the ATL Group has, directly or indirectly, in connection with the business of the ATL Group:
    - (i) requested, received, made, offered, authorised, solicited or promised to make or offer any unlawful payment, loan or transfer of anything of value or advantage to or for the benefit of or from any person, including any government official, candidate for public office, political party or political campaign;

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- (ii) requested, received, paid, offered or promised to make or offer any bribe, payoff, influence payment, kickback, unlawful rebate, or other similar unlawful payment of any nature;
  - (iii) requested, received, made, offered or promised to make or offer any unlawful contributions (including political or charitable contributions), gifts, entertainment or other unlawful expenditures;
  - (iv) established or maintained any unlawful fund of corporate monies or other properties;
  - (v) created or caused the creation of any false or inaccurate books and records of any member of the ATL Group related to any of the foregoing;
  - (vi) otherwise directly or indirectly violated any local or international anti-corruption or anti-bribery law (including, without limitation, the US Foreign Corrupt Practices Act of 1977 as amended and the UK Bribery Act of 2010) applicable to the ATL Group; or
  - (vii) have sold or purchased goods or services from, or otherwise engaged in any such transaction with, any person in Cuba, Iran, the Democratic Republic of Korea, Syria, Sudan or the Crimea Region of Ukraine and no such sales, purchases or other transactions are pending or have any outstanding obligations involving any person in Cuba, Iran, the Democratic Republic of Korea, Syria, Sudan or the Crimea Region of Ukraine;
- (p) during the five year period ending on the date of this deed, no current or former director or officer of any member of the ATL Group is or was a Sanctioned Person and, so far as ATL is aware, no member of the ATL Group or any of their respective current or former employees or their respective intermediaries is or was a Sanctioned Person. For the purposes of this representation, a **Sanctioned Person** means:
- (i) any person listed in any sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S Department of State, the United Nations Security Council, the European Union, any Member State of the European Union, the United Kingdom, Canada, or Australia;
  - (ii) any person operating organised or resided in a U.S Sanctioned Country (including Iran, Syria, Sudan, Cuba, the Democratic Republic of Korea, or the Crimea Region of Ukraine); or
  - (iii) any person owned or controlled by any such person;
- (q) ATL's financial statements as disclosed to ASX have been prepared in accordance with the AU Accounting Standards on a basis consistent with past practice financial statements and, so far as ATL is aware, there has not been any event, change, effect or development which would require ATL to restate its financial statements as disclosed to ASX;
- (r) there is no security interest over all or any of its or its Subsidiaries' present or future assets or revenues of its business or its Subsidiaries' businesses that has not been Fairly Disclosed in an announcement by ATL to ASX or in the Due Diligence Material;
- ATL has provided all material information relating to the expected availability, terms likely to apply to and any material development that would be reasonably likely to materially adversely affect any Financial Indebtedness or debt arrangements of the ATL Group, from or after the date of this deed;
- (s) as at the date of this deed, no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending, or to the knowledge of ATL, threatened, which, if adversely decided, could reasonably be expected to give rise to an ATL Material Adverse Change;
- (t) the Due Diligence Material have been disclosed in good faith and, so far as the ATL Board and Kelly Shier are aware after due enquiry, the Due Diligence Material is true, complete and accurate and not misleading or deceptive in any material respect, including by omission;

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- (u) as at the date of this deed, ATL is not aware of any facts or circumstances that will cause a third party, as a result of the entry into this document and the implementation of either the Proposed Transaction to exercise a right to terminate a contract which is material to the business of the ATL Group or vary the performance of any material obligation of ATL under any such contract or exercise a right to acquire, or require the disposal of, any material assets of the ATL Group;
  - (v) as at the date of this deed, no Insolvency Event has occurred or is reasonably likely to occur in the near term in relation to ATL or another ATL Group Member, nor has any regulatory action of any nature of which it is aware been taken that would reasonably be likely to prevent or restrict its ability to fulfil its obligations under this deed or under the Scheme;
  - (w) ATL is not aware of any information relating to the ATL Group or its respective businesses or operations (having made reasonable enquiries) as at the date of this deed that has or could reasonably be expected to give rise to an ATL Material Adverse Change that has not been Fairly Disclosed in an announcement by ATL to ASX or in the Due Diligence Material; and
  - (x) **(ATL Shares not indirect Australian real property interests)** the relevant ATL Shares held by each Scheme Shareholders are not, and until (and including) the Implementation Date will not be, indirect Australian real property interests within the meaning of Division 855 of the Tax Act for the Scheme Shareholder.

#### 9.5 ATL's indemnity

ATL agrees with *thl* (on *thl*'s own behalf and separately as trustee for each of the *thl* Parties) to indemnify and keep indemnified the *thl* Parties from and against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which any of the *thl* Parties may suffer or incur by reason of any breach of any of the representations and warranties in clause 9.4.

#### 9.6 Qualifications on ATL's representations, warranties and indemnities

The representations and warranties in clause 9.4 and the indemnity in clause 9.5 are each subject to matters which:

- (a) are expressly provided for in this deed;
- (b) have been Fairly Disclosed in:
  - (i) the Due Diligence Material; and
  - (ii) ATL's announcements to ASX in the 24 month period prior to the date of this deed; or
- (c) are within the actual knowledge of *thl* as at the date of this deed, which for these purposes is taken to include (and be limited to) the facts, matters and circumstances of which the following individuals are actually aware as at the date of this deed:
  - (i) Grant Webster; and
  - (ii) Nick Judd.

#### 9.7 Notifications

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance which constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 9.

#### 9.8 Survival of representations

Each representation and warranty in clauses 9.1 and 9.4:

- (a) is severable;
- (b) will survive the termination of this deed; and

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- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this deed.

### 9.9 Survival of indemnities

Each indemnity in this deed (including those in clauses 9.2 and 9.5) will:

- (a) be severable;
- (b) be a continuing obligation;
- (c) constitute a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this deed; and
- (d) survive the termination of this deed.

## 10. Releases

### 10.1 ATL Parties

- (a) Without limiting *thl*'s rights under clause 9, *thl* (for itself and as agent of every member of the *thl* Group) releases all rights against, and agrees with ATL that it will not make a Claim against, any ATL Party (other than ATL) in connection with:
  - (i) ATL's execution or delivery of this deed;
  - (ii) any breach of any representation, covenant and warranty of ATL in this deed;
  - (iii) the implementation of the Scheme; or
  - (iv) any disclosure made by any ATL Party including in the Due Diligence Material that contains any statement which is false or misleading whether in content or by omission,except to the extent the relevant ATL Party has not acted in good faith or has engaged in wilful misconduct.
- (b) This clause is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly. ATL receives and holds the benefit of this clause as trustee for each other ATL Party.

### 10.2 *thl* Parties

- (a) Without limiting ATL's rights under clause 9, ATL releases its rights against, and agrees with *thl* that it will not make a Claim against any *thl* Party (other than *thl*) in connection with:
  - (i) *thl*'s execution or delivery of this deed;
  - (ii) any breach of any representation, covenant and warranty of *thl* in this deed;
  - (iii) the implementation of the Scheme; or
  - (iv) any disclosure made by any *thl* Party that contains any statement which is false or misleading whether in content or by omission,except to the extent that the relevant *thl* Party has not acted in good faith or has engaged in wilful misconduct.
- (b) This clause is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly. *thl* receives and holds the benefit of this clause as trustee for each other *thl* Party.

### 10.3 Deeds of indemnity

- (a) Subject to the Scheme becoming Effective, *thl* undertakes in favour of ATL and each other person who is a current or former officer of the ATL Group that it will:
  - (i) subject to clause 10.3(d), for 7 years from the Implementation Date, ensure that the constitutions of ATL and each other member of the ATL Group continue to

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contain such rules as are contained in those constitutions at the date of this deed that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in that person's capacity as a director or officer of the company to any person other than a member of the ATL Group; and

- (ii) procure that ATL and each other member of the ATL Group complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time.
- (b) The undertakings contained in clause 10.3(a) are subject to any Corporations Act restriction, or any restriction in the law of a jurisdiction in which an entity is incorporated, and will be read down accordingly.
- (c) ATL receives and holds for the benefit of clause 10.3(a), to the extent it relates to the current or former directors and officers of the ATL Group, as trustee for them.
- (d) The undertakings contained in clause 10.3(a) are given:
  - (i) in the case of clause 10.3(a)(i), until the earlier of 7 years from the Implementation Date or the relevant member of the ATL Group ceasing to be part of the *thl* Group; or
  - (ii) in the case of clause 10.3(a)(ii), until the earlier of 7 years from the retirement of each director and officer or the relevant member of the ATL Group ceasing to be part of the *thl* Group.

#### 10.4 Directors' and officers' insurance

*thl* acknowledges that ATL will in respect of ATL and all other members of the ATL Group:

- (a) prior to the Effective Date, arrange for the cover currently provided under the directors' and officers' insurance policy for ATL and all other members of the ATL Group (**Policy**) to be extended for a further 12 months after consulting in good faith with *thl* regarding the cost and terms of the Policy (including if the cost of the Policy is materially higher than the cost of the Policy currently in effect, consulting in good faith with *thl* regarding possible alternative coverage solutions); and
- (b) prior to the Effective Date, enter into a directors' and officers' run-off insurance policy in respect of the directors and officers of any member of the ATL Group that applies for no less than a 7 year period following the Implementation Date (the **Run-off Policy**) after consulting in good faith with *thl* regarding the cost and terms of the Run-off Policy from a reputable insurer that has a rating that is the same as, or better than, the rating of the insurers for the directors' and officers' insurance policy in place for the current financial year to provide the Run-off Policy on the following basis:
  - (i) the same amount of coverage;
  - (ii) the same deductible or excess; and
  - (iii) otherwise on terms that are no less favourable to the current directors or officers of ATL for the current financial year,

and pay all premiums required so as to ensure that insurance cover is provided under the Run-off Policy on those terms until that date.

#### 10.5 Obligations in relation to directors' and officers' insurance

From the Implementation Date, ATL must not:

- (a) vary or cancel the Policy or the Run-off Policy; or
- (b) unless required under the Policy or the Run-off Policy, commit any act or omission that may prejudice any claim by a director or officer of ATL under the Policy or the Run-off Policy.

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## 11. Confidentiality and announcements

### 11.1 Confidentiality

Each party agrees and acknowledges that it is bound by the terms of the Confidentiality Deed save that the terms of this deed will prevail over the Confidentiality Deed to the extent of any inconsistency.

### 11.2 Announcements

- (a) Promptly after the execution of this deed each party must issue their respective Announcement to:
  - (i) in the case of ATL, the ASX; and
  - (ii) in the case of *thl*, the NZX.
- (b) Subject to clause 11.2(c), any further public announcements by either of the parties in relation to, or in connection with, the Scheme may only be made in a form approved by the other party in writing (acting reasonably).
- (c) Where a party is required by law, the ASX Listing Rules or the NZX Listing Rules to make any announcement or to make any disclosure in relation to, or in connection with the Proposed Transaction or any other transaction related to this deed or the Scheme, it may do so to the extent legally required and only then after it has given the other parties as much notice as possible and has consulted in good faith to the fullest extent possible in the circumstances with the other parties.

### 11.3 Statements on termination

The parties must use all reasonable endeavours to issue agreed statements in respect of any termination of this deed and, to that end but without limitation, clause 11.2 applies to any such statements or disclosures.

## 12. Termination

### 12.1 Termination by notice

- (a) *thl* or ATL may, by notice in writing to the other, terminate this deed at any time prior to the Second Court Date:
  - (i) if the other is in material breach of any of its material obligations under this deed (other than the breaching of a party's respective representations and warranties which are regulated by clause 12.2) and the other party has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) of receipt by it of a notice in writing from the terminating party setting out details of the relevant circumstance and requesting the other party to remedy the breach;
  - (ii) in accordance with clause 3.8;
  - (iii) if the Court refuses to make any order directing ATL to convene the Scheme Meeting, provided that both ATL and *thl* have met and consulted in good faith and either party does not wish to proceed with the Scheme; or
  - (iv) if the Effective Date for the Scheme has not occurred on or before the End Date.
- (b) ATL may, by notice in writing to *thl*, terminate this deed at any time prior to the Delivery Time on the Second Court Date if at any time before then each of that number of ATL Directors as constitutes a majority of the ATL Board publicly recommend a Superior Proposal; and
- (c) *thl* may, by notice in writing to ATL, terminate this deed at any time prior to the Delivery Time on the Second Court Date if at any time before then any ATL Director:
  - (i) does not recommend the Scheme in the manner contemplated by this deed;

- (ii) withdraws or adversely revises or adversely modifies the ATL Director's recommendation of the Scheme (other than the qualifications expressly permitted by clause 5.1);
- (iii) makes a public statement indicating that the ATL Director recommends, endorses or supports a Competing Proposal,

other than as a result of the circumstances described in clause 5.2, which will not extend to any ATL Director adversely revising or adversely modifying the ATL Director's recommendation of the Proposed Transaction as a result of, or making a public statement indicating that they recommend, endorse or support, a Competing Proposal.

## 12.2 Termination for breach of representations and warranties

- (a) **thl** may, by notice in writing to ATL, terminate this deed at any time prior to the Delivery Time on the Second Court Date if:

- (i) ATL is in material breach of an ATL Warranty; or
- (ii) ATL is in breach of the ATL Warranty in clause 9.4(h),

and ATL has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) of receipt by it of a notice in writing from **thl** setting out details of the relevant circumstance and requesting ATL to remedy the breach.

- (b) ATL may, by notice in writing to **thl**, terminate this deed at any time prior to the Delivery Time on the Second Court Date if:

- (i) **thl** is in material breach of a **thl** Warranty; or
- (ii) **thl** is in breach of the **thl** Warranty in clause 9.1(r),

and **thl** has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) of receipt by it of a notice in writing from ATL setting out details of the relevant circumstance and requesting **thl** to remedy the breach.

## 12.3 Effect of termination

- (a) In the event of termination of this deed under clause 3.8 (Conditions not capable of being fulfilled), 12.1 (Termination by notice) or 12.2 (Termination for breach of representations and warranties), this deed will become void and have no effect, except that the provisions of clauses 9.8 (Survival of representations), 9.9 (Survival of indemnities), 12 (Termination), 13 (Break Fees) and 17.3 to 17.15 (inclusive) survive termination.
- (b) Termination of this deed does not affect any accrued rights of a party in respect of a breach of this deed prior to termination.

## 13. Break Fees

### 13.1 Background

- (a) ATL and **thl** acknowledge that, if they enter into this deed and the Scheme is subsequently not implemented, each of them will incur significant costs including those described in clause 13.2.
- (b) In the circumstances referred to in clause 13.1(a), each party has requested that provision be made for the payments outlined in clauses 13.3 and 13.4, without which they would not have entered into this deed.
- (c) Each party has determined that the Proposed Transaction will provide benefit to **thl**, ATL and the Independent Shareholders and that it is appropriate for the parties to agree to the payments referred to in this clause 13 in order to secure the participation of ATL and **thl** in the Proposed Transaction.

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### 13.2 Costs incurred by the parties

- (a) The fees payable under clauses 13.3 and 13.4 have been calculated to reimburse the relevant party entitled to payment for the following:
- (i) fees for legal and financial advice in planning and implementing the Proposed Transaction;
  - (ii) reasonable opportunity costs incurred in engaging in the Proposed Transaction or in not engaging in other alternative acquisitions or strategic initiatives;
  - (iii) costs of management and directors' time in planning and implementing the Proposed Transaction;
  - (iv) out of pocket expenses incurred in planning and implementing the Proposed Transaction; and
  - (v) any damage to reputation associated with a failed transaction and the implications of those damages if the relevant party seeks to execute alternative acquisitions in the future,
- in each case, incurred by the relevant parties directly or indirectly as a result of having entered into this deed and pursuing the Proposed Transaction.
- (b) The parties acknowledge that:
- (i) the amount of fees, costs and losses referred to in this clause 13.2 is inherently unascertainable and that, even after termination of this deed, the costs will not be able to be accurately ascertained; and
  - (ii) the amount of the costs payable under to a party under clause 13.3 or 13.4 is a genuine and reasonable pre-estimate of those fees, costs and losses (it being acknowledged by the parties that the costs would most likely be in excess of this amount).

### 13.3 Payment by ATL to *thl*

- (a) ATL agrees to pay to *thl* A\$1,400,000 (inclusive of GST) (**ATL Break Fee**) in any of the following circumstances:
- (i) **(Competing Proposal succeeds)** both of the following occur:
    - (A) a Competing Proposal is publicly announced during the period commencing on the date of this deed and ending on the End Date; and
    - (B) within 12 months from the date of the public announcement of such Competing Proposal:
      - (I) the Competing Proposal is implemented or completed substantially in the terms described in the public announcement; or
      - (II) without limiting clause 13.3(a)(i)(B)(I), the proponent of that Competing Proposal acquires a Relevant Interest in, an economic interest in or voting power of at least 50% of ATL Shares and the Competing Proposal is (or becomes) free of any defeating condition; or
  - (ii) **(Competing Proposal executed)** at any time before termination of this deed, ATL enters into any agreement with a third party in respect of a Competing Proposal under which that third party and ATL agree to undertake or give effect to such Competing Proposal;
  - (iii) **(Change of Recommendation)** at any time prior to the Second Court Date, any director of ATL:
    - (A) withdraws or adversely modifies their recommendation of the Proposed Transaction (other than the qualifications expressly permitted by clause 5.1) or recommends or supports a Competing Proposal;



- (B) does not recommend in the Explanatory Booklet that the Independent Shareholders approve the Scheme; or
  - (C) makes any public statement to the effect that the Scheme is not, or is no longer, recommended,
- except where this is:
- (D) as a result of the circumstances set out in clause 5.2, which will not extend to any ATL Director adversely revising or adversely modifying the ATL Director's recommendation of the Proposed Transaction as a result of, or making a public statement indicating that they recommend, endorse or support, a Competing Proposal;
  - (E) as a result of the Independent Expert (either in its initial report or any updated, revised or supplemental report) opining that the Scheme is not in the best interests of the Independent Shareholders other than where the reason for that opinion is a Superior Proposal); or
  - (F) in circumstances where ATL is entitled to terminate this deed under clause 12.1(a) or 12.2(b); or
- (iv) **(Material Breach)** *thl* terminates this deed in accordance with (and subject to the cure periods specified in) clause 12.1(a)(i) or 12.2(a).
- (b) ATL must pay *thl* the ATL Break Fee within 10 Business Days of receipt by ATL of a demand for payment from *thl* made after the occurrence of the event referred to in clause 13.3(a).
  - (c) The ATL Break Fee is not payable merely because the resolution submitted to the Scheme Meeting in respect of the Scheme is not approved by the majorities required under section 411(4)(a)(ii) of the Corporations Act.
  - (d) The ATL Break Fee is not payable where:
    - (i) ATL has become entitled to the *thl* Break Fee; or
    - (ii) the Scheme becomes Effective.

#### 13.4 Payment by *thl* to ATL

- (a) *thl* agrees to pay to ATL A\$1,400,000 (inclusive of GST) (***thl* Break Fee**) if:
  - (i) ATL terminates this deed in accordance with clauses 12.1(a)(i) or 12.2(b); or
  - (ii) the Scheme becomes Effective but *thl* does not provide the Scheme Consideration in accordance with the terms and conditions of this deed and the Deed Poll.
- (b) *thl* must pay ATL the *thl* Break Fee within 10 Business Days of receipt by *thl* of a demand for payment from ATL made after the occurrence of the event referred to in clause 13.4(a).
- (c) The *thl* Break Fee is not payable where *thl* has become entitled to the ATL Break Fee.

