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Tourism Holdings Limited (*thl*)
Chairman | Chief Executive Address
Special Meeting of Shareholders
Proposed Merger:
***thl's* New Zealand rentals business | KEA Campers | United Campervans**

[Slide 1]

Welcome to this Special Meeting of Shareholders of Tourism Holdings Limited to consider the merger of ***thl***'s New Zealand rentals business with United Campervans and KEA Campers.

I am Keith Smith, your chairman.

[Slide 2]

Firstly a couple of housekeeping matters. The fire exits are the main doors which you came in today and behind the stage. If you have a cell phone please switch it off.

Members of the news media are also here today, we welcome you. I would remind you this is a shareholder meeting. The chief executive, Grant Webster and I will be happy to talk to you after the meeting.

I would also note that this presentation contains forward looking statements that are by their nature uncertain and may change without notice.

I can confirm that there is a quorum present and that the Notice of Meeting was sent to all shareholders recorded on the register on 25 September 2012 and to other persons entitled to receive that notice. Unless there are any objections, that Notice of Meeting will be taken as read… On that basis, I formally declare this Special Meeting of Shareholders open.

[Slide 3]

Today's meeting will begin with introductions and apologies. I will then give a transaction overview and an overview of the board's opinion on the transaction before handing over to the chief executive who will cover these points in more detail. We will then move to the formal resolutions to be considered at this meeting before moving on to items of general business.

[Slide 4]

I am joined by my fellow directors, Graeme Wong, Graeme Bowker and Deepak Gupta and in addition our chief executive officer, Grant Webster, chief financial officer, Ian Lewington and financial controller and board secretary, Paul Illingworth.

Also here with us today are members of the ***thl***'s executive management team based in New Zealand. I would also like to acknowledge shareholders from United and KEA that are with us and in particular Grant Brady, Nicole Edgerton and Glenn Howe. If you approve the transaction today, all will play a significant role in the company into the future.

Grant is our joint venture partner in our motorhome manufacturing business RV Manufacturing Group and KEA's majority shareholder. Nicole is second in charge at United and a shareholder in that business. Glenn is owner of Supreme Manufacturing and a shareholder in United.

We also have Kay Howe, founder of United Campervans, who is being proposed as a director of the company.

Also in attendance are representatives of our auditors PricewaterhouseCoopers and our legal advisors Minter Ellison Rudd Watts.

Apologies have been received from directors, John Bongard and Rick Christie who due to prior commitments overseas could not be with us today. These apologies will be noted in the record of the meeting.

Do I have any further apologies?

[Slide 5]

This meeting has been called on the proposed merger of ***thl***'s New Zealand rentals business with the United and KEA's businesses in New Zealand.

In the opinion of your board and ***thl***'s management it is the logical, strategic and best response to the challenging realities facing the New Zealand campervan market.

With the Notice of Meeting, I sent you a letter setting out the board's opinion on the proposed merger and we also provided you with documents setting out and reviewing the transaction in detail. These documents included an independent review of the transaction by Cameron Partners.

I would now like to give you an overview of the proposed merger and its rationale.

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The merger is structured as an acquisition of United and KEA's campervan and motorhome fleets, their forward order books and certain non-fleet assets for a combined consideration of approximately $69.5 million.

The consideration consists of $7.4 million of ***thl*** shares, a deferred contingent consideration of $8.0 million linked to the realisation prices of the vendors motorhome assets, $3.2 million cash and the re-financing of the vendors' $50.9 million of external debt.

The transaction is subject to two conditions.

Firstly, as described in the Notice of Meeting, the transaction requires the approval of a simple majority of votes of shareholders present in person or by proxy at today's special meeting of shareholders. The second condition is bank finance. As announced earlier in the week we have approval from the credit departments of both our lenders. Legal documentation is currently being finalised which includes satisfaction of customary financing conditions precedent.

The proposed merger addresses the most significant challenge facing ***thl,*** the low level of earnings in our New Zealand vehicle rental business.

We face uncertainty within the global markets in which we operate. Whilst the board remains confident in the long-term outlook for tourism, we recognise that there is little chance of increasing tourist numbers to New Zealand from the core European and United Kingdom markets over the coming two years.

Faced with these conditions, this proposed merger will strengthen ***thl***'s position. It allows us to reduce costs across the combined businesses as duplicate resources and activities are removed. And importantly, it also allows us to reduce the total fleet size to a level appropriate to demand in a little over two years.

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The benefits in the view of the board and management are clear and unambiguous. Grant will take you through this in more detail later on in this meeting, but at a high level, they are as follows.