#### 13.5 Limits on Claims

- (a) Subject to clause 13.5(c), the maximum aggregate amount that:
  - (i) ATL is required to pay in relation to this deed (including any breach of this deed) to *thl* and *thl* Acquirer is the ATL Break Fee and in no event will the aggregate liability of ATL to *thl* and *thl* Acquirer in connection with this deed exceed the amount of the ATL Break Fee; and
  - (ii) *thl* and *thl* Acquirer are required to pay in relation to this deed (including any breach of this deed) to ATL is the *thl* Break Fee and in no event will the aggregate liability of *thl* and *thl* Acquirer in connection with this deed exceed the amount of the *thl* Break Fee.
- (b) Notwithstanding any other clause in this document other than clause 13.5(c), if an amount is paid by:

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- (i) ATL under clause 13.3, that amount is received by **thl** in complete settlement of any and all Claims that **thl** may have against ATL in respect of the Scheme or in connection with this deed; and
  - (ii) **thl** under clause 13.4, that amount is received by ATL in complete settlement of any and all Claims that ATL may have against **thl** in respect of the Scheme or in connection with this deed.
- (c) This clause 13.5 does not:
- (i) limit any rights or obligations under the Deed Poll;
  - (ii) limit the liability of a party for fraud or wilful material breach of this deed; or
  - (iii) restrict the ability of a party to seek and obtain the remedy of specific performance.

## 14. Exclusivity

### 14.1 No existing discussions

Other than in relation to the discussions with **thl** in connection with the Proposed Transaction, ATL represents and warrants to **thl** that, as at the date of this deed:

- (a) neither itself, its Related Bodies Corporate nor any of their respective Authorised Persons is a party to any agreement with a third party entered into for the purpose of facilitating a Competing Proposal; and
- (b) neither itself, its Related Bodies Corporate nor any of their respective Authorised Persons is participating in any discussions or negotiations with a third party that concern, or that could reasonably be expected to lead to, a Competing Proposal.

### 14.2 No shop restriction

During the Exclusivity Period, except with the prior written consent of **thl**, ATL must not, and must ensure that none of its Related Bodies Corporate nor any of their Authorised Persons, directly or indirectly:

- (a) solicit, invite, encourage, continue or initiate any Competing Proposal or any enquiries, negotiations or discussions with any third party in relation to, or that may reasonably be expected to encourage or lead to, an actual, proposed or potential Competing Proposal or which may otherwise lead to the Proposed Transaction not being completed; or
- (b) solicit, invite, encourage or initiate approaches, enquiries, discussions or proposals with a view to obtaining any offer, proposal or expression of interest from any person in relation to, or which may reasonably be expected to lead to, an actual, proposed or potential Competing Proposal,

or communicate any intention to do any of those things.

### 14.3 No talk restriction

Subject to clause 14.5, during the Exclusivity Period, ATL must not, and must ensure that none of its Related Bodies Corporate nor any of their Authorised Persons, (whether directly or indirectly):

- (a) negotiate or enter into or participate in negotiations or discussions with any person; or
  - (b) communicate any intention to do any of these things,
- in relation to, or that may reasonably be expected to encourage or lead to, an actual or potential Competing Proposal or any agreement, understanding or arrangement that may be reasonably expected to encourage or lead to a Competing Proposal or which may otherwise lead to the Proposed Transaction not being completed, even if:
- (c) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by ATL or any of its Related Bodies Corporate; or
  - (d) that person has publicly announced the Competing Proposal.

#### 14.4 No due diligence

- (a) Subject to clause 14.5, during the Exclusivity Period, except with the prior written consent of *thl*, ATL must not, and must ensure that its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly:
  - (i) solicit, invite, initiate, or encourage, or (subject to clause 14.5) facilitate or permit, any person (other than *thl*) to undertake due diligence investigations in respect of ATL, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or
  - (ii) subject to clause 14.5, make available to any person (other than *thl*) or permit any such person to receive any non-public information relating to ATL, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.
- (b) If ATL proposes that any non-public information be provided to a third party, then:
  - (i) before ATL provides such information, the third party must enter into an Acceptable Confidentiality Deed (which must not contain any cost reimbursement or break fee provisions in favour of the third party); and
  - (ii) any non-public information provided to that third party must also be provided to *thl* (unless the information has already been provided to *thl* or its Authorised Person).

#### 14.5 Exceptions

Clauses 14.3 and 14.4(a) do not apply to the extent that they restrict ATL or the ATL Board from taking or refusing to take any action with respect to a genuine Competing Proposal (in relation to which there has been no contravention of this clause 14) provided that:

- (a) the Competing Proposal is bona fide and is made by or on behalf of a person that the ATL Board considers is of sufficient commercial standing;
- (b) the ATL Board, acting in good faith, determines:
  - (i) where there is a written Competing Proposal, after consultation with its financial advisers, that the Competing Proposal is a Superior Proposal or the steps which the ATL Board proposes to take may reasonably be expected to lead to a Competing Proposal which is a Superior Proposal; and
  - (ii) after receiving written legal advice from ATL's external legal advisers experienced in transactions of this nature, that failing to respond to the Competing Proposal would be likely to constitute a breach of its fiduciary or statutory duties; and
- (c) ATL notifies promptly and in any event within 48 hours *thl* of each action or inaction by ATL or the ATL Board in reliance on this clause 14.5.

#### 14.6 ATL exclusivity warranty and undertakings

- (a) ATL warrants as at the date of this deed:
  - (i) that it has, and its Authorised Persons have, ceased any existing discussions or negotiations with any party which may reasonably be expected to lead to a Competing Proposal; and
  - (ii) that it has requested, or will as soon as practicable request, the return of ATL's confidential information in accordance with the terms of any relevant confidentiality agreement from all third parties conducting due diligence investigations on the ATL Group prior to the date of this deed in connection with (or contemplation of) a Competing Proposal or potential Competing Proposal.
- (b) During the Exclusivity Period, ATL must:
  - (i) enforce all its rights under each confidentiality agreement entered into in connection with an actual or potential Competing Proposal (before the date of this

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- deed), including any standstill obligations and its rights to require the return of confidential information as referred to in clause 14.6(a)(ii);
  - (ii) as soon as reasonably practicable, ensure that any electronic data room access granted to any third party prior to the date of this deed in connection with an actual or potential Competing Proposal is withdrawn; and
  - (iii) not grant any waivers or agree to any amendments under any confidentiality agreements entered into in connection with an actual or potential Competing Proposal (before the date of this deed).

#### 14.7 Notice of Competing Proposal

- (a) During the Exclusivity Period, ATL must promptly notify *thl* in writing of:
  - (i) any approach, inquiry or proposal made by any person to ATL, any of its Related Bodies Corporate or any of their respective Authorised Persons, to initiate any discussions or negotiations that concern, or that could reasonably be expected to lead to, a Competing Proposal; and
  - (ii) any request made by any person to ATL, any of its Related Bodies Corporate or any of their respective Authorised Persons, for any information relating to ATL, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of a Competing Proposal,  
**(Competing Proposal Notice).**
- (b) A Competing Proposal Notice must be accompanied by all material details of the relevant event, including (as the case may be):
  - (i) the identity of the person who made the relevant approach, inquiry or proposal to initiate discussions or negotiations referred to in clause 14.7(a)(i) or who made the relevant request for information referred to in clause 14.7(a)(ii); and
  - (ii) the material terms and conditions (including price, conditions precedent, timetable and any break fee) of any Competing Proposal or any proposed Competing Proposal (to the extent known),  
and *thl* agrees that any such information received will constitute “Confidential Information” as defined in the Confidentiality Deed.
- (c) During the Exclusivity Period ATL must also notify *thl* in writing as soon as possible after becoming aware of any material developments in relation to any actual, proposed or potential Competing Proposal, including in respect of any of the information previously notified to *thl* under this clause 14.7.
- (d) For the purposes of this clause 14.7, each successive material modification of any third party expression of interest, offer or proposal in relation to a Competing Proposal will constitute a new Competing Proposal.

#### 14.8 ATL's response to Competing Proposal and *thl*'s right to respond

- (a) If ATL receives a Competing Proposal and as a result, any ATL Director proposes to either:
  - (i) change, withdraw or modify the ATL Director's recommendation of the Scheme; or
  - (ii) approve or recommend entry into any agreement, commitment, arrangement or understanding relating to the Competing Proposal with the person who has made the applicable Competing Proposal (other than an Acceptable Confidentiality Deed),  
ATL must direct each ATL Director not to do so:
    - (iii) unless the Competing Proposal is bona fide; and
    - (iv) until each of the following has occurred:

- (A) ATL has given *thl* written notice (**Relevant Notice**) of the ATL Director's proposal to take the action referred to in clauses 14.8(a)(i) or 14.8(a)(ii) (subject to *thl*'s rights under clause 14.8(b)), including details of the grounds on which the ATL Directors propose to take such action;
  - (B) ATL has given *thl* all information that would be required by clause 14.7(b) (excluding the operation of clause 14.5), including the identity of the person making the Competing Proposal; and
  - (C) either:
    - (I) *thl* has not announced or provided to ATL a Counter Proposal before the Cut Off Date; or
    - (II) *thl* has announced or provided to ATL a Counter Proposal before the Cut Off Date and the ATL Board has determined, in good faith, that the Counter Proposal would not provide an equivalent or superior outcome to ATL Shareholders as a whole compared with the Competing Proposal and *thl* have been given an opportunity to amend the Counter Proposal in accordance with clause 14.8(e).
- (b) If ATL gives a Relevant Notice to *thl* under clause 14.8(a)(iv)(A), *thl* will have the right, but not the obligation, at any time during the 5 Business Days following the receipt of the Relevant Notice (**Cut Off Date**), to amend the terms of the Proposed Transaction including increasing the amount of consideration offered under the Proposed Transaction or proposing another form of transaction (each a **Counter Proposal**), and if it does so then the ATL Directors must review the Counter Proposal and determine whether, in good faith, the Counter Proposal would provide an equivalent or superior outcome to ATL Shareholders as a whole compared with the Competing Proposal.
  - (c) ATL must procure that the ATL Board promptly, and in any event within 2 Business Days of receiving a Counter Proposal, notifies *thl* of the determination in writing, stating reasons for that determination.
  - (d) If the ATL Directors determine in good faith that the Counter Proposal would provide an equivalent or superior outcome to ATL Shareholders as a whole compared with the Competing Proposal, then ATL and *thl* must use their best endeavours to agree the amendments to this deed that are reasonably necessary to reflect the Counter Proposal, and to enter into an amended agreement to give effect to those amendments and to implement the Counter Proposal, and ATL must use its best endeavours to procure that the ATL Directors recommend the Counter Proposal to the ATL Shareholders and not recommend the applicable Competing Proposal.
  - (e) If the determination is that the Counter Proposal would not provide an equivalent or superior outcome to ATL Shareholders as a whole compared with the Competing Proposal, then *thl* may take steps to amend the Counter Proposal to address the reasons given within a further period of 5 Business Days. If *thl* does so to ATL's satisfaction, then the process in clauses 14.8(c) and 14.8(d) applies to that amended Counter Proposal.
  - (f) For the purposes of this clause 14.8, each successive material modification of any third party expression of interest, offer or proposal in relation to a Competing Proposal will constitute a new Competing Proposal.

#### 14.9 Normal provision of information

Nothing in this clause 14 prevents ATL from;

- (a) providing any information required to be provided by any applicable law (including to satisfy its obligations under the ASX Listing Rules), any Governmental Agency, or any court of competent jurisdiction;
- (b) providing any information to its auditors, customers, financiers, joint venturers and suppliers acting in that capacity in the ordinary course of business; and

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- (c) making presentations to, or responding to enquiries from, brokers, portfolio investors, analysts and other third parties, and engaging with financiers and potential financiers, in the ordinary course of business in accordance with its usual practices.

## 15. Modification of ATL Break Fee, *thl*/Break Fee or exclusivity arrangements

### 15.1 Modifications following regulatory intervention

If any of the following occurs:

- (a) a Governmental Agency finds that all or any part of the payment required to be made under clause 13 or an exclusivity arrangement under clause 14 is unacceptable or unenforceable; or
- (b) as a result of an application to the Australian Takeovers Panel, the Australian Takeovers Panel indicates that, in the absence of a written undertaking under section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the amount of the ATL Break Fee or the circumstances in which it is to be paid or the circumstances in relation to an exclusivity arrangement under clause 14, it will make a declaration of unacceptable circumstances,

then, subject to clause 15.2:

- (c) the parties must amend clauses 13 and/or 14 to the extent required to give effect to the requirements of the Governmental Agency or the Takeovers Panel (as the case may be) and (in circumstances referred to in clause 15.1(b)) must give the required undertaking(s); and
- (d) neither the occurrence of any of the events referred to in clauses 15.1(a) or 15.1(b) nor the amendment of clauses 13 and/or 14 will be taken to be a breach of, or permit any party to terminate, this deed.

### 15.2 No requirement to act unless decision final

The parties are only required to take steps under 15.1(c) in relation to any requirement of a Governmental Agency or the Takeovers Panel if:

- (a) no appeal or review proceeding is available from the decision to impose that requirement or the period for lodging an appeal or commencing review proceedings has expired without an appeal having been lodged or review proceedings commenced; or
- (b) *thl* and ATL agree in writing not to appeal or seek review of the decision to impose that requirement (having consulted in good faith on whether to do so).

### 15.3 Appeals and review of regulatory decisions

Nothing in this deed requires a party to appeal or seek review of any decision of a Governmental Agency or the Takeovers Panel referred to in clause 15.1(a) or 15.1(b). If either *thl* or ATL wishes to appeal or seek review of any such decision then the other party must make submissions in the course of those proceedings supporting the review made by the first party.

### 15.4 Determination by Governmental Agency

If a Governmental Agency determines that payment of all or any part of the ATL Break Fee is unacceptable, unlawful or involves a breach of the fiduciary or statutory duties of the members of the ATL Board (**Impugned Amount**) and either no appeal from that determination is available or the period for lodging an appeal has expired without having an appeal having been lodged then:

- (a) the obligation of ATL to pay the ATL Break Fee does not apply to the extent of the Impugned Amount; and
- (b) if *thl* has received any part of the Impugned Amount, it must refund it within 5 Business Days after that determination is made or the period for lodging has expired, whichever is later.

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## 16. Notices

Any communication under or in connection with this deed:

- (a) must be in writing;
- (b) must be sent to the address for service of the addressee specified in the Details;
- (c) must be signed by the party making the communication or by a person duly authorised by that party;
- (d) must be delivered or posted by prepaid post to the address, or sent to the email address, of the addressee, in accordance with the Details; and
- (e) will be deemed to be received by the addressee:
  - (i) **(in the case of prepaid post)** on the third Business Day after the date of posting to an address within Australia, and on the fifth Business Day after the date of posting to an address outside Australia;
  - (ii) **(in the case of email)** immediately after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered, unless that local time is not a Business Day, or is between 5.00pm and midnight on a Business Day, when that communication will be deemed to be received at 9.00am on the next Business Day. If delivery is between 12.01am and 8.59am local time on a Business Day, then delivery will be deemed to be received at 9.00am on that Business Day; and
  - (iii) **(in the case of delivery by hand)** on delivery at the address of the addressee as provided in the Details, unless that delivery is not made on a Business Day, or after 5.00pm on a Business Day, when that communication will be deemed to be received at 9.00am on the next Business Day. If delivery is between 12.01am and 8.59am local time on a Business Day, then delivery will be deemed to be received at 9.00am on that Business Day.

## 17. General

### 17.1 Further acts

Each party will promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by any other party to give effect to this deed.

### 17.2 Timetable

The parties agree that the Timetable is indicative only and is not binding on the parties.

### 17.3 Payments

Unless otherwise provided in this deed, where an amount is required to be paid to a party (**Receiving Party**) by another party under this deed, that amount shall be paid:

- (a) in immediately available and irrevocable funds by electronic transfer to a bank account or accounts notified by the Receiving Party in writing on or before the due date for payment, or in other such immediately payable funds as the parties may agree; and
- (b) without deduction, withholding or set-off.

### 17.4 Interest

- (a) If a party fails to pay any amount payable under this deed on the due date for payment, that party must pay interest on the amount unpaid at the higher of the Interest Rate plus 3% per annum or the rate (if any) fixed or payable under any judgment or other thing into which the liability to pay the amount becomes merged.

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- (b) The interest payable under clause 17.4(a):
    - (i) accrues from day to day from and including the due date for payment up to the actual date of payment, before and, as an additional and independent obligation, after any judgment or other thing into which the liability to pay the amount becomes merged; and
    - (ii) may be capitalised by the person to whom it is payable at monthly intervals.

## 17.5 GST

- (a) Any reference in this clause 17.5 to a term defined or used in the *A New Tax System (Goods and Services Tax) Act 1999* is, unless the context indicates otherwise, a reference to that term as defined or used in that Act.
- (b) Unless expressly included, the consideration for any supply under or in connection with this deed does not include GST.
- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this deed is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this deed but for the application of this clause 17.5(c) for that supply (**GST Exclusive Consideration**), an amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. This clause 17.5(c) does not apply to any taxable supply under or in connection with this deed that is stated to include GST.
- (d) The amount on account of GST payable in accordance with this clause 17.5 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.
- (e) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (**Relevant Expense**) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.

## 17.6 Stamp duty

*thl* must pay all stamp duties (if any) and any fines and penalties with respect to stamp duty in respect of this deed or the Scheme or the steps to be taken under this deed or the Scheme (including without limitation the acquisition or transfer of Scheme Shares under the Scheme).

## 17.7 Expenses

Except as otherwise provided in this deed, each party will pay its own costs and expenses in connection with the negotiation, preparation, execution, and performance of this deed and the Explanatory Booklet and the proposed, attempted or actual implementation of this deed and the Scheme.

## 17.8 Amendments

This deed may only be varied by a document signed by or on behalf of each of the parties.

## 17.9 Assignment

- (a) Subject to clause 17.9(b) below, a party cannot assign, novate or otherwise transfer any of its rights or obligations under this deed without the prior written consent of each other party, which consent that other party may give or withhold in its absolute discretion.
- (b) *thl* may assign, grant a security interest over, novate or otherwise transfer by way of security, any of its rights or obligations under this deed to a financier or financiers (or a security agent or security trustee thereof).



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### **17.10 Waiver**

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this deed.
- (b) Any waiver or consent given by any party under this deed will only be effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this deed will operate as a waiver of another breach of that term or of a breach of any other term of this deed.
- (d) Nothing in this deed obliges a party to exercise a right to waive any conditional term of this deed that may be in its power.

### **17.11 Counterparts and electronic execution**

- (a) This deed may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the agreement of each party who has executed and delivered that counterpart. Each counterpart is an original but the counterparts together are one and the same agreement.
- (b) This deed is binding on the parties on the exchange of duly executed counterparts.
- (c) The parties agree that a copy of an original executed counterpart sent by email to the email address of the other party specified in clause 16, instead of the original, is sufficient evidence of the execution of the original and may be produced in evidence for all purposes in place of the original.
- (d) A party may sign electronically a soft copy of this deed through DocuSign or other electronic means and bind itself accordingly. That will satisfy any statutory or other requirements for it to be in writing and signed by that party. Any soft copy so signed will constitute an executed original counterpart. In addition, it is intended to print it out when so signed, so that the relevant signatures will appear in the printout, and any printout will also be an executed original counterpart.

### **17.12 Entire agreement**

- (a) This deed (including the Scheme and the Deed Poll):
  - (i) embodies the entire understanding of the parties and constitutes the entire terms agreed on between the parties; and
  - (ii) supersedes any prior agreement (whether or not in writing) between the parties.
- (b) Despite clause 17.12(a), the Confidentiality Deed continues to apply to the parties in accordance with its terms, except to the extent of any express inconsistency, in which case this deed prevails.

### **17.13 No representation or reliance**

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements set out in this deed.
- (b) Each party acknowledges and confirms that it does not enter into this deed in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement set out in this deed.

### **17.14 No merger**

The rights and obligations of the parties will not merge on completion of any transaction under this deed. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

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### **17.15 Governing law and jurisdiction**

- (a) This deed is governed by and will be construed according to the laws of Queensland.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts with jurisdiction in Queensland and of the courts competent to determine appeals from those courts and waive any right to object to the venue on any ground.

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## Schedule 1 – Indicative timetable

Event	Date
Enter into Scheme Implementation Deed	10 December 2021
Lodge Explanatory Booklet with ASIC and ASX for review and comment	Q3 FY2022
First Court Date	Q3 FY2022
Explanatory Booklet registered by ASIC	Q3 FY2022
Dispatch Explanatory Booklet to Independent Shareholders	Q3 FY2022
Scheme Meeting	Q3 FY2022
Second Court Date	Q4 FY2022
Effective Date – lodge office copy of Court order approving the Scheme with ASIC	Q4 FY2022
Scheme Record Date	Q4 FY2022
Implementation Date	Q4 FY2022

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# Schedule 2 – Scheme

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# Scheme of Arrangement

Apollo Tourism & Leisure Ltd ABN 67 614 714 742

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## Details

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

Between the parties

**Apollo Tourism & Leisure Ltd ABN 67 614 714 742** of 698 Nudgee Road, Northgate QLD 4013, Australia (**ATL**)

and

**Each Scheme Shareholder**

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# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Definitions

In this Scheme, unless the context requires otherwise:

**ACCC** means the Australian Competition and Consumer Commission.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691, or as the context requires or permits, the financial market known as the Australian Securities Exchange operated by it.

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

**ATL Register** means the register of shareholders maintained by ATL under section 168(1) of the Corporations Act.

**ATL Share** means an issued fully paid ordinary share in the capital of ATL.

**Australian Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Business Day** means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Brisbane, Queensland, Australia or Auckland, New Zealand.

**CHESS** means the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Limited ABN 49 008 504 532.

**CHESS Holding** has the meaning given in the Settlement Rules.

**Commerce Commission** means the New Zealand Commerce Commission.

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

**Court** means the Supreme Court of Queensland or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing.

**Delivery Time** means, in relation to the Second Court Date, two hours before the commencement of the hearing or, if the commencement of the hearing is adjourned, two hours before the commencement of the adjourned hearing, of the Court to approve this Scheme in accordance with section 411(4)(b) of the Corporations Act.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

**Effective Date** means the date on which this Scheme becomes Effective.

**End Date** means the 'End Date' determined in accordance with the Scheme Implementation Deed.

**FIRB** means the Australian Foreign Investment Review Board.

**Foreign Scheme Shareholder** means a Scheme Shareholder whose address as shown in the ATL Register (as at the Scheme Record Date) is located outside of:

- (a) Australia or its external territories;
- (b) New Zealand;
- (c) United Kingdom; and
- (d) any other jurisdictions as may be agreed in writing by ATL and *thl*,

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unless *thl* determines (in its absolute discretion), that *thl* is permitted to allot and issue *thl* Consideration Shares to that Scheme Shareholder under this Scheme by the laws of that place either unconditionally or after compliance with conditions that *thl* considers are not unduly onerous or impracticable.

**Governmental Agency** means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, ASX, FIRB, ACCC, the Australian Takeovers Panel, Financial Markets Authority, NZX, Commerce Commission, NZ Takeovers Panel and any regulatory organisation established under statute or any stock exchange.

**Implementation Date** means, with respect to the Scheme, the later of:

- (a) the fifth Business Day following the Scheme Record Date (as relevant); and
- (b) such other Business Day as the parties agree.

**Issuer Sponsored Holding** has the meaning given in the Settlement Rules.

**Market Integrity Rules** means any rules made by ASIC under section 798G of the Corporations Act that apply to ASX or any other prescribed financial market on which ATL Shares are quoted.

**NZ Takeovers Panel** means the Takeovers Panel established by section 5(1) of the *Takeovers Act 1993* (NZ).

**NZX** means, where the context requires, NZX Limited (Co. No. 1266120) or NZX Regulation Limited (Co. No. 8072017) and, where the context requires, the main board financial market that these entities operate.

**Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between ATL and the Scheme Shareholders, subject to any alterations or conditions that are:

- (a) agreed to in writing by ATL and *thl* and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to by ATL and *thl*.

**Scheme Consideration** means means 1 *thl* Consideration Share per 3.680818 Scheme Shares.

**Scheme Deed Poll** means the deed poll dated [*insert*] executed by *thl* and *thl* Acquirer under which *thl* and *thl* Acquirer among other things covenant in favour of the Scheme Shareholders to perform the actions attributed to them respectively under this Scheme, including, in the case of *thl*, providing the Scheme Consideration.

**Scheme Implementation Deed** means the Scheme Implementation Deed dated [*insert*] between *thl*, *thl* Acquirer and ATL.

**Scheme Meeting** means the meeting of Scheme Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

**Scheme Record Date** means 7.00pm on the second Business Day (or such other Business Day as *thl* and ATL agree in writing) after the Effective Date.

**Scheme Share** means an ATL Share on issue as at the Scheme Record Date, other than an ATL Share held by a *thl* Entity.

**Scheme Shareholder** means a person who holds one or more Scheme Shares.

**Second Court Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

**Settlement Rules** means the ASX Settlement Operating Rules.



*thl* means Tourism Holdings Rentals Limited ARBN 655 142 028, a foreign company registered in its original jurisdiction of New Zealand as Tourism Holdings Limited (Co. No. 248179).

*thl Acquirer* means THL Group (Australia) Pty. Ltd. ACN 055 966 222.

*thl Consideration Share* means a *thl* Share to be issued under the terms of the Scheme as Scheme Consideration.

*thl Entities* means:

- (a) *thl*; and
- (b) any other entity that is Controlled by *thl* that holds ATL Shares.

## 1.2 Interpretation

In this Scheme, except where the context requires otherwise:

- (a) the singular includes the plural, and the converse also applies;
- (b) a gender includes all genders;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them;
- (e) a reference to a clause is a reference to a clause of this Scheme;
- (f) a reference to an **agreement** or **document** (including a reference to this Scheme) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Scheme or that other agreement or document, and includes, except to the extent this Scheme expressly provides otherwise the recitals, schedules and annexures to that agreement or document;
- (g) a reference to a party to this Scheme or an agreement or document includes the party's executors, administrators, successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives);
- (h) a reference to legislation or to a provision of legislation (including a listing rule or operating rule of a financial market or of a clearing and settlement facility) includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (i) a reference to conduct includes an omission, statement or undertaking, whether or not in writing;
- (j) a reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a document includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind;
- (k) a reference to **dollars** or **\$** is to Australian currency;
- (l) all references to time are to Brisbane, Queensland, Australia time;
- (m) mentioning anything after *includes*, *including*, *for example*, or similar expressions, does not limit what else might be included;
- (n) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act; and
- (o) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity.

## 1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

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## 1.4 Business Day

Where the day on or by which any act, matter or thing under this Scheme is to be done is not a Business Day, that act, matter or thing must be done on or by the next Business Day.

## 1.5 Listing requirements included as law

A listing rule or operating rule of a financial market and a Market Integrity Rule will be regarded as a law and a reference to legislation (as appropriate), and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

## 2. Preliminary

### 2.1 ATL

- (a) ATL is a public company limited by shares, registered in Queensland and admitted to the official list of ASX.
- (b) The ATL Shares are officially quoted on ASX. As at the date of the Scheme Implementation Deed, 186,150,908 ATL Shares were on issue and officially quoted on ASX.

### 2.2 *thl*

*thl* is a public company limited by shares, registered in New Zealand and admitted to the official list of NZX.

### 2.3 *thl* Acquirer

*thl* Acquirer is a proprietary company limited by shares, incorporated in Australia and registered in New South Wales.

### 2.4 General

- (a) *thl*, *thl* Acquirer and ATL have agreed by executing the Scheme Implementation Deed to implement this Scheme subject to the terms and conditions of this Scheme.
- (b) This Scheme attributes actions to *thl* and *thl* Acquirer but does not itself impose an obligation on them to perform those actions, as neither *thl* nor *thl* Acquirer are parties to this Scheme. *thl* and *thl* Acquirer have agreed, by executing the Scheme Deed Poll, to perform the actions attributed to each of them under this Scheme (including the provision of the Scheme Consideration to the Scheme Shareholders subject to the terms and conditions of this Scheme).

### 2.5 Consequence of this Scheme becoming Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to *thl* Acquirer, *thl* will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme; and
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to *thl* Acquirer on the Implementation Date, and ATL will enter the name of *thl* Acquirer in the Share Register as the holder of the Scheme Shares with the result that ATL will become a subsidiary of *thl* Acquirer.

## 3. Conditions

- (a) This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:
  - (i) all the conditions precedent in clause 3.1 of the Scheme Implementation Deed (other than the conditions in clauses 3.1(o) (Court approval) and 3.1(p) (Order lodged with ASIC) of the Scheme Implementation Deed) having been satisfied or

waived in accordance with the terms of the Scheme Implementation Deed by no later than the Delivery Time on the Second Court Date;

- (ii) neither the Scheme Implementation Deed nor the Scheme Deed Poll having been terminated in accordance with their terms as at the Delivery Time on the Second Court Date;
  - (iii) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are agreed to in writing by *thl*, *thl* Acquirer and ATL and an office copy of the Court order approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC;
  - (iv) such other conditions imposed by the Court under section 411(6) of the Corporations Act, as are agreed to in writing by *thl*, *thl* Acquirer and ATL; and
  - (v) the orders of the Court made under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to section 411(10) of the Corporations Act, on or before the End Date (or any later date that *thl*, *thl* Acquirer and ATL agree in writing).
- (b) The satisfaction of the conditions referred to in clause 3(a) of this document is a condition precedent to the operation of clauses 4.2 and 5.

## 4. Implementation

### 4.1 Lodgement of Court orders

Subject to the ASX Listing Rules and all conditions precedent in clause 3(a) of this document (other than the condition precedent in clause 3(a)(v)) being satisfied, ATL must lodge with ASIC office copies of any Court orders under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme as soon as reasonably practicable after the Court approves this Scheme and in any event no later than by 5.00pm on the first Business Day after the Court approves this Scheme or such later time as *thl* and ATL agree in writing.

### 4.2 Transfer of Scheme Shares

On the Implementation Date, subject to the provision of the Scheme Consideration for the Scheme Shares by *thl*, and *thl* confirming in writing to ATL by no later than 12 noon (or such later time as *thl*, *thl* Acquirer and ATL may agree) on the Implementation Date that the *thl* Consideration Shares have been provided, in the manner contemplated by clause 5.3(a):

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to *thl* Acquirer, without the need for any further act by any Scheme Shareholder (other than acts performed by ATL or its officers as agent and attorney of the Scheme Shareholders under clause 8.6 or otherwise), by:
  - (i) ATL delivering to *thl* Acquirer a duly completed and executed share transfer form to transfer all the Scheme Shares to *thl* Acquirer, executed on behalf of the Scheme Shareholders by ATL (or any of its officers) as agent and attorney of the Scheme Shareholders; and
  - (ii) *thl* Acquirer duly executing such transfer form and delivering it to ATL for registration; and
- (b) immediately after receipt of the transfer form in accordance with clause 4.2(a)(ii), ATL must enter, or procure the entry of, the name of *thl* Acquirer in the Share Register in respect of the Scheme Shares transferred to *thl* Acquirer in accordance with this Scheme.

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## 5. Scheme Consideration

### 5.1 Amount of Scheme Consideration

Subject to clause 5.2, each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of the Scheme Shares held by the Scheme Shareholder.

### 5.2 Foreign Scheme Shareholders

*thl* and *thl* Acquirer have no obligation to issue (or procure the issue), and must not issue, any *thl* Consideration Shares to Foreign Scheme Shareholders, and instead:

- (a) *thl* will issue the *thl* Consideration Shares that would otherwise have been issued to the Foreign Scheme Shareholders to a nominee appointed by *thl*;
- (b) *thl* will procure that, as soon as reasonably practicable after the Implementation Date (and, in any event, not more than 15 Business Days after the Implementation Date), the nominee:
  - (i) sells, or procures the sale, of those *thl* Consideration Shares on-market and in the ordinary course of trading on NZX in such manner, at such price and on such other terms as the nominee determines in good faith; and
  - (ii) remits the proceeds from that sale (after deducting any brokerage, duty and other selling costs, taxes and charges) to *thl*; and
- (c) as soon as practicable after the last sale of *thl* Consideration Shares in accordance with clause 5.2(a) and remittance of the proceeds of that sale in accordance with clause 5.2(b), *thl* will pay the proceeds it receives to the Foreign Scheme Shareholders in accordance with their entitlement in full satisfaction of the Foreign Scheme Shareholders' entitlement to the relevant *thl* Consideration Shares. No assurances are or will be given to Foreign Scheme Shareholders as to the price that will be achieved for the sale of *thl* Consideration Shares in accordance with this clause and the sale of the *thl* Consideration Shares will be at the risk of the Foreign Scheme Shareholder.

### 5.3 Provision of Scheme Consideration

- (a) *thl* must before 12 noon (or such later time as *thl* and ATL may agree) on the Implementation Date provide the Scheme Consideration in accordance with this Scheme by procuring that the name of each Scheme Shareholder entitled to receive *thl* Consideration Shares under this Scheme is entered in *thl*'s register of members as the holder of those *thl* Consideration Shares (having the same holding name and address and other details as the holding of the relevant Scheme Shares).
- (b) On or before the date that is five Business Days after the Implementation Date, *thl* must send or procure the sending of a share certificate or holding statement (or equivalent document) to each Scheme Shareholder entitled to receive *thl* Consideration Shares under this Scheme, reflecting the issue of such *thl* Consideration Shares.

### 5.4 Foreign resident capital gains withholding

- (a) If *thl* determines (acting reasonably), having regard to advice from a qualified tax advisor, that *thl* is either:
  - (i) required by law to withhold an issue of *thl* Consideration Shares (or a combination) to a Scheme Shareholder; or
  - (ii) liable to pay an amount to the Commissioner of Taxation under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) in respect of the acquisition of Scheme Shares from a Scheme Shareholder,  
(either of the above being the **Relevant Amount**),

then *thl* is entitled to reduce the number of *thl* Consideration Shares issued by a number calculated by the following factor,  $RA/VS$ , rounded up to the nearest whole number of *thl* Consideration Shares, where:

- (A) **RA** means the Relevant Amount; and
- (B) **VS** means the value (as reasonably assessed by *thl*) of one *thl* Consideration Shares; and

and issue of the reduced number of *thl* Consideration Shares and payment of the Relevant Amount to the relevant taxation authority pursuant to clause 5.4(b) shall be taken to be full payment of the Relevant Amount for the purposes of this Scheme, including clause 5.3.

- (b) *thl* must pay any Relevant Amount so withheld to the relevant taxation authority within the time permitted by law, and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Scheme Shareholder.

## 5.5 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any *thl* Consideration Shares comprised in the Scheme Consideration are to be registered in the names of the joint holders; and
- (b) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

## 5.6 Fractional entitlements

- (a) Any fractional entitlement of the Scheme Shareholder to a part of a *thl* Consideration Share will be rounded as follows:
  - (i) if the fractional entitlement is less than 0.5, it will be rounded down to zero *thl* Consideration Shares; and
  - (ii) if the fractional entitlement is equal to or more than 0.5, it will be rounded up to one *thl* Consideration Shares.
- (b) If *thl* is of the reasonable opinion that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 5.6) have, before the Scheme Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding or shareholding splitting or division, *thl* may give notice to those Scheme Shareholders:
  - (i) setting out their names and addresses as shown in the ATL Register as at the Scheme Record Date;
  - (ii) stating that opinion; and
  - (iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and addresses as set out in the ATL Register on the Scheme Record Date are set out in the notice will, for the purposes of the other provisions of this Scheme, be taken to hold no Scheme Shares. *thl*, in complying with the other provisions of this Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of this Scheme.

## 5.7 Status of *thl* Consideration Shares

Subject to this Scheme becoming Effective, *thl* must:

- (a) in accordance with the Deed Poll, issue the *thl* Consideration Shares to the Scheme Shareholders in accordance with the Scheme on terms that each *thl* Consideration Share will rank equally in all respects with each other *thl* Share then on issue;
- (b) ensure that on issue each *thl* Consideration Share will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the constitution of *thl*); and
- (c) do everything reasonably necessary to ensure that trading in the *thl* Consideration Shares commences on NZX and ASX on a normal trading basis by the Implementation Date or as soon as practicable thereafter.

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## 5.8 Definition of *sending*

For the purposes of clause 5, the expression *sending* means, in relation to each Scheme Shareholder:

- (a) sending by ordinary pre-paid post or courier to the address of that Scheme Shareholder as set out in the ATL Register at the Scheme Record Date; or
- (b) delivery to the address of that Scheme Shareholder as set out in the ATL Register at the Scheme Record Date by any other means at no cost to the recipient.

## 6. Dealings in Scheme Shares

### 6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Scheme Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the relevant Scheme Shares on or before 7.00pm on the Scheme Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before 5.00pm on the day on which the Scheme Record Date occurs at the place where the Share Register is kept,

and ATL will not accept for registration, nor recognise for any purpose (except a transfer to *thl* Acquirer under this Scheme and any subsequent transfer by *thl* Acquirer or its successors in title or by the *thl* Entities), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

### 6.2 Register

- (a) **(Registration of transfers)** ATL must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) by or as soon as reasonably practicable after the Scheme Record Date.
- (b) **(No registration after Scheme Record Date)** ATL will not accept for registration or recognise for any purpose any transmission application or transfer in respect of ATL Shares received after 5.00pm on the day on which the Scheme Record Date occurs, other than to *thl* Acquirer in accordance with this Scheme and any subsequent transfer by *thl* Acquirer or its successors in title or by the *thl* Entities.
- (c) **(Maintenance of Share Register)** For the purpose of determining entitlements to the Scheme Consideration, ATL must maintain the Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) **(No disposal after Scheme Record Date)** From the Scheme Record Date until registration of *thl* Acquirer in respect of all Scheme Shares under clause 4, no Scheme Shareholder may dispose or otherwise deal with Scheme Shares (or purport to do so) in any way except as set out in this Scheme and any attempt to do so will have no effect and ATL shall be entitled to disregard any such disposal or dealing.
- (e) **(Statements of holding from Scheme Record Date)** All statements of holding for ATL Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those shares. As from the Scheme Record Date, each entry current at that date on the Share Register (other than entries in respect of the *thl* Entities) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the ATL Shares relating to that entry.
- (f) **(Provision of Scheme Shareholder details)** As soon as practicable on or after the Scheme Record Date and in any event within one Business Day after the Scheme Record

Date, ATL will ensure that details of the names, addresses set out in the ATL Register at the Scheme Record Date and holdings of ATL Shares for each Scheme Shareholder are available to *thl* Acquirer in the form *thl* Acquirer reasonably requires.

## 7. Suspension and delisting

- (a) ATL will apply to ASX to suspend trading on the ASX in ATL Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by ATL, and to take effect only after the transfer of the Scheme Shares has been registered in accordance with clause 4.2(b), ATL will apply:
  - (i) for termination of the official quotation of ATL Shares on ASX; and
  - (ii) to have itself removed from the official list of ASX.

## 8. General Scheme provisions

### 8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) ATL may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which ATL has consented in writing; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions to which counsel or the solicitors for ATL have consented.

### 8.2 Binding effect of Scheme

This Scheme binds ATL and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of ATL.

### 8.3 Scheme Shareholders' agreements and acknowledgment

Each Scheme Shareholder:

- (a) acknowledges the binding effect of the Scheme as described in clause 8.2;
- (b) agrees to the transfer of their ATL Shares together with all rights and entitlements attaching to those ATL Shares in accordance with this Scheme;
- (c) who holds their ATL Shares in a CHESS Holding agrees to the conversion of those ATL Shares to an Issuer Sponsored Holding and irrevocably authorises ATL to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion;
- (d) agrees to any variation, cancellation or modification of the rights attached to their ATL Shares constituted by or resulting from this Scheme;
- (e) agrees to, on the direction of *thl*, destroy any holding statements or share certificates relating to their ATL Shares;
- (f) agrees to become a shareholder of *thl*, have their name and address entered in *thl*'s register of members (and other details as the holding of the relevant Scheme Shares), and to be bound by its constitution; and
- (g) acknowledges and agrees that this Scheme binds ATL and all Scheme Shareholders (including those who did not attend the Scheme Meeting or did not vote at that meeting or voted against this Scheme at that Scheme Meeting).