The proposed merger is projected to be cash flow, earnings and dividend accretive within the first two years due to increased fleet utilisation and on-going cost synergies based on the use of ***thl***'s marketing, sales, finance, reservations and information technology infrastructure.

Since the announcement of this transaction we have had feedback from a number of investors. One common question asked of us is whether we negotiated a sufficient discount. The question is based on the fact that the acquisition discount of 10% is less than the 39% discount to enterprise value (equity value plus debt) implied by ***thl***'s share price, just prior to the announcement of the merger.

We do not dispute that figure however we believe they are not directly comparable. ***thl*** is acquiring full control of United and KEA whereas the ***thl*** discount is implied by minority parcels of shares traded on low volumes.

The price ***thl*** is paying reflects a premium for control and the significant value that is likely to accrue from that control including the capital expenditure, depreciation and other synergies. It also includes the protections of the deferred contingent consideration mechanism equal to 12% or $8.0 million of the purchase consideration.

In simple terms we are buying assets to use some and sell some. The price we have paid reflects the synergies we gain and keep as well as providing ***thl*** with a likely gain on sale of the fleet due to the discount provided at acquisition.

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Our confidence in the earnings projections is founded on extensive due diligence completed on United and KEA and the risk mitigation measures we have put in place. Your interests as existing ***thl*** shareholders are well protected.

The synergies have been subjected to intensive testing and third-party review.

KEA and United's assets will be acquired at a $7.0 million or 10% discount to their assessed market value.

The planned fleet reduction will be achieved by reducing supply rather than increasing the rate of sales. As a result the vehicle rationalisation process is not projected to weigh on market prices for used vehicles.

In any case shareholders are protected against the risks of lower-than-expected vehicle realisation prices by a deferred consideration mechanism, where $8.0 million of cash payments are linked to actual vehicle realisation values.

Debt will quickly return to pre-merger levels, due to the fleet rationalisation plan and the improved cash flow that follows from the merger. We expect to repay circa $56 million of debt in the first 20 months of the transaction up to June 2014 which will bring debt back down to pre- acquisition levels.

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The board and management also understand that merger plans are nothing without excellent execution; that the successful integration of these businesses will be the ultimate determinant of the merger's success.

In this regard, the merger will benefit from ***thl***'s experience with acquisitions and the learnings from those processes. Our recent experience in this regard includes the successful integration since 2010 of the Road Bear business in the USA; the creation earlier this year of the RV Manufacturing Group, ***thl***'s motorhome manufacturing joint venture and the more recent integration of KEA Australia in June of this year.

Integration planning is focussed on three key goals: maintaining revenues, executing on the fleet rationalization plans and getting the best out of all three businesses

We understand that customer focus and service is critical during the integration phase and beyond. We are committed to executing the integration without compromising these critical features of our business and therefore no frontline positions will be cut.

Grant will detail some of these plans later in the meeting. However, the board is confident in ***thl's*** ability to deliver, not least because as part of the merger we are retaining the expertise of the two people who built KEA and United from the ground up.

If you vote in favour of the merger today, you will also be asked to agree to appoint Kay Howe to join the ***thl*** board. She will also lead the United integration team. And as I mentioned in my letter to you last month Grant Brady will lead the New Zealand vehicle sales business in addition to continuing in his existing role as Managing Director of RV Manufacturing Group.

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We believe the projected value uplift, which has been estimated at $32 million or 33 cents per share - ***is*** sufficiently material and that ***thl*** has taken the necessary and appropriate steps to mitigate the attendant risks.

We have not reached this opinion lightly. Indeed, the decision to seek to consolidate the industry with this merger followed an intensive strategic review of our business. The options we considered included: a downsizing of the ***thl*** group, the merits of a share buy-back to take advantage of the discount to net tangible assets implied by our share price as well as industry consolidation.

As we considered each option, uppermost in our minds were the likely returns to shareholders.

We want to make sure that every dollar invested in the business is delivering a return our shareholders find acceptable or at the very least in today's market is moving the business in that direction in a reasonable timeframe.

Early on it became very clear that this proposed merger delivered the most favourable outcome for shareholders. And as we worked through the detail and negotiated terms with United and KEA, this conclusion has not changed.

We do not believe a return of capital via a share buy-back is a viable option at present. The board has received positive responses from our lenders on the proposed merger, particularly for its potential to lift earnings. However, the board does not believe our lenders would support ***thl*** increasing debt if the use of those funds was solely to return capital to shareholders without addressing the earnings issue in the New Zealand rentals business.