### 8.4 Warranties by Scheme Shareholders

- (a) Each Scheme Shareholder is deemed to have warranted to ATL, in its own right and for the benefit of *thl* and *thl* Acquirer (and is deemed to have authorised ATL to give such

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warranties to *thl* and *thl* Acquirer in accordance with clause 8.4(b)), that as at the Implementation Date:

- (i) all of its Scheme Shares which are transferred to *thl* Acquirer under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
  - (ii) all of its ATL Shares which are transferred to *thl* Acquirer under this Scheme will, on the date on which they are transferred to *thl* Acquirer, be fully paid;
  - (iii) it has full power and capacity to transfer its ATL Shares to *thl* Acquirer together with any rights attaching to those shares; and
  - (iv) it has no existing right to be issued any ATL Shares, options exercisable into ATL shares, ATL convertible notes or any other ATL securities.
- (b) ATL undertakes that it will provide the warranties in clause 8.4(a) to *thl* and *thl* Acquirer as agent and attorney of each Scheme Shareholder.

## 8.5 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme will be transferred free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) On and from the Implementation Date, subject to the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.3(a), *thl* Acquirer will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by ATL of *thl* Acquirer in the Share Register as the holder of the Scheme Shares.

## 8.6 Authority given to ATL

- (a) Scheme Shareholders will be deemed to have authorised ATL to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary for or incidental to the implementation of this Scheme, including executing and delivering, as agent and attorney of each Scheme Shareholder:
- (i) a share transfer or transfers in relation to Scheme Shares as contemplated by clause 4.2; and
  - (ii) any deed or document required by *thl* or ATL that causes each Scheme Shareholder entitled to *thl* Consideration Shares to be bound by the constitution of *thl*.
- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints ATL and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of:
- (i) on the Effective Date, enforcing the Scheme Deed Poll against *thl* and *thl* Acquirer and ATL accepts such appointment; and
  - (ii) on the Implementation Date, executing any document necessary to give effect to this Scheme including, 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 the Scheme Shares,
- and ATL accepts such appointment.



## 8.7 Appointment of sole proxy

Immediately after the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.3(a) until ATL registers *thl* Acquirer as the holder of all ATL Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed *thl* Acquirer as its attorney and agent (and directed *thl* Acquirer in such capacity) to appoint an officer or agent nominated by *thl* Acquirer as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of ATL, exercise the votes attaching to the Scheme Shares registered in its name and sign any shareholders' resolution;
- (b) undertakes not to otherwise attend Shareholders' meetings, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to clause 8.7(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as *thl* Acquirer reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), *thl* Acquirer and any officer or agent nominated by *thl* Acquirer under clause 8.7(a) may act in the best interests of *thl* Acquirer as the intended registered holder of the Scheme Shares.

## 8.8 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Governmental Agency), all instructions, notifications or elections by a Scheme Shareholder to ATL binding or deemed binding between the Scheme Shareholder and ATL relating to ATL or ATL Shares (including any email addresses, instructions relating to communications from ATL, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from ATL) will be deemed from the Implementation Date (except to the extent determined otherwise by *thl* and in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to *thl*, and will be accepted by *thl* until that instruction, notification or election is revoked or amended in writing addressed to *thl* at the relevant registry, provided that any such instructions or notifications accepted by *thl* will apply to and in respect of the issue of *thl* Consideration Shares as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

## 9. General

### 9.1 Stamp duty

*thl* or *thl* Acquirer must pay all stamp duty payable in connection with the transfer of the Scheme Shares to *thl* Acquirer pursuant to this Scheme.

### 9.2 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this document is sent by post to ATL, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at ATL's registered office or at the office of the registrar of ATL Shares.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Scheme Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

### 9.3 Further assurances

- (a) ATL must do anything necessary (including executing agreements and documents) or incidental to give full effect to this Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder consents to ATL doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

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#### **9.4 Governing law and jurisdiction**

- (a) This Scheme is governed by the laws of Queensland.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Queensland and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme.

#### **9.5 No liability when acting in good faith**

None of *thl*, *thl* Acquirer or ATL nor any of their directors, officers, secretaries or employees, will be liable for anything done or omitted to be done in the performance of this Scheme or the Scheme Deed Poll in good faith.

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## Schedule 3 – Deed Poll



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## Deed poll

relating to a proposed scheme of arrangement between  
Apollo Tourism & Leisure Ltd ABN 67 614 742 and its  
members

—

Tourism Holdings Rentals Limited ARBN 655 142  
028, a foreign company registered in its original  
jurisdiction of New Zealand as Tourism Holdings  
Limited (**thl**)  
THL Group (Australia) Pty. Ltd. (**thl Acquirer**)

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# Deed poll

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## Details

### Date

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### Parties

Name	<b>Tourism Holdings Rentals Limited ARBN 655 142 028, a foreign company registered in its original jurisdiction of New Zealand as Tourism Holdings Limited (Co. No. 248179)</b>
Country of incorporation	New Zealand
NZBN	9429039926081
Short form name	<b><i>thl</i></b>
Notice details	Level 1, 83 Beach Street, Auckland City, Auckland 1140, New Zealand Email: grant.webster@thlonline.com Attention: Grant Webster
Name	<b>THL Group (Australia) Pty. Ltd. ACN 055 966 222</b>
Country of incorporation	Australia
ABN	68 055 966 222
Short form name	<b><i>thl</i> Acquirer</b>
Notice details	Level 1, 83 Beach Street, Auckland City, Auckland 1140, New Zealand Email: grant.webster@thlonline.com Attention: Grant Webster

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### Background

- A On [insert], ***thl***, ***thl*** Acquirer and ATL entered into the Scheme Implementation Deed to provide for (among other matters) the implementation of the Scheme.
- B The effect of the Scheme will be to transfer all Scheme Shares to ***thl*** Acquirer in return for the Scheme Consideration.
- C ***thl*** and ***thl*** Acquirer enter this deed poll to covenant in favour of Scheme Shareholders to perform the actions attributed to each of them under the Scheme.

---

# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Defined terms

In this document:

**Scheme Implementation Deed** means the Scheme Implementation Deed dated [*insert*] between *thl*, *thl* Acquirer and ATL.

**ATL** means Apollo Tourism & Leisure Ltd ACN 614 714 742 as trustee for the Scheme Shareholders.

### 1.2 Terms defined in Scheme Implementation Agreement

Words and phrases defined in the Scheme Implementation Deed have the same meaning in this deed poll unless the context requires otherwise.

### 1.3 Incorporation by reference

The provisions of clauses 1.2, 1.3 and 1.4 of the Scheme Implementation Deed form part of this deed poll as if set out at length in this deed poll but with *deed poll* substituted for *deed* and with any reference to *party* being taken to include the Scheme Shareholders (as the context requires or permits).

## 2. Nature of this deed poll

This deed poll is given jointly and severally by *thl* and *thl* Acquirer in favour of the Scheme Shareholders and *thl* and *thl* Acquirer each agree that this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it.

## 3. Conditions precedent and termination

### 3.1 Conditions

The obligations of *thl* and *thl* Acquirer under this deed poll are subject to the Scheme becoming Effective.

### 3.2 Termination

This deed poll and the obligations of *thl* and *thl* Acquirer under this deed poll will automatically terminate and this deed poll will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date or any later date as the Court, with the consent of *thl*, *thl* Acquirer and ATL, may order,

unless *thl*, *thl* Acquirer and ATL otherwise agree in writing.

### 3.3 Consequences of termination

If this deed poll terminates under clause 3.2, in addition and without prejudice to any other rights, powers or remedies available to Scheme Shareholders:

- (a) *thl* and *thl* Acquirer are released from their obligations to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against *thl* and *thl* Acquirer in respect of any breach of this deed poll which occurred before it terminated.

---

## 4. Performance of obligations

### 4.1 Generally

Subject to clause 3, *thl* and *thl* Acquirer covenants in favour of Scheme Shareholders to perform the actions attributed to it under, and otherwise comply with, the Scheme as if *thl* and *thl* Acquirer were parties to the Scheme.

### 4.2 Provision of Scheme Consideration

- (a) Subject to clause 3, *thl* undertakes in favour of each Scheme Shareholder to provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme.
- (b) The obligations of *thl* Acquirer under clause 4.2(a) will be satisfied if, in respect of the Scheme Consideration:
  - (i) no later than 12.00 noon (or such later time as *thl*, *thl* Acquirer and ATL may agree) on the Implementation Date, *thl* procures that the name of each Scheme Shareholder entitled to receive *thl* Consideration Shares under the Scheme is entered in *thl*'s register of members as the holder of those *thl* Consideration Shares (having the same holding name and address and other details as the holding of the relevant Scheme Shares) and *thl* provides ATL with written confirmation that *thl* has done so; and
  - (ii) on or before the date that is five Business Days after the Implementation Date, *thl* sends or procures the sending of a share certificate or holding statement (or equivalent document) to each Scheme Shareholder entitled to receive *thl* Consideration Shares under the Scheme, reflecting the issue of such *thl* Consideration Shares,

in each case, in accordance with, and subject to, the provisions of the Scheme.

### 4.3 *thl* Consideration Shares to rank equally

*thl* undertakes in favour of each Scheme Shareholder that all *thl* Consideration Shares issued as Scheme Consideration to each Scheme Shareholder will, upon their issue:

- (a) rank equally with all other *thl* ordinary shares on issue; and
- (b) be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the constitution of *thl*).

## 5. Warranties

*thl* and *thl* Acquirer each represent and warrant to each Scheme Shareholder that:

- (a) **(status)** it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;
- (b) **(power)** it has the 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 and performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **(documents binding)** this deed poll is its valid and binding obligation enforceable in accordance with its terms;
- (e) **(transactions permitted)** the execution and performance by it of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
  - (i) a law or treaty or a judgment, ruling, order or decree of a Governmental Agency binding on it;
  - (ii) its constitution or other constituent documents; or
  - (iii) any other document which is binding on it or its assets; and



- 
- (f) **(solvency)** it is solvent and no resolutions have been passed nor has any other step been taken or legal action or 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.

## 6. Continuing Obligations

### 6.1 Deed poll irrevocable

This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) *thl* and *thl* Acquirer having fully performed its obligations under this deed poll; and
- (b) termination of this deed poll under clause 3.2.

### 6.2 Variation

A provision of this deed poll may not be varied or amended unless:

- (a) before the Second Court Date, the variation or amendment is agreed to in writing by ATL (on behalf of each Scheme Shareholder but without the need for to refer the variation or amendment to any Scheme Shareholder) and, if required, approved by the Court; or
- (b) on or after the Second Court Date, the variation or amendment is agreed to in writing by ATL (on behalf of each Scheme Shareholder but without the need for to refer the variation or amendment to any Scheme Shareholder) and is approved by the Court,

and *thl* and *thl* Acquirer enter into a further deed poll in favour of each Scheme Shareholder giving effect to the variation or amendment.

## 7. Notices

Any notice, demand or other communication (a **Notice**) to *thl* or *thl* Acquirer in respect of this deed poll:

- (a) must be in writing and signed by the sender or a person duly authorised by it;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand, email or to the address or email address specified in the Details;
- (c) will be conclusively taken to be duly given or made:
  - (i) **(in the case of delivery in hand)**, when delivered at the address of the addressee as provided in the Details, unless that delivery is not made on a Business Day, or is made after 5.00pm on a Business Day, in which case that Notice will be deemed to be received at 9.00am on the next Business Day;
  - (ii) **(in the case of delivery by post)**, on the third Business Day after the date of posting (if posted to an address within Australia) or the fifth Business Day after the date of posting (if posted to an address outside Australia); or
  - (iii) **(in the case of email)**, on the earlier of:
    - (A) when the sending party's email system confirms delivery of the email by way of a delivery notification; or
    - (B) when the recipient party confirms receipt to the sending party via email or telephone.

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## 8. General Provisions

### 8.1 Assignment

- (a) The rights and obligations of *thl*, *thl* Acquirer, ATL and each Scheme Shareholder under this deed poll are personal. They cannot be assigned, charged, encumbered or otherwise dealt with at law or in equity without the prior written consent of *thl*, *thl* Acquirer and ATL.
- (b) Any purported dealing in contravention of clause 8.1(a) is invalid.

### 8.2 Cumulative rights

The rights, powers and remedies of *thl*, *thl* Acquirer, ATL and each Scheme Shareholder under this deed poll are cumulative with and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

### 8.3 No waiver

- (a) *thl* or *thl* Acquirer may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) If a Scheme Shareholder does not exercise a right arising from a breach of this deed poll at a given time, it may, unless it has waived that right in writing, exercise the right at a later point in time.
- (c) No Scheme Shareholder may rely on words or conduct of *thl* or *thl* Acquirer as a waiver of any right unless the waiver is in writing and signed by *thl* or *thl* Acquirer.
- (d) The meanings of the terms used in this clause 8.4 are set out below.

**conduct** includes delay in the exercise of a right.

**right** means any right arising under or in connection with this deed poll and includes the right to rely on this clause.

**waiver** includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

### 8.4 Stamp duty

*thl* must:

- (a) must pay or procure the payment of all stamp duty (if any) any related fines, penalties and interest in respect of the Scheme and this deed poll (including the acquisition or transfer of Scheme Shares pursuant to the Scheme), the performance of this deed poll and each transaction effected by or made under or pursuant to the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from a failure to comply with clause 8.4(a).

### 8.5 Further assurances

*thl* and *thl* Acquirer must, at their own expense, do all things reasonably required of them to give full effect to this deed poll.

### 8.6 Governing law and jurisdiction

- (a) This deed poll is governed by and will be construed according to the laws of Queensland.
- (b) *thl* and *thl* Acquirer irrevocably submit to the non-exclusive jurisdiction of the courts with jurisdiction in Queensland and of the courts competent to determine appeals from those courts and waive any right to object to the venue on any ground.

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## Signing page

**EXECUTED** and delivered as a deed poll.

**Executed by Tourism Holdings Rentals Limited  
ARBN 655 142 028, a foreign company  
registered in its original jurisdiction of New  
Zealand as Tourism Holdings Limited** in  
accordance with section 180 of the *Companies Act  
1993*

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director (print)

\_\_\_\_\_  
Name of director (print)

**Executed by THL Group (Australia) Pty. Ltd.** in  
accordance with Section 127 of the *Corporations  
Act 2001*

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/company secretary  
(Please delete as applicable)

\_\_\_\_\_  
Name of director (print)

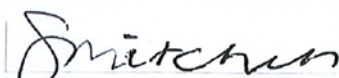
\_\_\_\_\_  
Name of director/company secretary (print)

By signing above, each director or secretary (as applicable) consents to electronic execution of this document (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other director or secretary (as applicable) to produce a copy of this document bearing his or her signature for the purpose of signing the copy to complete its execution under section 127 of the Corporations Act. The copy of the signature appearing on the copy so executed is to be treated as his or her original signature.

## Signing page

EXECUTED as a deed.

Executed by Apollo Tourism & Leisure Ltd in accordance with Section 127 of the Corporations Act 2001



Signature of director

SOPHIA ADELE MITCHELL

Name of director (print)



Signature of director/company secretary  
(Please delete as applicable)

JAMES BRETT LOCHRAN HEADING

Name of director/company secretary (print)

By signing above, each director or secretary (as applicable) consents to electronic execution of this document (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other director or secretary (as applicable) to produce a copy of this document bearing his or her signature for the purpose of signing the copy to complete its execution under section 127 of the Corporations Act. The copy of the signature appearing on the copy so executed is to be treated as his or her original signature.

Executed by Tourism Holdings Rentals Limited ARBN 655 142 028, a foreign company registered in its original jurisdiction of New Zealand as Tourism Holdings Limited in accordance with section 180 of the Companies Act 1993



Signature of director

Robert Campbell

Name of director (print)

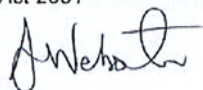


Signature of director

Cathy Quinn

Name of director (print)

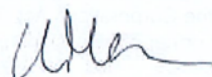
Executed by THL Group (Australia) Pty. Ltd. in accordance with Section 127 of the Corporations Act 2001



Signature of director

Grant Webster

Name of director (print)



Signature of director/company secretary  
(Please delete as applicable)

Kate Meldrum

Name of director/company secretary (print)

By signing above, each director or secretary (as applicable) consents to electronic execution of this document (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other director or secretary (as applicable) to produce a copy of this document bearing his or her signature for the purpose of signing the copy to complete its execution under section 127 of the Corporations Act. The copy of the signature appearing on the copy so executed is to be treated as his or her original signature.

# Annexure D

## Scheme



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# Scheme of Arrangement

Apollo Tourism & Leisure Ltd ABN 67 614 714 742

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Scheme Shareholders

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# Scheme of Arrangement

Apollo Tourism & Leisure Ltd ABN 67 614 714 742

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## Details

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

Between the parties

**Apollo Tourism & Leisure Ltd ABN 67 614 714 742** of 698 Nudgee Road, Northgate QLD 4013, Australia (**ATL**)

and

**Each Scheme Shareholder**



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# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Definitions

In this Scheme, unless the context requires otherwise:

**ACCC** means the Australian Competition and Consumer Commission.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691, or as the context requires or permits, the financial market known as the Australian Securities Exchange operated by it.

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

**ATL Register** means the register of shareholders maintained by ATL under section 168(1) of the Corporations Act.

**ATL Share** means an issued fully paid ordinary share in the capital of ATL.

**Australian Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Business Day** means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Brisbane, Queensland, Australia or Auckland, New Zealand.

**CHES** means the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Limited ABN 49 008 504 532.

**CHES Holding** has the meaning given in the Settlement Rules.

**Commerce Commission** means the New Zealand Commerce Commission.

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

**Court** means the Supreme Court of Queensland or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing.

**Delivery Time** means, in relation to the Second Court Date, two hours before the commencement of the hearing or, if the commencement of the hearing is adjourned, two hours before the commencement of the adjourned hearing, of the Court to approve this Scheme in accordance with section 411(4)(b) of the Corporations Act.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

**Effective Date** means the date on which this Scheme becomes Effective.

**End Date** means the 'End Date' determined in accordance with the Scheme Implementation Deed.

**FIRB** means the Australian Foreign Investment Review Board.

**Foreign Scheme Shareholder** means a Scheme Shareholder whose address as shown in the ATL Register (as at the Scheme Record Date) is located outside of:

- (a) Australia or its external territories;
- (b) New Zealand;
- (c) United Kingdom; and
- (d) any other jurisdictions as may be agreed in writing by ATL and *thl*,

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unless *thl* determines (in its absolute discretion), that *thl* is permitted to allot and issue *thl* Consideration Shares to that Scheme Shareholder under this Scheme by the laws of that place either unconditionally or after compliance with conditions that *thl* considers are not unduly onerous or impracticable.

**Governmental Agency** means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, ASX, FIRB, ACCC, the Australian Takeovers Panel, Financial Markets Authority, NZX, Commerce Commission, NZ Takeovers Panel and any regulatory organisation established under statute or any stock exchange.

**Implementation Date** means, with respect to the Scheme, the later of:

- (a) the fifth Business Day following the Scheme Record Date (as relevant); and
- (b) such other Business Day as the parties agree.

**Issuer Sponsored Holding** has the meaning given in the Settlement Rules.

**Market Integrity Rules** means any rules made by ASIC under section 798G of the Corporations Act that apply to ASX or any other prescribed financial market on which ATL Shares are quoted.

**NZ Takeovers Panel** means the Takeovers Panel established by section 5(1) of the *Takeovers Act 1993* (NZ).

**NZX** means, where the context requires, NZX Limited (Co. No. 1266120) or NZX Regulation Limited (Co. No. 8072017) and, where the context requires, the main board financial market that these entities operate.

**Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between ATL and the Scheme Shareholders, subject to any alterations or conditions that are:

- (a) agreed to in writing by ATL and *thl* and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to by ATL and *thl*.

**Scheme Consideration** means means 1 *thl* Consideration Share per 3.680818 Scheme Shares.

**Scheme Deed Poll** means the deed poll dated [*insert*] executed by *thl* and *thl* Acquirer under which *thl* and *thl* Acquirer among other things covenant in favour of the Scheme Shareholders to perform the actions attributed to them respectively under this Scheme, including, in the case of *thl*, providing the Scheme Consideration.

**Scheme Implementation Deed** means the Scheme Implementation Deed dated [*insert*] between *thl*, *thl* Acquirer and ATL.

**Scheme Meeting** means the meeting of Scheme Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

**Scheme Record Date** means 7.00pm on the second Business Day (or such other Business Day as *thl* and ATL agree in writing) after the Effective Date.

**Scheme Share** means an ATL Share on issue as at the Scheme Record Date, other than an ATL Share held by a *thl* Entity.

**Scheme Shareholder** means a person who holds one or more Scheme Shares.

**Second Court Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

**Settlement Rules** means the ASX Settlement Operating Rules.

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**thl** means Tourism Holdings Rentals Limited ARBN 655 142 028, a foreign company registered in its original jurisdiction of New Zealand as Tourism Holdings Limited (Co. No. 248179).

**thl Acquirer** means THL Group (Australia) Pty. Ltd. ACN 055 966 222.

**thl Consideration Share** means a **thl** Share to be issued under the terms of the Scheme as Scheme Consideration.

**thl Entities** means:

- (a) **thl**; and
- (b) any other entity that is Controlled by **thl** that holds ATL Shares.

## 1.2 Interpretation

In this Scheme, except where the context requires otherwise:

- (a) the singular includes the plural, and the converse also applies;
- (b) a gender includes all genders;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them;
- (e) a reference to a clause is a reference to a clause of this Scheme;
- (f) a reference to an **agreement** or **document** (including a reference to this Scheme) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Scheme or that other agreement or document, and includes, except to the extent this Scheme expressly provides otherwise the recitals, schedules and annexures to that agreement or document;
- (g) a reference to a party to this Scheme or an agreement or document includes the party's executors, administrators, successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives);
- (h) a reference to legislation or to a provision of legislation (including a listing rule or operating rule of a financial market or of a clearing and settlement facility) includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (i) a reference to conduct includes an omission, statement or undertaking, whether or not in writing;
- (j) a reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a document includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind;
- (k) a reference to **dollars** or **\$** is to Australian currency;
- (l) all references to time are to Brisbane, Queensland, Australia time;
- (m) mentioning anything after *includes*, *including*, *for example*, or similar expressions, does not limit what else might be included;
- (n) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act; and
- (o) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity.

## 1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

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## 1.4 Business Day

Where the day on or by which any act, matter or thing under this Scheme is to be done is not a Business Day, that act, matter or thing must be done on or by the next Business Day.

## 1.5 Listing requirements included as law

A listing rule or operating rule of a financial market and a Market Integrity Rule will be regarded as a law and a reference to legislation (as appropriate), and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

## 2. Preliminary

### 2.1 ATL

- (a) ATL is a public company limited by shares, registered in Queensland and admitted to the official list of ASX.
- (b) The ATL Shares are officially quoted on ASX. As at the date of the Scheme Implementation Deed, 186,150,908 ATL Shares were on issue and officially quoted on ASX.

### 2.2 *thl*

*thl* is a public company limited by shares, registered in New Zealand and admitted to the official list of NZX.

### 2.3 *thl* Acquirer

*thl* Acquirer is a proprietary company limited by shares, incorporated in Australia and registered in New South Wales.

### 2.4 General

- (a) *thl*, *thl* Acquirer and ATL have agreed by executing the Scheme Implementation Deed to implement this Scheme subject to the terms and conditions of this Scheme.
- (b) This Scheme attributes actions to *thl* and *thl* Acquirer but does not itself impose an obligation on them to perform those actions, as neither *thl* nor *thl* Acquirer are parties to this Scheme. *thl* and *thl* Acquirer have agreed, by executing the Scheme Deed Poll, to perform the actions attributed to each of them under this Scheme (including the provision of the Scheme Consideration to the Scheme Shareholders subject to the terms and conditions of this Scheme).

### 2.5 Consequence of this Scheme becoming Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to *thl* Acquirer, *thl* will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme; and
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to *thl* Acquirer on the Implementation Date, and ATL will enter the name of *thl* Acquirer in the Share Register as the holder of the Scheme Shares with the result that ATL will become a subsidiary of *thl* Acquirer.

## 3. Conditions

- (a) This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:
  - (i) all the conditions precedent in clause 3.1 of the Scheme Implementation Deed (other than the conditions in clauses 3.1(o) (Court approval) and 3.1(p) (Order lodged with ASIC) of the Scheme Implementation Deed) having been satisfied or

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- waived in accordance with the terms of the Scheme Implementation Deed by no later than the Delivery Time on the Second Court Date;
- (ii) neither the Scheme Implementation Deed nor the Scheme Deed Poll having been terminated in accordance with their terms as at the Delivery Time on the Second Court Date;
  - (iii) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are agreed to in writing by *thl*, *thl* Acquirer and ATL and an office copy of the Court order approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC;
  - (iv) such other conditions imposed by the Court under section 411(6) of the Corporations Act, as are agreed to in writing by *thl*, *thl* Acquirer and ATL; and
  - (v) the orders of the Court made under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to section 411(10) of the Corporations Act, on or before the End Date (or any later date that *thl*, *thl* Acquirer and ATL agree in writing).
- (b) The satisfaction of the conditions referred to in clause 3(a) of this document is a condition precedent to the operation of clauses 4.2 and 5.

## 4. Implementation

### 4.1 Lodgement of Court orders

Subject to the ASX Listing Rules and all conditions precedent in clause 3(a) of this document (other than the condition precedent in clause 3(a)(v)) being satisfied, ATL must lodge with ASIC office copies of any Court orders under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme as soon as reasonably practicable after the Court approves this Scheme and in any event no later than by 5.00pm on the first Business Day after the Court approves this Scheme or such later time as *thl* and ATL agree in writing.

### 4.2 Transfer of Scheme Shares

On the Implementation Date, subject to the provision of the Scheme Consideration for the Scheme Shares by *thl*, and *thl* confirming in writing to ATL by no later than 12 noon (or such later time as *thl*, *thl* Acquirer and ATL may agree) on the Implementation Date that the *thl* Consideration Shares have been provided, in the manner contemplated by clause 5.3(a):

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to *thl* Acquirer, without the need for any further act by any Scheme Shareholder (other than acts performed by ATL or its officers as agent and attorney of the Scheme Shareholders under clause 8.6 or otherwise), by:
  - (i) ATL delivering to *thl* Acquirer a duly completed and executed share transfer form to transfer all the Scheme Shares to *thl* Acquirer, executed on behalf of the Scheme Shareholders by ATL (or any of its officers) as agent and attorney of the Scheme Shareholders; and
  - (ii) *thl* Acquirer duly executing such transfer form and delivering it to ATL for registration; and
- (b) immediately after receipt of the transfer form in accordance with clause 4.2(a)(ii), ATL must enter, or procure the entry of, the name of *thl* Acquirer in the Share Register in respect of the Scheme Shares transferred to *thl* Acquirer in accordance with this Scheme.

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## 5. Scheme Consideration

### 5.1 Amount of Scheme Consideration

Subject to clause 5.2, each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of the Scheme Shares held by the Scheme Shareholder.

### 5.2 Foreign Scheme Shareholders

*thl* and *thl* Acquirer have no obligation to issue (or procure the issue), and must not issue, any *thl* Consideration Shares to Foreign Scheme Shareholders, and instead:

- (a) *thl* will issue the *thl* Consideration Shares that would otherwise have been issued to the Foreign Scheme Shareholders to a nominee appointed by *thl*;
- (b) *thl* will procure that, as soon as reasonably practicable after the Implementation Date (and, in any event, not more than 15 Business Days after the Implementation Date), the nominee:
  - (i) sells, or procures the sale, of those *thl* Consideration Shares on-market and in the ordinary course of trading on NZX in such manner, at such price and on such other terms as the nominee determines in good faith; and
  - (ii) remits the proceeds from that sale (after deducting any brokerage, duty and other selling costs, taxes and charges) to *thl*; and
- (c) as soon as practicable after the last sale of *thl* Consideration Shares in accordance with clause 5.2(a) and remittance of the proceeds of that sale in accordance with clause 5.2(b), *thl* will pay the proceeds it receives to the Foreign Scheme Shareholders in accordance with their entitlement in full satisfaction of the Foreign Scheme Shareholders' entitlement to the relevant *thl* Consideration Shares. No assurances are or will be given to Foreign Scheme Shareholders as to the price that will be achieved for the sale of *thl* Consideration Shares in accordance with this clause and the sale of the *thl* Consideration Shares will be at the risk of the Foreign Scheme Shareholder.

### 5.3 Provision of Scheme Consideration

- (a) *thl* must before 12 noon (or such later time as *thl* and ATL may agree) on the Implementation Date provide the Scheme Consideration in accordance with this Scheme by procuring that the name of each Scheme Shareholder entitled to receive *thl* Consideration Shares under this Scheme is entered in *thl*'s register of members as the holder of those *thl* Consideration Shares (having the same holding name and address and other details as the holding of the relevant Scheme Shares).
- (b) On or before the date that is five Business Days after the Implementation Date, *thl* must send or procure the sending of a share certificate or holding statement (or equivalent document) to each Scheme Shareholder entitled to receive *thl* Consideration Shares under this Scheme, reflecting the issue of such *thl* Consideration Shares.

### 5.4 Foreign resident capital gains withholding

- (a) If *thl* determines (acting reasonably), having regard to advice from a qualified tax advisor, that *thl* is either:
  - (i) required by law to withhold an issue of *thl* Consideration Shares (or a combination) to a Scheme Shareholder; or
  - (ii) liable to pay an amount to the Commissioner of Taxation under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) in respect of the acquisition of Scheme Shares from a Scheme Shareholder,(either of the above being the **Relevant Amount**),

then *thl* is entitled to reduce the number of *thl* Consideration Shares issued by a number calculated by the following factor, RA/VS, rounded up to the nearest whole number of *thl* Consideration Shares, where:

- (A) **RA** means the Relevant Amount; and
- (B) **VS** means the value (as reasonably assessed by *thl*) of one *thl* Consideration Shares; and

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and issue of the reduced number of *thl* Consideration Shares and payment of the Relevant Amount to the relevant taxation authority pursuant to clause 5.4(b) shall be taken to be full payment of the Relevant Amount for the purposes of this Scheme, including clause 5.3.

- (b) *thl* must pay any Relevant Amount so withheld to the relevant taxation authority within the time permitted by law, and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Scheme Shareholder.

## 5.5 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any *thl* Consideration Shares comprised in the Scheme Consideration are to be registered in the names of the joint holders; and
- (b) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

## 5.6 Fractional entitlements

- (a) Any fractional entitlement of the Scheme Shareholder to a part of a *thl* Consideration Share will be rounded as follows:
- (i) if the fractional entitlement is less than 0.5, it will be rounded down to zero *thl* Consideration Shares; and
- (ii) if the fractional entitlement is equal to or more than 0.5, it will be rounded up to one *thl* Consideration Shares.
- (b) If *thl* is of the reasonable opinion that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 5.6) have, before the Scheme Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding or shareholding splitting or division, *thl* may give notice to those Scheme Shareholders:
- (i) setting out their names and addresses as shown in the ATL Register as at the Scheme Record Date;
- (ii) stating that opinion; and
- (iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and addresses as set out in the ATL Register on the Scheme Record Date are set out in the notice will, for the purposes of the other provisions of this Scheme, be taken to hold no Scheme Shares. *thl*, in complying with the other provisions of this Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of this Scheme.

## 5.7 Status of *thl* Consideration Shares

Subject to this Scheme becoming Effective, *thl* must:

- (a) in accordance with the Deed Poll, issue the *thl* Consideration Shares to the Scheme Shareholders in accordance with the Scheme on terms that each *thl* Consideration Share will rank equally in all respects with each other *thl* Share then on issue;
- (b) ensure that on issue each *thl* Consideration Share will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the constitution of *thl*); and
- (c) do everything reasonably necessary to ensure that trading in the *thl* Consideration Shares commences on NZX and ASX on a normal trading basis by the Implementation Date or as soon as practicable thereafter.

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## 5.8 Definition of *sending*

For the purposes of clause 5, the expression *sending* means, in relation to each Scheme Shareholder:

- (a) sending by ordinary pre-paid post or courier to the address of that Scheme Shareholder as set out in the ATL Register at the Scheme Record Date; or
- (b) delivery to the address of that Scheme Shareholder as set out in the ATL Register at the Scheme Record Date by any other means at no cost to the recipient.

## 6. Dealings in Scheme Shares

### 6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Scheme Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the relevant Scheme Shares on or before 7.00pm on the Scheme Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before 5.00pm on the day on which the Scheme Record Date occurs at the place where the Share Register is kept,

and ATL will not accept for registration, nor recognise for any purpose (except a transfer to *thl* Acquirer under this Scheme and any subsequent transfer by *thl* Acquirer or its successors in title or by the *thl* Entities), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

### 6.2 Register

- (a) **(Registration of transfers)** ATL must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) by or as soon as reasonably practicable after the Scheme Record Date.
- (b) **(No registration after Scheme Record Date)** ATL will not accept for registration or recognise for any purpose any transmission application or transfer in respect of ATL Shares received after 5.00pm on the day on which the Scheme Record Date occurs, other than to *thl* Acquirer in accordance with this Scheme and any subsequent transfer by *thl* Acquirer or its successors in title or by the *thl* Entities.
- (c) **(Maintenance of Share Register)** For the purpose of determining entitlements to the Scheme Consideration, ATL must maintain the Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) **(No disposal after Scheme Record Date)** From the Scheme Record Date until registration of *thl* Acquirer in respect of all Scheme Shares under clause 4, no Scheme Shareholder may dispose or otherwise deal with Scheme Shares (or purport to do so) in any way except as set out in this Scheme and any attempt to do so will have no effect and ATL shall be entitled to disregard any such disposal or dealing.
- (e) **(Statements of holding from Scheme Record Date)** All statements of holding for ATL Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those shares. As from the Scheme Record Date, each entry current at that date on the Share Register (other than entries in respect of the *thl* Entities) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the ATL Shares relating to that entry.
- (f) **(Provision of Scheme Shareholder details)** As soon as practicable on or after the Scheme Record Date and in any event within one Business Day after the Scheme Record



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Date, ATL will ensure that details of the names, addresses set out in the ATL Register at the Scheme Record Date and holdings of ATL Shares for each Scheme Shareholder are available to *thl* Acquirer in the form *thl* Acquirer reasonably requires.

## 7. Suspension and delisting

- (a) ATL will apply to ASX to suspend trading on the ASX in ATL Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by ATL, and to take effect only after the transfer of the Scheme Shares has been registered in accordance with clause 4.2(b), ATL will apply:
  - (i) for termination of the official quotation of ATL Shares on ASX; and
  - (ii) to have itself removed from the official list of ASX.

## 8. General Scheme provisions

### 8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) ATL may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which ATL has consented in writing; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions to which counsel or the solicitors for ATL have consented.

### 8.2 Binding effect of Scheme

This Scheme binds ATL and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of ATL.

### 8.3 Scheme Shareholders' agreements and acknowledgment

Each Scheme Shareholder:

- (a) acknowledges the binding effect of the Scheme as described in clause 8.2;
- (b) agrees to the transfer of their ATL Shares together with all rights and entitlements attaching to those ATL Shares in accordance with this Scheme;
- (c) who holds their ATL Shares in a CHESS Holding agrees to the conversion of those ATL Shares to an Issuer Sponsored Holding and irrevocably authorises ATL to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion;
- (d) agrees to any variation, cancellation or modification of the rights attached to their ATL Shares constituted by or resulting from this Scheme;
- (e) agrees to, on the direction of *thl*, destroy any holding statements or share certificates relating to their ATL Shares;
- (f) agrees to become a shareholder of *thl*, have their name and address entered in *thl*'s register of members (and other details as the holding of the relevant Scheme Shares), and to be bound by its constitution; and
- (g) acknowledges and agrees that this Scheme binds ATL and all Scheme Shareholders (including those who did not attend the Scheme Meeting or did not vote at that meeting or voted against this Scheme at that Scheme Meeting).

### 8.4 Warranties by Scheme Shareholders

- (a) Each Scheme Shareholder is deemed to have warranted to ATL, in its own right and for the benefit of *thl* and *thl* Acquirer (and is deemed to have authorised ATL to give such

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warranties to *thl* and *thl* Acquirer in accordance with clause 8.4(b)), that as at the Implementation Date:

- (i) all of its Scheme Shares which are transferred to *thl* Acquirer under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
  - (ii) all of its ATL Shares which are transferred to *thl* Acquirer under this Scheme will, on the date on which they are transferred to *thl* Acquirer, be fully paid;
  - (iii) it has full power and capacity to transfer its ATL Shares to *thl* Acquirer together with any rights attaching to those shares; and
  - (iv) it has no existing right to be issued any ATL Shares, options exercisable into ATL shares, ATL convertible notes or any other ATL securities.
- (b) ATL undertakes that it will provide the warranties in clause 8.4(a) to *thl* and *thl* Acquirer as agent and attorney of each Scheme Shareholder.

#### **8.5 Title to and rights in Scheme Shares**

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme will be transferred free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) On and from the Implementation Date, subject to the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.3(a), *thl* Acquirer will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by ATL of *thl* Acquirer in the Share Register as the holder of the Scheme Shares.

#### **8.6 Authority given to ATL**

- (a) Scheme Shareholders will be deemed to have authorised ATL to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary for or incidental to the implementation of this Scheme, including executing and delivering, as agent and attorney of each Scheme Shareholder:
- (i) a share transfer or transfers in relation to Scheme Shares as contemplated by clause 4.2; and
  - (ii) any deed or document required by *thl* or ATL that causes each Scheme Shareholder entitled to *thl* Consideration Shares to be bound by the constitution of *thl*.
- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints ATL and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of:
- (i) on the Effective Date, enforcing the Scheme Deed Poll against *thl* and *thl* Acquirer and ATL accepts such appointment; and
  - (ii) on the Implementation Date, executing any document necessary to give effect to this Scheme including, 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 the Scheme Shares,
- and ATL accepts such appointment.

## 8.7 Appointment of sole proxy

Immediately after the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.3(a) until ATL registers *thl* Acquirer as the holder of all ATL Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed *thl* Acquirer as its attorney and agent (and directed *thl* Acquirer in such capacity) to appoint an officer or agent nominated by *thl* Acquirer as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of ATL, exercise the votes attaching to the Scheme Shares registered in its name and sign any shareholders' resolution;
- (b) undertakes not to otherwise attend Shareholders' meetings, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to clause 8.7(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as *thl* Acquirer reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), *thl* Acquirer and any officer or agent nominated by *thl* Acquirer under clause 8.7(a) may act in the best interests of *thl* Acquirer as the intended registered holder of the Scheme Shares.

## 8.8 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Governmental Agency), all instructions, notifications or elections by a Scheme Shareholder to ATL binding or deemed binding between the Scheme Shareholder and ATL relating to ATL or ATL Shares (including any email addresses, instructions relating to communications from ATL, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from ATL) will be deemed from the Implementation Date (except to the extent determined otherwise by *thl* and in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to *thl*, and will be accepted by *thl* until that instruction, notification or election is revoked or amended in writing addressed to *thl* at the relevant registry, provided that any such instructions or notifications accepted by *thl* will apply to and in respect of the issue of *thl* Consideration Shares as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

## 9. General

### 9.1 Stamp duty

*thl* or *thl* Acquirer must pay all stamp duty payable in connection with the transfer of the Scheme Shares to *thl* Acquirer pursuant to this Scheme.