We are confident we have agreed the right price for KEA and United. As I mentioned we have negotiated a good discount to market value. And we have arrived at this price after a lengthy and robust negotiation process that concluded at the lowest possible price United and KEA shareholders were prepared to accept. In addition as I mentioned earlier we have value protection in the form of the deferred consideration mechanism.

For these reasons, the board unanimously recommends all shareholders support the proposed merger and vote accordingly today.

Last year's half year result included the benefit from Rugby World Cup in New Zealand, this year includes the acquisition costs of this merger and a difficult New Zealand winter. Consequently the result will be lower than the prior corresponding period. However at this point in time we are still on track to deliver the financial full year 2013 forecasts released as part of this merger with the proviso that forecasting in this environment remains difficult.

I now invite Grant Webster to the podium for his presentation.

[Slide 11]

Thank you Keith and thank you ladies and gentlemen for your attendance at this meeting today.

[Slide 12]

thl is today at a pivotal point in its development. I believe the proposed merger is right for the business, but before I set out why, I want to set aside for the moment the New Zealand rentals business and consider the wider ***thl*** group.

In Australia the campervan rental market is improving thanks to consolidation within the industry that has included our successful acquisition of the KEA Australia brand. The fleet size is coming back into balance with demand. Despite a 3% fall in revenue in FY2012, operating earnings from our Australian business were up 48% per cent to $4.0 million.

Our USA based Road Bear RV business made its first full-year contribution to ***thl*** in the financial year 2012. The result was ahead of our expectations when we acquired the business in December 2010 and its achievements are an endorsement of ***thl's*** strategy to expand into the US market.

Our Waitomo tourism operations, the Waitomo Glowworm Caves, the Ruakuri Cave and the Legendary Black Water Rafting Company have held their own. They will benefit from the expected long-term steady growth in Asian tourists. The Kiwi Experience backpacker coaching operation needs to reduce its costs. But overall the tourism operations are contributing to ***thl's*** bottom line and delivering close to an acceptable return on funds employed in this market.

With the creation of the RV Manufacturing Group (RVMG) joint venture earlier this year, we have reduced excess capacity in our manufacturing operations. RVMG is in a much better position to become a sustainable business with significantly reduced overheads and workforce flexibility. The alternatives, had we not formed this joint venture, would have created serious short and long term profit issues for the business.

That leaves as I said, the New Zealand rentals business as the most significant challenge facing ***thl.***

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thl's New Zealand motorhome operations face considerable uncertainty in the core markets of Europe and the United Kingdom. These economies are weak and this is suppressing demand. Meanwhile, their currencies have fallen against the New Zealand dollar, making this country a more expensive destination.

The New Zealand tourism industry as a whole has been able to offset weakness in these markets by turning to Asia. But Asian markets do not yet have a strong culture for free independent travellers and campervan holidays. They represent a significant opportunity over time for our Waitomo tourism operations, but they are not the silver bullet our New Zealand rentals business is looking for.

As this table shows total international visitor spend fell 7% between 2009 and 2011, but this was due disproportionately to a decline in spend by visitors more disposed to choose a campervan holiday. Spending by UK visitors fell by 17%, while spending by German and Australian visitors fell by 11% and 8% respectively.

In the year to June 2012 the New Zealand rentals business delivered an improved result. Sales were up 5% and operating earnings increased 175% to $5.5 million. However, the gain was largely due to the one-off benefit of the Rugby World Cup, which generated $4.5 million or more than four-fifths of the operating result. Stripping out that gain the underlying performance was weaker than the prior year.

More importantly I believe the Rugby World Cup lulled the broader industry into a false sense of security. There is evidence that our competitors increased their fleets rather than reducing and now, in ***thl***'s view, the New Zealand industry campervan fleet needs to be cut by 25% in order to match the current and future demand expectations.

We recognise that there is little chance of increasing tourist numbers to New Zealand from the core European and United Kingdom markets over the coming two years. But this does not mean the New Zealand rentals business is a lost cause.

Tourists from these core markets will continue to visit New Zealand. Moreover, they are among the highest-value tourists visiting this country and they will continue to represent a significant proportion of in-bound tourists for the foreseeable future.

Tourism will in our view remain a core export earner for New Zealand as world tourism will continue to grow for decades to come.

The question therefore facing ***thl*** and the broader motorhome industry is how we remain relevant, attractive and in the forefront of holiday wholesalers and their customers' minds. To do this we need to reduce costs and leverage the core infrastructure of our business across the widest number of potential customers. We need to compete on price where necessary to maintain relevance and presence.