### 9.2 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this document is sent by post to ATL, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at ATL's registered office or at the office of the registrar of ATL Shares.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Scheme Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

### 9.3 Further assurances

- (a) ATL must do anything necessary (including executing agreements and documents) or incidental to give full effect to this Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder consents to ATL doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

---

#### **9.4 Governing law and jurisdiction**

- (a) This Scheme is governed by the laws of Queensland.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Queensland and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme.

#### **9.5 No liability when acting in good faith**

None of *thl*, *thl* Acquirer or ATL nor any of their directors, officers, secretaries or employees, will be liable for anything done or omitted to be done in the performance of this Scheme or the Scheme Deed Poll in good faith.

---

# Annexure E

Deed Poll





Execution Version

## Deed poll

relating to a proposed scheme of arrangement between  
Apollo Tourism & Leisure Ltd ABN 67 614 714 742 and  
its members

—  
Tourism Holdings Rentals Limited ARBN 655 142  
028, a foreign company registered in its original  
jurisdiction of New Zealand as Tourism Holdings  
Limited (*thl*)  
THL Group (Australia) Pty. Ltd. ABN 68 055 966 222  
(*thl* Acquirer)  
—

Level 22 Waterfront Place 1 Eagle Street  
Brisbane Qld 4000 Australia DX 102 Brisbane  
T +61 7 3119 6000 F +61 7 3119 1000  
minterellison.com  
ME\_130143226\_6 (W2007)

MinterEllison

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# Deed poll

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## Details

### Date

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### Parties

15 February 2022

Name **Tourism Holdings Rentals Limited ARBN 655 142 028, a foreign company registered in its original jurisdiction of New Zealand as Tourism Holdings Limited (Co. No. 248179)**

Country of incorporation New Zealand  
NZBN 9429039926081

Short form name ***thl***

Notice details Level 1, 83 Beach Street, Auckland City, Auckland 1140, New Zealand  
Email: grant.webster@thlonline.com  
Attention: Grant Webster

Name **THL Group (Australia) Pty. Ltd. ACN 055 966 222**

Country of incorporation Australia  
ABN 68 055 966 222

Short form name ***thl* Acquirer**

Notice details Level 1, 83 Beach Street, Auckland City, Auckland 1140, New Zealand  
Email: grant.webster@thbonline.com  
Attention: Grant Webster

---

### Background

- A On 10 December 2021, *thl*, *thl* Acquirer and ATL entered into the Scheme Implementation Deed to provide for (among other matters) the implementation of the Scheme.
- B The effect of the Scheme will be to transfer all Scheme Shares to *thl* Acquirer in return for the Scheme Consideration.
- C *thl* and *thl* Acquirer enter this deed poll to covenant in favour of Scheme Shareholders to perform the actions attributed to each of them under the Scheme.



# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Defined terms

In this document:

**Scheme Implementation Deed** means the Scheme Implementation Deed dated 10 December 2021 between *thl*, *thl* Acquirer and ATL.

**ATL** means Apollo Tourism & Leisure Ltd ACN 614 714 742 as trustee for the Scheme Shareholders.

### 1.2 Terms defined in Scheme Implementation Agreement

Words and phrases defined in the Scheme Implementation Deed have the same meaning in this deed poll unless the context requires otherwise.

### 1.3 Incorporation by reference

The provisions of clauses 1.2, 1.3 and 1.4 of the Scheme Implementation Deed form part of this deed poll as if set out at length in this deed poll but with *deed poll* substituted for *deed* and with any reference to *party* being taken to include the Scheme Shareholders (as the context requires or permits).

## 2. Nature of this deed poll

This deed poll is given jointly and severally by *thl* and *thl* Acquirer in favour of the Scheme Shareholders and *thl* and *thl* Acquirer each agree that this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it.

## 3. Conditions precedent and termination

### 3.1 Conditions

The obligations of *thl* and *thl* Acquirer under this deed poll are subject to the Scheme becoming Effective.

### 3.2 Termination

This deed poll and the obligations of *thl* and *thl* Acquirer under this deed poll will automatically terminate and this deed poll will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date or any later date as the Court, with the consent of *thl*, *thl* Acquirer and ATL, may order,

unless *thl*, *thl* Acquirer and ATL otherwise agree in writing.

### 3.3 Consequences of termination

If this deed poll terminates under clause 3.2, in addition and without prejudice to any other rights, powers or remedies available to Scheme Shareholders:

- (a) *thl* and *thl* Acquirer are released from their obligations to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against *thl* and *thl* Acquirer in respect of any breach of this deed poll which occurred before it terminated.

## 4. Performance of obligations

### 4.1 Generally

Subject to clause 3, *thl* and *thl* Acquirer covenants in favour of Scheme Shareholders to perform the actions attributed to it under, and otherwise comply with, the Scheme as if *thl* and *thl* Acquirer were parties to the Scheme.

### 4.2 Provision of Scheme Consideration

- (a) Subject to clause 3, *thl* undertakes in favour of each Scheme Shareholder to provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme.
- (b) The obligations of *thl* under clause 4.2(a) will be satisfied if, in respect of the Scheme Consideration:
  - (i) no later than 12.00 noon (or such later time as *thl*, *thl* Acquirer and ATL may agree) on the Implementation Date, *thl* procures that the name of each Scheme Shareholder entitled to receive *thl* Consideration Shares under the Scheme is entered in *thl*'s register of members as the holder of those *thl* Consideration Shares (having the same holding name and address and other details as the holding of the relevant Scheme Shares) and *thl* provides ATL with written confirmation that *thl* has done so; and
  - (ii) on or before the date that is five Business Days after the Implementation Date, *thl* sends or procures the sending of a share certificate or holding statement (or equivalent document) to each Scheme Shareholder entitled to receive *thl* Consideration Shares under the Scheme, reflecting the issue of such *thl* Consideration Shares,

in each case, in accordance with, and subject to, the provisions of the Scheme.

### 4.3 *thl* Consideration Shares to rank equally

*thl* undertakes in favour of each Scheme Shareholder that all *thl* Consideration Shares issued as Scheme Consideration to each Scheme Shareholder will, upon their issue:

- (a) rank equally with all other *thl* ordinary shares on issue; and
- (b) be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the constitution of *thl*).

## 5. Warranties

*thl* and *thl* Acquirer each represent and warrant to each Scheme Shareholder that:

- (a) **(status)** it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;
- (b) **(power)** it has the 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 and performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **(documents binding)** this deed poll is its valid and binding obligation enforceable in accordance with its terms;
- (e) **(transactions permitted)** the execution and performance by it of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
  - (i) a law or treaty or a judgment, ruling, order or decree of a Governmental Agency binding on it;
  - (ii) its constitution or other constituent documents; or
  - (iii) any other document which is binding on it or its assets; and

- (f) (solvency) it is solvent and no resolutions have been passed nor has any other step been taken or legal action or 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.

## 6. Continuing Obligations

### 6.1 Deed poll irrevocable

This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) *thl* and *thl* Acquirer having fully performed their obligations under this deed poll; and
- (b) termination of this deed poll under clause 3.2.

### 6.2 Variation

A provision of this deed poll may not be varied or amended unless:

- (a) before the Second Court Date, the variation or amendment is agreed to in writing by ATL (on behalf of each Scheme Shareholder but without the need for to refer the variation or amendment to any Scheme Shareholder) and, if required, approved by the Court; or
- (b) on or after the Second Court Date, the variation or amendment is agreed to in writing by ATL (on behalf of each Scheme Shareholder but without the need for to refer the variation or amendment to any Scheme Shareholder) and is approved by the Court,

and *thl* and *thl* Acquirer enter into a further deed poll in favour of each Scheme Shareholder giving effect to the variation or amendment.

## 7. Notices

Any notice, demand or other communication (a **Notice**) to *thl* or *thl* Acquirer in respect of this deed poll:

- (a) must be in writing and signed by the sender or a person duly authorised by it;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand, email or to the address or email address specified in the Details;
- (c) will be conclusively taken to be duly given or made:
  - (i) (in the case of delivery in hand), when delivered at the address of the addressee as provided in the Details, unless that delivery is not made on a Business Day, or is made after 5.00pm on a Business Day, in which case that Notice will be deemed to be received at 9.00am on the next Business Day;
  - (ii) (in the case of delivery by post), on the third Business Day after the date of posting (if posted to an address within Australia) or the fifth Business Day after the date of posting (if posted to an address outside Australia); or
  - (iii) (in the case of email), on the earlier of:
    - (A) when the sending party's email system confirms delivery of the email by way of a delivery notification; or
    - (B) when the recipient party confirms receipt to the sending party via email or telephone.

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## 8. General Provisions

### 8.1 Assignment

- (a) The rights and obligations of *thl*, *thl* Acquirer, ATL and each Scheme Shareholder under this deed poll are personal. They cannot be assigned, charged, encumbered or otherwise dealt with at law or in equity without the prior written consent of *thl*, *thl* Acquirer and ATL.
- (b) Any purported dealing in contravention of clause 8.1(a) is invalid.

### 8.2 Cumulative rights

The rights, powers and remedies of *thl*, *thl* Acquirer, ATL and each Scheme Shareholder under this deed poll are cumulative with and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

### 8.3 No waiver

- (a) *thl* or *thl* Acquirer may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) If a Scheme Shareholder does not exercise a right arising from a breach of this deed poll at a given time, it may, unless it has waived that right in writing, exercise the right at a later point in time.
- (c) No Scheme Shareholder may rely on words or conduct of *thl* or *thl* Acquirer as a waiver of any right unless the waiver is in writing and signed by *thl* or *thl* Acquirer.
- (d) The meanings of the terms used in this clause 8.4 are set out below.  
**conduct** includes delay in the exercise of a right.  
**right** means any right arising under or in connection with this deed poll and includes the right to rely on this clause.  
**waiver** includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

### 8.4 Stamp duty

*thl* must:

- (a) must pay or procure the payment of all stamp duty (if any) any related fines, penalties and interest in respect of the Scheme and this deed poll (including the acquisition or transfer of Scheme Shares pursuant to the Scheme), the performance of this deed poll and each transaction effected by or made under or pursuant to the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from a failure to comply with clause 8.4(a).

### 8.5 Further assurances

*thl* and *thl* Acquirer must, at their own expense, do all things reasonably required of them to give full effect to this deed poll.

### 8.6 Governing law and jurisdiction

- (a) This deed poll is governed by and will be construed according to the laws of Queensland.
- (b) *thl* and *thl* Acquirer irrevocably submit to the non-exclusive jurisdiction of the courts with jurisdiction in Queensland and of the courts competent to determine appeals from those courts and waive any right to object to the venue on any ground.

## Signing page

EXECUTED and delivered as a deed poll.

Executed by Tourism Holdings Rentals Limited  
ARBN 655 142 028, a foreign company  
registered in its original jurisdiction of New  
Zealand as Tourism Holdings Limited in  
accordance with section 180 of the *Companies Act*  
1993




Signature of director



Signature of director



Name of director (print)



Name of director (print)

Executed by THL Group (Australia) Pty. Ltd. in  
accordance with Section 127 of the *Corporations*  
*Act 2001*



Signature of director



Signature of director/company secretary  
(Please delete as applicable)



Name of director (print)



Name of director/company secretary (print)

15.02.22.

By signing above, each director or secretary (as applicable) consents to electronic execution of this document (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other director or secretary (as applicable) to produce a copy of this document bearing his or her signature for the purpose of signing the copy to complete its execution under section 127 of the Corporations Act. The copy of the signature appearing on the copy so executed is to be treated as his or her original signature.

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# Annexure F

## Notice of Scheme Meeting



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## Notice of scheme meeting

Apollo Tourism & Leisure Ltd  
ACN 614 714 742

### Notice of court ordered meeting of apollo tourism & leisure ltd shareholders

**Notice is given** that, by an order of the Supreme Court of Queensland (**Court**) made on Friday, 18 February 2022 under section 411(1) of the Corporations Act, the Court has directed that a meeting of the holders of fully paid ordinary shares of **ATL**, other than *thl* Entities (**ATL Voting Shareholders**) will be held at 10.00am on Wednesday, 20 April 2022 at Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Queensland 4000 and via **ATL's** online meeting platform at <https://meetnow.global/MXDSZKR>.

In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation. **ATL** Voting Shareholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to any Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any such changes will be announced by **ATL** to ASX.

The Court has also directed that Ms Sophie Mitchell, or failing her Brett Heading, act as chairperson of the meeting and report the result of the meeting to the Court.

### Purpose of the meeting

The purpose of this meeting is to consider and, if thought fit, to agree (with or without any (a) alterations or conditions agreed to in writing between **ATL** and *thl* and approved by the Court; or (b) any alterations or conditions required by the Court to which **ATL** and *thl* agree) to the scheme of arrangement (Scheme) between **ATL** and the **ATL** Voting Shareholders as at the Scheme Record Date.

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this notice forms part.

### Resolution – approval of scheme

The meeting will be asked to consider and, if thought fit, pass the following resolution:

“That under and in accordance with section 411 of the *Corporations Act*, the members agree to the arrangement proposed between **ATL** and the holders of its fully paid ordinary shares (other than the *thl* Entities), designated the Scheme, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with or without any alterations or conditions agreed or any alterations or conditions required by the Court) and the **ATL** Board is authorised to implement the Scheme with any such alterations or conditions.”

**Dated 21 February 2022**

BY ORDER OF THE COURT



**Sophie Mitchell**  
Non-Executive Chairman

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## Explanatory notes to the notice of meeting

### 1. General

- (a) Capitalised words and phrases contained in the notice of meeting (including the proposed resolution) have the same meaning as set out in the Glossary in Section 13 of the Scheme Booklet, of which this notice forms part.
- (b) The notice of meeting should be read in conjunction with the entire Scheme Booklet of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the proposed resolution. The Scheme Booklet includes a copy of the Scheme (in Annexure D of the Scheme Booklet) and includes the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme (the explanatory statement being all sections of the Scheme Booklet, other than the Annexures).

### 2. Entitlement to vote

For the purposes of the Scheme Meeting, only those persons registered in the Share Register as an **ATL** Voting Shareholder at 7.00pm on Monday, 18 April 2022 are entitled to participate and vote at the Scheme Meeting in respect of each **ATL** Share held by them at that time, either by attending the Scheme Meeting in person or via **ATL**'s online meeting platform, by proxy or attorney or, in the case of an **ATL** Voting Shareholder or proxy who is a corporation, by corporate representative.

### 3. Required voting majority

- (a) The resolution to approve the Scheme is subject to approval by the majorities required under section 411(4)(a)(ii) of the Corporations Act.
- (b) The resolution to approve the Scheme must be approved by:
  - i. unless the Court orders otherwise, a majority in number (more than 50%) of the **ATL** Voting Shareholders present and voting at the Scheme Meeting (whether personally, by proxy, attorney or, in the case of an **ATL** Voting Shareholder or a proxy who is a corporation, by corporate representative); and at least 75% of the total number of votes which are cast at the Scheme Meeting by **ATL** Voting Shareholders (whether personally or by proxy, attorney, or in the case of an **ATL** Voting Shareholder or a proxy who is a corporation, by corporate representative).
- (c) The Court has discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution but not by a majority (more than 50%) in number of **ATL** Voting Shareholders present and voting at the Scheme Meeting.

### 4. Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme (with or without any alterations or conditions (a) agreed between **ATL** and **thl** and approved by the Court; or (b) any alterations or conditions required by the Court to which **ATL** and **thl** agree) must also be approved by an order of the Court and an office copy of the orders must be lodged with ASIC. If the Scheme is approved by the Requisite Majority at the Scheme Meeting, and all of the other Scheme Conditions (other than approval of the Court) are satisfied or waived by the required time under the Scheme, **ATL** intends to apply to the Court for orders approving the Scheme.



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## 5. Jointly held ATL Shares

If you hold **ATL** Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person (including via the online platform) at the Scheme Meeting, only the vote of the holder whose name appears first on the Share Register will be counted.

## 6. Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to participate in the Scheme Meeting from **ATL**'s website at [www.apollotourism.com](http://www.apollotourism.com), or by contacting the Company Secretary of **ATL** or the Share Registry.

Voting Instructions

<b>METHOD</b>	<b>VOTING INSTRUCTIONS</b>
In person	To vote in person, you must attend the meeting. Eligible <b>ATL</b> Voting Shareholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have registered with the Share Registry at the venue.
Via the online platform	<b>ATL</b> Voting Shareholders who wish to attend and vote at the meeting via <b>ATL</b> 's online meeting platform should follow the instructions in the Share Registry's "Virtual Scheme Meeting Online Guide" located at <a href="https://meetnow.global/MXDSZKR">https://meetnow.global/MXDSZKR</a> . It is recommended that <b>ATL</b> Voting Shareholders who wish to attend and vote via the online meeting platform should login at least 15 minutes prior to the schedule start time for the meeting.

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## METHOD

## VOTING INSTRUCTIONS

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### By proxy

**ATL** Voting Shareholders have the right to appoint a proxy to attend the Scheme Meeting on their behalf and to vote as directed by the **ATL** Voting Shareholder. The proxy need not be an **ATL** Voting Shareholder and may be an individual or a body corporate.

You are entitled to appoint up to two proxies and, if you do so, you must specify the proportion or number of votes each proxy is appointed to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of your votes, then each proxy may exercise half of the votes as in accordance with s249X(3) of the Corporations Act.

You may appoint a proxy by completing, signing and returning the personalised Proxy Form accompanying this Scheme Booklet to the Share Registry by:

mailing: Apollo Tourism & Leisure Ltd  
C/- Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

faxing: 1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

online: by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions in your Proxy Form to lodge your proxy online.

Your Proxy Form must be received by the Share Registry by 10.00am on Monday, 18 April 2022 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting). Proxy Forms received after this time will be invalid.

If a Proxy Form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed Proxy Form unless the power of attorney or other authority has previously been noted by the Share Registry.

If you hold **ATL** Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.

A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on the resolution. If an appointment directs the way the proxy is to vote on the resolution:

- if the proxy is the chairperson – the proxy must vote on the poll and must vote in the way directed; or
- if the proxy is not the chairperson – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed.

If you return your Proxy Form:

- without identifying a proxy on it, you will be taken to have appointed the chairperson as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the chairperson will act in place of your nominated proxy and vote in accordance with any directions on your Proxy Form.

The chairperson intends to vote all undirected proxies which nominate the chairperson in favour of the resolution to approve the Scheme (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of **ATL** Voting Shareholders).

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**METHOD****VOTING INSTRUCTIONS**

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By proxy  
(continued)

A vote cast in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless:

- notice in writing of the revocation has been received by the Share Registry before the start of the Scheme Meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) by mail, delivered in person or by fax as described above; or
- notice of revocation is given by the **ATL** Voting Shareholder on registering their attendance at the Scheme Meeting at the registration desk located at the Scheme Meeting.

If the proxy is attending:

- **in person**, a proxy will be admitted to the Scheme Meeting and given a voting card on providing at the entrance to the Scheme Meeting, written evidence of their name and address; or
- **online**, by logging into the virtual meeting platform at <https://meetnow.global/MXDSZKR>, registering your attendance and obtaining a voting card. For further information, please refer to the “Virtual Scheme Meeting Online Guide” available on the virtual meeting platform.

Your appointment of a proxy does not preclude you from attending in person or online. The appointment of your proxy is not suspended merely by attending the Scheme Meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution. Replacement Proxy Forms can be obtained from the Share Registry.