[Slide 14]

Addressing these issues is among the key goals of this proposed merger with United and KEA.

The merger allows us to reduce fleet to a size appropriate to this new level of demand in an orderly fashion. We achieve this by reducing the supply of new vehicles through our joint manufacturing operations. Fleet sales continue at rates in line with prior years.

This fleet reduction combined with a lower level of vehicle replacement reduces capital expenditure and depreciation charges across all three businesses. And combined with a consolidation of the merger partners' marketing, sales and service infrastructure allows the new company to serve a larger number of customers from a much lower capital base.

To put it in the terms the chairman mentioned earlier, it improves the return on the equity you, our shareholders, have entrusted the company.

In addition the merger creates a unique opportunity for the new ***thl*** to assess how we operate and take the best of all three businesses to deliver a greater product and importantly a better return.

Should the merger gain your approval, I look forward to the opportunity to discuss some of these changes and how they are being enacted at the Annual Meeting in November.

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I would now like to turn to the details of the transaction.

The merger in New Zealand will create an entity with assets of $157 million combined revenues of $95 million, a vehicle fleet of 2500 at merger reducing to a total fleet size of 1800 in two years.

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thl is acquiring $74.8 million of fleet assets and an additional $2.1 million of other non-fleet assets. We have negotiated with United and KEA a $7.4 million discount to the two companies net operating assets, leaving us with a total merger consideration, excluding transaction costs, of $69.5 million made up of cash and shares.

On this basis we are acquiring KEA and United's assets at 90% of their current market value. In addition there is further protection to existing ***thl*** shareholders in the event of a downturn in vehicle sales prices by way of the deferred consideration mechanism the chairman mentioned earlier. This amounts to an additional $8.0 million of the total merger consideration that will only be paid out provided the vehicles are able to be sold for their assessed values.

Taking into account this downside protection, KEA and United's combined fleet values would have to fall by 20% from their current market value before ***thl***'s existing shareholders begin to suffer a loss on vehicle sales as a result of the transaction.

The board and management regard this as unlikely based on current and historic market prices for motorhomes.

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As consideration for the deal we will issue to United and KEA shareholders 12 million ***thl*** shares at the six-month volume weighted average price of 61.9 cents per share which was the average up to the 29th August 2012 just before the deal was announced. These new shares have a nominal value of $7.4 million and represent 11% of the total consideration. This part of the consideration aligns the interests of United and KEA with those of ***thl***'s existing shareholders – Kay Howe and Grant Brady will have a significant stake in ***thl***'s future.

The deferred consideration of $8.0 million, which as I discussed a moment ago provides considerable protection to existing ***thl*** shareholders, represents 12% of the merger consideration.

The balance is made up of a cash payment of $3.2 million which represents 4% of the consideration and bank debt of $50.9 million representing 79% of the consideration which will be used to refinance the vendors existing external funding.

I should note these amounts will likely vary by a small amount at completion due to changes in the fleet composition as a result of fleet sales being more or less than was estimated at the time the agreements were initially signed.

[Slide 18]

Ensuring the merger takes place within a prudent and appropriate capital structure has been a key focus of the board and management.

At acquisition, debt including the deferred consideration is projected to rise to $158 million increasing ***thl***'s gearing ratio (measured as debt to debt plus equity) from 42% at the end of June 2012 to 50% at completion at the end of October. However we project we are able to aggressively reduce our debt.

Indeed by the end of June 2013, we expect to decrease our total debt by around $41 million to $117 million and by the end of June 2014 to just over $100 million which is very close to the pre-acquisition debt level. We are able to achieve this using the proceeds from the fleet rationalisation, the sale of a surplus property in Hamilton with a book value of around $8.0 million and the strong operating cash flows of the merged business.

I would like to stress this vehicle realisation programme does not represent an additional sell down of the new entity's fleet beyond the volumes which are currently being sold. We will achieve an orderly reduction in our vehicle fleet, selling assets at essentially the same volumes at which the three merger partners have sold surplus fleet over the last three years.

I will say that again: fleet disposals will continue at normal rates. We are achieving the fleet reduction by reducing production at our joint venture manufacturing facilities.

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Compared to the non-merger plans of each entity, the merged entity is planning to save $30.5 million in capital expenditure in the first two years. This is a non-recurring gain and reflects the reduction in fleet size.

In total, cost synergies across all three businesses amount to around $4.4 million. These synergies include back-office savings of $2.0 million a year, labour savings of around $0.9 million a year, with the balance made up of lease savings and fleet operating and procurement cost savings.