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By power of  
attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be an **ATL** Voting Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, **ATL**), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, must be received by the Share Registry by 10.00am on Monday, 18 April 2022 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

mailing: Apollo Tourism & Leisure Ltd  
C/- Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001

faxing: 1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

If the attorney is attending:

- **in person**, the attorney will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors; or
- **online**, by logging into the virtual meeting platform at <https://meetnow.global/MXDSZKR>, registering your attendance and obtaining a voting card. For further information, please refer to the “Virtual Scheme Meeting Online Guide” available at on the virtual meeting platform.

Your appointment of an attorney does not preclude you from attending in person or online and voting at the meeting. The appointment of your attorney is not revoked merely by your participation and taking part in the meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.

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<b>METHOD</b>	<b>VOTING INSTRUCTIONS</b>
By corporate representative	<p>If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that <b>ATL</b> will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of the certificate may be obtained from the Share Registry by calling 1300 396 584 (within Australia) or +61 3 9415 4151 (outside Australia) on Monday to Friday between 8.30am and 5.00pm. The certificate of appointment may set out restrictions on the representative's powers.</p> <p>The certificate should be lodged at the registration desk on the day of the meeting or received by the Share Registry by 10.00am on Monday, 18 April 2022 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:</p> <p style="padding-left: 20px;">mailing: Apollo Tourism &amp; Leisure Ltd C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001</p> <p style="padding-left: 20px;">faxing: 1800 783 447 (within Australia)+61 3 9473 2555 (outside Australia)</p> <p>If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Share Registry.</p> <p>If the corporate representative is attending:</p> <ul style="list-style-type: none"> <li>• in person, the corporate representative will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors; or</li> <li>• online, by logging into the virtual meeting platform at <a href="https://meetnow.global/MXDSZKR">https://meetnow.global/MXDSZKR</a>, registering your attendance and obtaining a voting card. For further information, please refer to the "Virtual Scheme Meeting Online Guide" available on the virtual meeting platform.</li> </ul>
Further information	For further information, you may call the Share Registry on 1300 396 584 (within Australia) or +61 3 9415 4151 (outside Australia) on Monday to Friday between 8.30am and 5.00pm (AEDT).

## **8. Technical difficulties**

Technical difficulties may arise during the course of the Scheme Meeting. The chairperson has discretion as whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the chairperson will have regard to the number of **ATL** Voting Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the chairperson considers it appropriate, the chairperson may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

# Annexure G

Comparison of Australian and New Zealand  
Laws and summary of the rights attaching to  
the Consideration Shares



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References to Australian law where they appear in this annexure are references to the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and Australian common law, as applicable.

The comparison below is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only. You should seek your own independent professional legal advice if you require further information.

**ATL**

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## **1. SHAREHOLDERS' MEETINGS**

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### **1.1 Requirement of annual meetings and ability to call special meetings**

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Under the Corporations Act, the annual general meeting of **ATL** is required to be held at least once in each calendar year, and within five months after the end of its financial year.

A general meeting of **ATL** Shareholders may be called from time to time by the **ATL** Directors or an individual director, or by shareholders in the circumstances set out below:

- when requested to do so by **ATL** Shareholders holding at least 5% of the votes that may be cast at a general meeting, **ATL** Directors must call a general meeting within 21 days after the request is given to **ATL**, and the meeting must be held not later than two months after the request is given; or
- alternatively, **ATL** Shareholders holding at least 5% of the votes that may be cast at a general meeting may themselves call, and arrange to hold, a general meeting of **ATL** at their own cost.

Under the Companies Act and the *thl* Constitution, the annual meeting of *thl* Shareholders is required to be held not later than 6 months after its balance date and no later than 15 months after the previous annual meeting.

A special meeting of shareholders:

- may be called at any time by the *thl* Board or a person authorised by the *thl* Constitution to call a meeting; and
- must be called by the *thl* Board when requested by *thl* Shareholders holding shares carrying at least 5% of the votes that may be cast at the meeting.

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### **1.2 Notice of meeting**

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As **ATL** is listed on the ASX, under the Corporations Act, notice of a general meeting of **ATL** must be given at least 28 days before the date of the meeting.

Under the **ATL** Constitution, **ATL** is required to give notice to **ATL** Shareholders entitled to vote at the meeting, **ATL** Directors, **ATL**'s auditor and anyone entitled to a share because of a transmission event (e.g. death of an **ATL** Shareholder) who has satisfied the **ATL** Directors of their right.

Under the Companies Act, notice of the meeting of *thl* must be sent to every *thl* Shareholder entitled to receive notice of the meeting and to every director and an auditor of the company at least 10 working days before the meeting.

As *thl* is listed on the NZX, under the NZX Corporate Governance Code, it is recommended that notice be released at least 20 working days before the meeting, and this is reflected in the *thl* constitution.

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## ATL

### 1.3 Quorum requirements

The quorum for a meeting under the **ATL** constitution is two **ATL** Shareholders who are present at the meeting and entitled to vote on resolutions at the meeting.

If within 30 minutes after the time appointed for a meeting, a quorum is not present, the meeting:

- if convened on a requisition of **ATL** Shareholders, is dissolved; and
- in any other case, to such other day, time and place as the **ATL** Directors present decide, or if they do not make a decision, the same day in the next week and the same time and place.

At an adjourned meeting, two **ATL** Shareholders is still a quorum. If no quorum is present at an adjourned meeting within 30 minutes after the time appointed for the adjourned meeting, the meeting must be dissolved.

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The quorum for a meeting under the **thl** Constitution is five shareholders present in person or proxy and entitled to vote on resolutions at the meeting.

If within 30 minutes after the time appointed for a meeting, a quorum is not present, the meeting:

- if convened on a requisition of **thl** Shareholders, is dissolved; and
- in any other case, to such other day, time and place as the **thl** Directors present decide, or if they do not make a decision, the same day in the next week and the same time and place.

At an adjourned meeting, if a quorum is not present, the **thl** Shareholders who are present, may transact the business for which the meeting was called.

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## ATL

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### 1.4 Voting requirements

Under the Corporations Act, a special resolution may be passed by **ATL** Shareholders if not less than 28 days' notice of a general meeting is given, specifying the intention to propose the special resolution and stating the resolution. In order to pass, a special resolution requires approval of at least 75% of the votes cast by shareholders entitled to vote.

The Corporations Act requires certain matters to be resolved by a company by special resolution, including:

- amendment to the company's constitution;
- the change of name of the company;
- a selective reduction of capital or selective share buy-back;
- the conversion of ordinary shares into preference shares; and
- a decision to wind up the company voluntarily.

The **ATL** Constitution stipulates the following matters be resolved by special resolution:

- matters relating to the winding-up of **ATL**, including distribution of assets and power of the liquidator to vest property; and
- variation of rights attaching to any class of shares.

Each **ATL** Share confers a right to vote at all general meetings. On a show of hands, each **ATL** Shareholder present in person, or by proxy, attorney or body corporate representative, has one vote. If a poll is held, **ATL** Shareholders present in person or by their proxy, attorney or body corporate representative will have:

- one vote for every fully paid **ATL** Share held at the voting record date; and
- a fraction of a vote for each partly paid **ATL** Share, equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) for that **ATL** Share (or, where applicable, a fraction of a **ATL** Share), held at the voting record date.

Under the Companies Act, a special resolution may be passed by **thl** Shareholders if the same notice requirements discussed at 1.2 above are observed. In order to pass, a special resolution requires approval of a majority of 75% of the votes cast by shareholders entitled to vote.

The Companies Act requires certain matters to be resolved by a company by special resolution, including:

- amendment to the company's constitution;
- approve a major transaction (in general terms, transactions involving more than half of the market value of the company's assets). The NZX Listing Rules also give shareholders the right to approve any transaction by ordinary resolution which significantly changes (directly or indirectly) the nature of **thl**'s business or involves a gross value above 50% of **thl**'s market capitalisation;
- approve an amalgamation of the company;
- a decision to wind up the company voluntarily;
- variation of certain rights attaching to any class of shares

Under the **thl** Constitution, each **thl** Share confers a right to vote at all meetings of shareholders. On a vote by voices or on a show of hands, each **thl** Shareholder present in person or by representative, has one vote. If a poll is held, **thl** Shareholders present in person or their representative will have:

- one vote for every fully paid **thl** Share held at the voting record date; or
- a fraction of a vote for each partly paid **thl** Share, equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited and amounts paid in advance of a call) for that **thl** Share, held at the voting record date.

The NZX Listing Rules however prohibit a person (and their associated persons) from voting in favour of certain transaction in which they are interested, unless they are a proxy acting on express instructions. These disqualifications include, Directors concerning their own remuneration, subscribers for an issue of shares approved by shareholders, and related parties of **thl** under a related party transaction with **thl**.



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## ATL

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### 1.5 Shareholders' rights to bring a resolution before a meeting

Under the Corporations Act, **ATL** Shareholders holding at least 5% of the votes that may be cast at a general meeting or at least 100 members who are entitled to vote at a general meeting may by written notice to **ATL** propose a resolution for consideration at the next general meeting occurring more than two months after the date of the notice.

Under the Companies Act, a **thl** Shareholder may give written notice to the **thl** Board of a matter the shareholder proposes to raise for discussion or resolution at the next meeting of shareholders at which the shareholder is entitled to vote.

If the notice is received by the **thl** Board not less than 20 working days before the last day on which notice of the relevant meeting of shareholders is required to be given by the **thl** Board, the **thl** Board must, at the expense of the company, give notice of the shareholder proposal and the text of any proposed resolution to all shareholders entitled to receive notice of the meeting. If the notice is received not less than 5 working days and not more than 20 working days before the last day on which notice is required to be given, **thl** must (if less than 5 working days, only if practicable) still give notice of the proposed resolution except at the expense of the shareholder who proposed the resolution.

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## 2. DIRECTORS AND OFFICERS

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### 2.1 Management of the business of the company

Under the **ATL** Constitution, the **ATL** Directors are responsible for managing the business of the company and may exercise all powers and do all things that are within the company's power and are not expressly required by the Corporations Act or the **ATL** Constitution to be exercised by the company in a general meeting.

Under the Companies Act, the **thl** Directors are responsible for managing the business and affairs of the company and may exercise all powers necessary for managing, and for directing and supervising the management of, the business and affairs of the company.

Under the **thl** Constitution, a shareholder may question, discuss, and comment on the management of **thl** at a meeting of shareholders. A meeting of shareholders may pass a resolution relating to the management of **thl**. Such a resolution is not binding on the **thl** Board.

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## ATL

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### 2.2 Number and election of directors

Under the **ATL** Constitution, **ATL** must have no less than three and more than the number determined by the **ATL** Directors from time to time, which until otherwise determined by the directors is eight.

The **ATL** Directors may, at any time, appoint any person as a **ATL** Director, either to fill a casual vacancy or as an addition to the existing **ATL** Directors (provided the total number of **ATL** Directors does not at any time exceed the maximum number of directors described above). Directors appointed in either of these capacities holds office until the conclusion of the next annual general meeting following their appointment.

An **ATL** Director may not hold office, without re-election, past the third annual general meeting following the director's appointment or last election.

If no director is required to retire under either of the circumstances described above, then the director who has been in office longest must retire (but can be re-elected).

**ATL's** managing director is exempt from the retirement and election by rotation procedures under the **ATL** Constitution.

Under the **thl** Constitution, **thl** must have no less than three and no more 10 directors. At least two of those directors are required to be ordinarily resident in New Zealand, and the minimum number of independent directors (determined by reference to the NZX Corporate Governance Code) on the **thl** Board is two.

The **thl** Board shall, from time to time, appoint any person who is not disqualified from acting, to fill a casual vacancy or as an addition to the **thl** Board (provided the total number of **thl** Directors does not at any time exceed the maximum number of directors described above). Directors appointed in either of these capacities holds office until the conclusion of the next annual general meeting following their appointment, where they are eligible for re-election.

A **thl** Director may not hold office, without re-election:

- past the third annual general meeting following the director's appointment
- or 3 years,

whichever is longer.

**thl's** managing director is not exempt from the retirement and election by rotation procedures under the **thl** Constitution.

### 2.3 Removal of directors

Under the Corporations Act, the shareholders of a public company such as **ATL** may remove an **ATL** Director before their period of office ends by passing a resolution to do so at a general meeting. The resolution must be passed by a majority of the votes cast by **ATL** Shareholders present and voting.

Under the Corporations Act, **ATL** Directors cannot themselves remove an **ATL** Director from their office or require an **ATL** Director to vacate their office.

Under the **thl** Constitution, any **thl** Director may be removed from office by passing an ordinary resolution.

#### 2.4 Remuneration of directors and officers

Under the ASX Listing Rules, the maximum amount to be paid to **ATL** Directors for their services as **ATL** Directors (other than the salary of an executive director) is not to exceed the amount approved by **ATL** Shareholders in a general meeting.

As at the date of this Scheme Booklet, the latest approval was at **ATL**'s 2021 annual general meeting, at which **ATL** Shareholders approved aggregate remuneration for non-executive directors of \$450,000 per annum.

**ATL**'s 2020-2021 annual report includes a remuneration report within the **ATL** Directors' report.

This remuneration report is required to include a discussion of the **ATL** Board's policy in relation to remuneration of key management personnel of **ATL**.

Under the Corporations Act, a listed company (such as **ATL**) must put its remuneration report to a shareholder vote at its annual general meeting. If in two consecutive annual general meetings, 25% or more of the votes cast on the resolution vote against adopting the remuneration report, a 'spill resolution' must then be put to shareholders. A spill resolution is a resolution that a spill meeting be held and all directors (other than a managing director who is exempt from the retirement by rotation requirements) cease to hold office immediately before the end of the spill meeting. If the spill resolution is approved by the majority of votes cast on the resolution, a spill meeting will be held within 90 days at which directors wishing to remain directors must stand for re-election.

#### 2.5 Retirement benefits

The Corporations Act provides that, in respect of termination benefits payable to a company director, senior executive or key management personnel under employment contracts entered into, renewed or varied on or after 24 November 2009, shareholder approval is required if the total value of the benefits exceed one year of that person's base salary.

Under the NZX Listing Rules and **thl** Constitution, no remuneration may be paid by **thl** or its subsidiaries to a **thl** Director in their capacity as such unless that remuneration has been authorised by ordinary resolution. Further, the Board must also resolve that such remuneration is fair to **thl**. The details of the remuneration paid in a given financial year are required to be disclosed in **thl**'s annual report.

As at the date of the Scheme Booklet, the latest approval was at **thl**'s 2018 annual meeting of shareholders, at which the **thl** Shareholders approved aggregate remuneration for all directors of \$750,000 per annum, with this sum available to be paid to the **thl** Directors as the **thl** Board considers appropriate and which may be payable either in whole or in part by way of an issue of **thl** Shares.

The NZX Corporate Governance Code also contains various remuneration recommendations, including that director remuneration should be approved in a transparent manner, issuers should have a remuneration policy for directors and officers, and that CEO remuneration should be disclosed in the annual report.

**thl**'s 2020-2021 annual report includes a remuneration report for the directors and CEO in the Corporate Governance section. The annual fees currently paid to the **thl** Directors is \$175,000 for the Chairperson, \$87,500 for each **thl** Director, plus \$15,000 for the Chairperson of the Audit Committee and \$10,000 for the Chairperson of each other committee.

A lump sum payment or pension may be made to a **thl** Director or former **thl** Director, or to his or her dependents, on retirement or cessation of office provided that the amount of the payment, or the method of calculation, has been authorised by an ordinary resolution.

However, under the NZX Corporate Governance Code, it is noted that retirement payments should not be provided other than superannuation.

## 2.6 Release from liability and indemnification of directors and officers

Under the Corporations Act, **ATL** cannot:

- exempt an officer or auditor from liability to **ATL** incurred in their capacity as an officer or auditor;
- indemnify an officer or auditor against a liability owed to **ATL** or a related body corporate; or
- indemnify an officer or auditor against the legal costs incurred in defending certain legal proceedings, including proceedings in which the person is found liable to **ATL** or a related body corporate.

The **ATL** Constitution provides that **ATL** indemnifies each director, alternate director, executive officer, any other officers or former officers of **ATL** or its related bodies corporate, and if the directors so determine, any auditor or former auditors of **ATL** or its related bodies corporate against all losses, liabilities, costs, charges and expenses incurred by them as an officer of the company or of a related body corporate, to the full extent permitted by law.

Under the Companies Act, **thl** must not indemnify, or directly or indirectly effect insurance for, a director or employee of the company or a related company in respect of:

- liability for any act or omission in his or her capacity as a director or employee; or
- costs incurred by that director or employee in defending or settling any claim or proceeding relating to any such liability,

unless authorised by its constitution.

Subject to the exceptions below, the **thl** Constitution makes provision for the company to indemnify a **thl** Director:

- for any costs incurred by them in any proceeding that relates to liability for any act or omission in their capacity as a **thl** Director or a director of a subsidiary of **thl** and in which judgment is given in their favour, or in which they are acquitted, or which is discontinued; and
- in respect of liability to any person other than **thl** or a related company for any act or omission by them in their capacity as a **thl** Director or a director of a subsidiary of **thl**, any costs incurred by them in defending or settling any claim or proceeding relating to any such liability.

Subject to the exceptions below, **thl** may, with the prior approval of the **thl** Board, indemnify a director of a related company, or any employee of **thl** or a related company:

- for any costs incurred by them in any proceeding that relates to liability for any act or omission by them in such capacity and in which judgment is given in their favour, or in which they are acquitted, or which is discontinued; and
- in respect of liability to any person other than **thl** or a related company for any act or omission by them in such capacity, and costs incurred by them in defending or settling any claim or proceeding relating to any such liability.

**Indemnity exceptions:** An indemnity conferred in respect of the liability above for a Director, or given in respect of the liability above for a director of a related company, or any employee of **thl** or a related company, shall not apply in respect of:

- any criminal liability;
- in the case of an employee of **thl** or a related company, any liability in respect of a breach of any fiduciary duty owed to **thl** or related company; or
- in the case of a **thl** Director or a director of a related company, any liability in respect of a breach of the duty specified in section 131 of the Companies Act.

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**2.7 Duties of directors and officers**

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Under the Corporations Act and Australian common law, the directors and officers of a company such as **ATL** are subject to a range of duties including duties to:

- act in good faith in the best interests of the company;
- act for a proper purpose;
- not fetter their discretion (in the case of directors only);
- exercise care and diligence in the performance of their duties;
- avoid conflicts of interest;
- not use their position to gain advantage for themselves or someone else, or to cause detriment to the company;
- not misuse information which they have gained through their position to gain advantage for themselves or someone else, or to cause detriment to the company; and
- otherwise act in accordance with the Corporations Act and, subject to the provisions of the Corporations Act, in accordance with the **ATL** Constitution.

Under the Companies Act and New Zealand common law, the directors of a company such as **thl** are subject to a range of duties including duties to:

- act in good faith and in what the director believes to be the best interests of the company;
  - exercise a power for a proper purpose;
  - not agree to, cause or allow, the business of the company being carried on in a manner likely to create a substantial risk of serious loss to the company's creditors;
  - not agree to the company incurring an obligation unless the director believes at that time on reasonable grounds that the company will be able to perform the obligation when it is required to do so;
  - exercise the care, diligence, and skill that a reasonable director would exercise in the same circumstances;
  - not disclose information a director has in his or her capacity as a director or employee of the company, being information that would not otherwise be available to him or her, to any person, or make use of or act on the information except for the purposes of the company, as required by law, or in accordance with the Companies Act; and
  - not act, or agree to the company acting, in a manner that contravenes the Companies Act or the constitution of the company.
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## 2.8 Transactions involving directors, officers or other related parties

The Corporations Act prohibits a public company such as **ATL** from giving a related party a financial benefit unless it:

- obtains the approval of shareholders and gives the benefit within 15 months after receipt of such approval; or
- the financial benefit is exempt (discussed below).

A related party is defined by the Corporations Act to include any entity which controls the public company, directors of the public company, directors of any entity which controls the public company and, in each case, spouses and certain relatives of such persons.

Exempt financial benefits include indemnities, insurance premiums and payments for legal costs which are not otherwise prohibited by the Corporations Act and benefits given on arm's length terms.

The ASX Listing Rules prohibit **ATL** from acquiring a substantial asset (an asset the value or consideration for which is 5% or more of the entity's equity interests) from, or disposing of a substantial asset to, certain related parties of the entity, unless it obtains the approval of shareholders subject to limited exceptions. In this case, the related parties include directors, persons who have or have had (in aggregate with any of their associates) in the prior six month period an interest in 10% or more of the shares in the company and, in each case, any of their associates. The provisions apply even where the transaction may be on arm's length terms.

Under the Companies Act, **thl** Directors are required document in an interests register when they become aware of the fact that they are interested in a transaction or proposed transaction with **thl**. This must be disclosed to the **thl** Board. In some cases, general disclosure by reference to given entities in which a **thl** Director has an interest is permissible.

Directors are taken to be interested in a transaction if, amongst other things, they may derive material financial benefit from the transaction, have a material financial interest in another party to the transaction, or are otherwise directly or indirectly materially interested in the transaction.

Though a failure to enter an interest in the register does not affect the validity of the transaction. However, a transaction entered into by the company in which a director of the company is interested may be avoided by the company at any time before the expiration of 3 months after the transaction is disclosed to all the shareholders (whether by means of the company's annual report or otherwise), unless the company receives fair value under it.

Under the NZX Listing Rules, a **thl** Director must not vote on a **thl** Board resolution for, or be counted in the quorum for the consideration of any matter in which the **thl** Director is interested, unless it is one in respect of which **thl** Directors are expressly required to sign a certificate under the Companies Act or that relates to the grant of an indemnity under section 162 of the Companies Act.

The NZX Listing Rules prohibit **thl**, without approval from disinterested shareholders by ordinary resolution, from entering into a transaction, or related series of transactions, with a related party (either directly, or as a beneficiary of a guarantee) involving:

- more than 10% of **thl**'s market capitalisation; or
- in the case of a transaction where services are provided or obtained, where the gross cost to **thl** is likely to exceed 1% of **thl**'s market capitalisation in any financial year; or
- an amalgamation, other than with a wholly owned subsidiary,

in each case, subject to limited exceptions.

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**2.8 Transactions involving directors, officers or other related parties**

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A related party is defined in the NZX Listing Rules as including someone who at the time of such a transaction, or within the previous six months, was:

- a director, senior management of *thl* or any of its subsidiaries;
- a holder of a 10% or more interest in a class of securities carrying votes; and
- any associated person of *thl* or either of the above,

again, subject to certain limited exceptions.

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**3. AMENDMENT TO THE CONSTITUTION**

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Any amendment to the **ATL** Constitution must be approved by a special resolution of **ATL** Shareholders – see section 1.4.

Any amendment to the *thl* Constitution must be approved by a special resolution of *thl* Shareholders – see section 1.4.

If such an amendment would impose or remove a restriction on the activities of *thl*, shareholders voting all of their shares against such a resolution would have certain minority buy-out rights under the Companies Act, if the resolution is nonetheless passed.

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## 4. SHARES

### 4.1 Issue of new shares

Subject to specified exceptions, the ASX Listing Rules apply to restrict **ATL** from issuing, or agreeing to issue, more equity securities (including shares and options) than the number calculated as follows in any 12 month period without the approval of **ATL** Shareholders:

15% of the total of:

- the number of **ATL** Shares on issue 12 months before the date of the issue or agreement; plus
- the number of **ATL** Shares issued in the 12 month period under a specified exception; plus
- the number of partly paid ordinary **ATL** Shares that became fully paid in the 12 month period; plus
- the number of **ATL** Shares issued in the 12 month period with **ATL** Shareholder approval; *less*
- the number of **ATL** Shares cancelled in the 12 month period,

less the number of equity securities issued or agreed to be issued in the 12 months before the date of issue or agreement to issue but not under a specified exception or with **ATL** Shareholder approval.

Subject to certain exceptions, the ASX Listing Rules require the approval of **ATL** Shareholders by ordinary resolution in order for **ATL** to issue securities to related parties, including **ATL** Directors, and associates.

Under the **ATL** Constitution, the **ATL** Directors may issue and cancel shares, grant options, settle the manner in which fractions of a share are to be dealt with, and decide the persons to whom shares or options are issued, the terms on which they are issued and the rights and restrictions attached to those shares and options, subject to the Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules.

The NZX Listing Rules apply to restrict **thl** from issuing equity securities unless approved by ordinary resolution, or pursuant to certain limited exceptions, being:

- a pro-rata rights offer, bonus issue or share purchase plan in accordance with the NZX Listing Rules;
- a private placement under the 15% rule (as further described below);
- an issue to employees of not more than 3% of **thl** total equity securities on a rolling 12 month basis; and
- certain exclusions relating to dividend reinvestment plans, director remuneration, takeovers, amalgamations, conversions and minimum holdings.

As noted above **thl** may issue shares in any 12-month period if it does not exceed the aggregate of: **(15% rule)**

- 15% of the equity securities of that class on issue at the beginning of the period; plus
- 15% of the equity securities of that class issued under various NZX Listing Rules during the period; plus
- any equity securities of that class issued under the 15% rule during that period, ratified by ordinary resolution of shareholders; less
- 15% of equity securities of that class which have been acquired or redeemed by **thl** during that period.

Employees and directors of **thl** (and their associated persons) may participate if they are not the only participants in the issue and all **thl** Directors sign a certificate that the participation of such persons is in the best interests of **thl** and is fair to other equity security holders, the terms are the same, and the level of participation is determined according to criteria applying to all persons participating on the issue.

Under the **thl** Constitution, the **thl** Board may issue shares to any person and in any number it thinks fit, provided that, it complies with the NZX Listing Rules.



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## ATL

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### 4.2 Variation of class rights

Under the **ATL** Constitution, rights attaching to a share in **ATL** may only be varied:

- with the written consent of **ATL** Shareholders with at least 75% of the votes in the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

Under the Companies Act, rights attaching to a share in **ATL** (including those attached by the constitution) may only be varied if it has been approved by a special resolution of each interest group. To the extent such a variation involves an amendment to the constitution the special resolution referred to in section 3 above must also be passed.

Shareholders voting all of their shares against the interest group resolution would have certain minority buy-out rights under the Companies Act, if the resolution is nonetheless passed.

However, under **thl's** Constitution the issue of any further equity securities which rank equally with, or in priority to, any existing equity securities, whether as to voting rights or distributions, is permitted (subject to compliance with clause 4 of the **thl** Constitution), and is not be deemed to be an action affecting the rights attached to those existing equity securities.

### 4.3 Protection of minority shareholders

Under the Corporations Act, any **ATL** Shareholder can bring an action in cases of conduct which is contrary to the interests of **ATL** Shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any **ATL** Shareholder(s), whether in their capacity as a shareholder or in any other capacity. Former **ATL** Shareholders can also bring an action if it relates to the circumstances in which they ceased to be an **ATL** Shareholder.

A statutory derivative action may also be instituted by a shareholder, former shareholder or person entitled to be registered as a shareholder of **ATL**. In all cases, leave of the court is required. Such leave will be granted if the court is satisfied that:

- it is probable that **ATL** will not itself bring the proceedings or properly take responsibility for them or for the steps in them;
- the applicant is acting in good faith;
- it is in the best interests of **ATL** that the applicant be granted leave;
- if the applicant is applying for leave to bring proceedings, there is a serious question to be tried; and
- either,
  - at least 14 days before making the application, the applicant gave written notice to **ATL** of the intention to apply for leave or the reasons for applying; or
  - it is otherwise appropriate to grant leave.

Under the Companies Act, any **thl** Shareholder or former **thl** Shareholder can bring an action if they consider the affairs of **thl** have been, or are being, or are likely to be, conducted in a manner that is, or any act or acts of **thl** have been, or are, or are likely to be, oppressive, unfairly discriminatory, or unfairly prejudicial to them in that capacity or in any other capacity. The court may grant relief if it considers that it is just and equitable to do so.

The court may, on the application of a shareholder grant leave to bring derivative proceedings in **thl's** name or behalf or of any related company, or intervene in company proceedings. Leave may be granted only if the court is satisfied that either **thl** or the related company does not intend to bring, diligently continue or defend, or discontinue the proceedings; or it is in the interests of the company that the conduct of the proceedings should not be left to the directors or to the determination of the shareholders as a whole.

A shareholder or former shareholder may bring an action against a director for breach of a duty owed to him or her as a shareholder. A shareholder may also bring an action against **thl** for breach of a duty owed by **thl** to him or her as a shareholder.

Further a shareholder may also apply to the court for an order requiring a director or the **thl** Board to take, respectively, any action that is required to be taken by directors under the **thl** Constitution or the Companies Act, or generally under the **thl** Constitution or the Companies Act, if it is just and equitable to do so.

Finally, in addition to the minority buy-out rights already mentioned in sections 3 and 4.2 above, shareholders voting all of their shares against a resolution to approve a major transaction or certain amalgamations, would have certain minority buy-out rights under the Companies Act, if the resolution is nonetheless passed.

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## ATL

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### 4.4 Payment of dividends

Under the Corporations Act, **ATL** must not pay a dividend unless:

- **ATL**'s assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to **ATL** Shareholders as a whole; and
- the payment of the dividend does not materially prejudice **ATL**'s ability to pay creditors.

Subject to the Corporations Act, the **ATL** Constitution and the terms of issue or rights of any shares with special rights to dividends, the **ATL** Directors may pay any interim and final dividends that, in their judgement, the financial position of the company justifies and rescind a decision to pay a dividend, if they decide, before the payment date that the company's financial position no longer justifies the payment.

Under the Companies Act, **thl** must not pay a dividend unless:

- the **thl** Board is satisfied on reasonable grounds that **thl** will, immediately after the dividend, satisfy the solvency test (being that **thl** is able to pay its debts as they become due in the normal course of business and the value of **thl**'s assets is greater than the value of its liabilities, including contingent liabilities);
- the amount of the dividend in respect of a share of that class is in proportion to the amount paid to **thl** in satisfaction of the liability of the shareholder under the constitution of the company or under the terms of issue of the share; and
- the dividend is authorised by the **thl** Constitution.

Under the **thl** Constitution, the **thl** Board may from time to time authorise interim dividends and final dividends.

### 4.5 Disclosure of substantial shareholdings

Under the Corporations Act, a person who obtains voting power in 5% or more of an ASX listed company is required to publicly disclose that fact within two business days after becoming aware of that fact via the filing of a substantial holding notice. A person's voting power consists of their own 'relevant interest' in shares plus the relevant interests of their associates.

A further notice must be filed within two business days after each subsequent voting power change of 1% or more, and after the person ceases to have voting power of 5% or more. The notice must attach all documents which set out the terms of any relevant agreement and include a statement by the person giving full and accurate details of any contract, scheme or arrangement that contributed which contributed to the voting power the person obtained.

Under the Financial Markets Conduct Act 2013, a person who obtains a 'relevant interest' in 5% or more of a listed issuer's quoted voting products must disclose that fact by filing a substantial product holder notice with the listed issuer and NZX as soon as they know, or ought reasonably to know, that they have the substantial holding.

A further notice must be filed as soon as the person knows, or ought to know, that their substantial holding has changed by 1% or more, there is a change in the nature of their relevant interest, and when the person ceases to have a relevant interest in at least 5% of the listed issuer's quoted voting products.

The notice must attach all documents under which a relevant interest arises (except a registered holding or beneficial ownership) or a qualification arises on a person's relevant interest power to exercise, or control the exercise of, a right to vote, acquire, or dispose of a financial product.

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## 5. TAKEOVERS

The Corporations Act imposes restrictions on a person acquiring interests in the voting shares of **ATL** where, as a result of the acquisition, that person's or someone else's voting power in the company increases from 20% or below to more than 20%, or increases from a starting point that is above 20% and below 90%.

Exceptions to this restriction include an acquisition of no more than 3% of the voting shares in the company in every 6 months, an acquisition made with shareholder approval, an acquisition made under a takeover bid conducted in accordance with Australian law or an acquisition that results from a court-approved compromise or arrangement (such as the Scheme).

Takeover bids must treat all shareholders the same and must not involve any collateral benefits. There are restrictions in place for conditional offers and the withdrawal and suspension of offers.

The Takeovers Regulations 2000 (**Takeovers Code**) prohibit a person from:

- becoming (together with their associates) the holder or controller of more than 20% of the voting rights in **thl** if they held or controlled less than that prior to the increase; and
- increasing any existing holding or control of voting rights in **thl** in excess of 20%.

Exceptions to this restriction include acquisitions of voting rights in the following circumstances:

- acquisition under a full or partial offer;
- acquisition with approval of disinterested shareholders by ordinary resolution;
- if the person holds or controls more than 50%, but less than 90% of the voting rights and the resulting percentage of the total voting rights does not exceed by more than 5 the lowest percentage of the total voting rights in the code company that was held or controlled by the person in the 12-month period ending on, and inclusive of, the date of the increase; and
- if the person already holds or controls more than 90% of the voting rights in the code company.

A takeover offer must be made on the same terms and provide the same consideration for all securities belonging to the same class of equity securities under offer. There are restrictions in place for conditional offers and the withdrawal and suspension of offers.

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## 6. INSPECTION OF RECORDS BY SHAREHOLDERS

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### 6.1 Right to inspect corporate books

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Under the Corporations Act, a shareholder must obtain a court order to inspect the books of the company. The applicant must be acting in good faith and be making the inspection for a proper purpose.

The **ATL** Constitution provides that except as provided by the law, the **ATL** Constitution or as authorised by a directors' resolution, a member who is not a director does not have the right to inspect any of the board papers, books, records or documents of the company.

Under the Companies Act, the public may inspect the following records on notice:

- the certificate of incorporation or registration of the company;
- the constitution of the company;
- the share register;
- the company's ultimate holding company information;
- the full names and residential addresses of the directors; and
- the registered office and address for service of the company.

In addition, shareholders have the right to inspect the following records on notice:

- minutes of all meetings and resolutions of shareholders;
- copies of written communications to all shareholders or to all holders of a class of shares during the preceding 10 years, including annual reports, financial statements, summary financial statements (if any), and group financial statements;
- certificates given by directors under the Companies Act; and
- the interests register of the company.

In addition to the above, under the Companies Act, a shareholder may at any time make a written request to a company for information held by the company. The request must specify the information sought in sufficient detail to enable it to be identified. Within 10 working days of receiving a request, the company must either provide the information, agree to provide the information within a specified period, or do so if the shareholder pays a reasonable charge to the company (which must be specified and explained) to meet the cost of providing the information, or refuse and provide reasons for the refusal in accordance with the Companies Act.

The court may, on the application of a shareholder or creditor of a company, make an order authorising a person named in the order at a time specified in the order, to inspect and to make copies of, or take extracts from, the records or other documents of the company, or such of the records or documents of the company as are specified in the order.

The court may make an order under the above paragraph only if it is satisfied that:

- in making the application, the shareholder or creditor is acting in good faith and that the inspection is proposed to be made for a proper purpose; and
  - the person to be appointed is a proper person for the task.
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## ATL

### 6.2 Right to inspect register of shareholders

Under the Corporations Act, the register of shareholders of a company is usually kept at the registered office or principal place of business in Australia and must be available for inspection to shareholders free of charge at all times when the registered office is open to the public.

If a person requests **ATL** for a copy of the **ATL** Share Register (or any part of the **ATL** Share Register) by providing an application in compliance with section 173 of the Corporations Act, the reason for obtaining the **ATL** Share Register is not a 'prescribed purpose' and pays the requested fee (up to a prescribed amount), **ATL** must give that person the copy within seven days of the date on which **ATL** receives such payment.

## 7. WINDING UP

Under Australian law, an insolvent company may be wound up by a liquidator appointed either by creditors or the court. Directors cannot use their powers after a liquidator has been appointed. If there are funds left over after payment of the costs of the liquidation, and payments to other priority creditors, including employees, the liquidator will pay these to unsecured creditors.

The shareholders rank behind the creditors and are, therefore, unlikely to receive any dividend in an insolvent liquidation.

Under Australian law, shareholders of a solvent company may decide to wind up the company if the directors are able to form the view that the company will be able to pay its debts in full within 12 months after the commencement of the winding-up. A meeting at which a decision is made to wind up a solvent company requires at least 75% of votes cast by the shareholders present and voting.

The **ATL** Constitution provides that on winding up, the liquidator may, with the sanction of a special resolution of **ATL** Shareholders, divide among **ATL** members or different classes of members the whole or any part of **ATL**'s property.

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Under the Companies Act, the register of shareholders must be kept in New Zealand.

The right to inspect the share register is covered under the right to request company information discussed at 6.1 above.

Under New Zealand law, a company may be put into liquidation in a number of ways including by:

- the court, on the application of persons prescribed by the Companies Act (which includes a shareholder of *thl*); and
- special resolution of those shareholders entitled to vote and voting on the question.

The commencement of the liquidation has a number of effects, including that:

- the liquidator has custody and control of the company's assets;
- the directors remain in office but cease to have powers, functions or duties other than those required or permitted to be exercised by the relevant Part of the Companies Act;
- unless the court orders otherwise, a share in the company must not be transferred;
- an alteration must not be made to the rights or liabilities of a shareholder of the company;
- a shareholder must not exercise a power under the constitution of the company or the Companies Act except for the purposes of the relevant Part of the Companies Act; and
- the constitution of the company must not be altered.

If there are funds left over after payment of the costs of the liquidation, and payments to other priority creditors, including employees, the liquidator will distribute these equally among unsecured creditors.

The *thl* Constitution provides that upon liquidation, the liquidator may, with the sanction of a special resolution of *thl* Shareholders, divide among *thl* Shareholders the assets of *thl* and set the value as the liquidator deems fair and determine how the divisions shall be carried out as between shareholders of different classes.

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**8. DISCLOSURE OBLIGATIONS**

**ATL** is a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

*thl* is subject to continuous and periodic disclosure requirements under the NZX Listing Rules and disclosure and reporting obligations under the Companies Act.

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## Corporate Directory

### **Apollo Tourism & Leisure Ltd** **ACN 614 714 742**

#### **Registered office & principal place of business**

698 Nudgee Road  
Northgate, QLD 4013

[www.apollotourism.com/](http://www.apollotourism.com/)

#### **Directors**

Sophie Mitchell, Non-Executive Chairman

Robert Baker, Non-Executive Director

Brett Heading, Non-Executive Director

Luke Trouchet, CEO and Managing Director

Karl Trouchet, Executive Director

#### **Joint Company Secretaries**

Tennille Carrier and Garry Gill

#### **Auditor/Investigating Accountant**

**BDO Audit Pty Ltd**  
10/12 Creek Street  
Brisbane, QLD 4000

[www.bdo.com.au](http://www.bdo.com.au)

#### **Share Registry**

##### **Computershare Investor Services Pty Limited**

Level 1, 200 Mary Street  
Brisbane, QLD 4000

[www.computershare.com/au](http://www.computershare.com/au)

#### **Legal adviser**

##### **Hamilton Locke Pty Ltd**

Level 28, Riverside Centre  
123 Eagle Street  
Brisbane, QLD 4000

[www.hamiltonlocke.com.au](http://www.hamiltonlocke.com.au)

#### **Financial adviser**

##### **Morgans Corporate Limited**

Level 29, Riverside Centre  
123 Eagle Street  
Brisbane, QLD 4000

[www.morgans.com.au](http://www.morgans.com.au)

#### **Independent Expert**

##### **Grant Thornton Corporate Finance Pty Ltd**

17/383 Kent Street  
Sydney, NSW 2000

[www.grantthornton.com.au/](http://www.grantthornton.com.au/)

#### **Tax adviser**

##### **Deloitte**

Level 23, Riverside Centre  
123 Eagle Street  
Brisbane, QLD 4000

[www.deloitte.com](http://www.deloitte.com)

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