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Furthermore Cameron Partners in its independent report endorsed this view.

It notes and **I quote:** *"**thl** shareholders can have a high level of confidence regarding the cost synergy realisation and we note:*

- *A comprehensive analysis has been undertaken by **thl**'s management and the Vendors to estimate the potential synergies from the transaction.*
- *The synergies are reduced capex and costs. Both of these can be forecasted with relative certainty compared to market-based or revenue-based assumptions.*
- *The transaction structure involves an asset purchase with various liabilities remaining with the Vendors. Consequently many of the cost synergies are immediate (labour, lease costs and overheads) with others (back office) achievable in a very short timeframe."*

[Slide 21]

So what of the future? As the chairman noted the success of this merger will be determined by the success of the integration process. Put another way a plan for a merger is just 10% of the job, the majority of the value accrues from execution. As the chairman highlighted in the first instance this means:

- Maintaining revenues
- Executing the fleet rationalisation and integration plan well, and
- Creating a new ***thl*** that represents the best of all three businesses

We have already done a lot of preparatory work to achieve these goals. Obviously integration is dependent on the outcome of today so everything we have done to date has been conditional and we have been very mindful of the need to retain areas of confidentiality for all parties.

But we have a great platform on which to build the business – ***thl***'s infrastructure***.*** The ability for ***thl's*** systems for finance, reservations, locations, sales and marketing to integrate these new brands reinforces the decisions made over the past few years to build a scalable base and capability that can be levered for growth.

[Slide 22]

The process has been informed by ***thl***'s experience in taking out costs, achieving synergies and integrating new brands.

For the past six years ***thl*** has had a project management team staffed by skilled project management professionals who have a track record of successfully assisting with core projects and integrations within the business. Combined with an operational focus on customer delivery and business integration an event of this nature is not unusual in ***thl***'s history.

The experience gained from the acquisition of the Road Bear business in 2010, the creation of the RV Manufacturing Group and the integration of KEA Australia this year are the most recent learnings we will bring to bear on the integration of United and KEA.

We are familiar with the businesses and the nature of their assets and we get on well with their people, most of whom are joining the business.

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We have been very careful with our planning before your approval of the transaction. Currently we are focused on what we have called 'discovery workshops' across similar functions in each business. The teams from KEA, United and ***thl*** have sat down together and discussed what works and what doesn't within each business.

Of the three businesses ***thl*** is the biggest motorhome operator, but we recognise that no one business can be the best in all aspects of its operation.

I am confident the process will yield some great ideas about how to make ***thl*** better, and set a foundation to merge the teams and break down barriers. We want to destroy the 'us' versus 'them' mentality upon which many mergers that show great promise on paper ultimately founder.

It has been great to see the way the people from all three businesses have engaged in this process. And all the team, but particularly those in Christchurch and Auckland, deserve a huge thank you from the board, the senior management team and shareholders. Their openness and desire to see this new collective business succeed, even before final approvals, has been impressive.

[Slide 24]

We have also given a lot of thought to positioning the combined business and its diverse stable of brands to ensure we maintain and grow the position of the new business in the market place.

The key commitments we have made to date are to the customer base – the wholesalers who sell our products in our key markets and the customers to whom we sell our products directly - are as follows:

- We will adhere to the commitments and contracts currently in place in the market. These commitments extend as far as September 2014. The travel industry operates long lead times to encourage the purchase decisions well in advance of the actual travel.
- We have committed to the product brands that exist today. There are seven brands in the merged New Zealand business and we need to be clear that we cannot have seven hero brands that are meaningful in all markets and channels. There is however a place for some hero brands and some product brands with differing motorhome features, pricing and terms and conditions.

Indeed, the strength of the brands that we are purchasing in their respective market niches is a strategic benefit of the merger.

Look at the internet channel today. There are many players in the tourism industry who operate a 'white-label' approach to the market. They have brands that are unique to specific markets. This is replicated across a huge variety of categories.

For example it makes no sense to market United Campervans into the United Kingdom market where it has little presence today, given Maui has such a positive and strong brand presence.

We will discuss more about the brand strategy at the Annual Meeting and beyond as we develop the positioning of each part of the business. Again we are pleased key members of the United and KEA teams have agreed to come on board with ***thl***. And we are ready to position those people in roles that will ensure we deliver to the culture those businesses have held whilst delivering on the synergies of the collective.

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Before I close I would like to highlight one area which already shows particular promise from the merger – our vehicle sales activities and our joint venture manufacturing operations based out of Albany, north of Auckland.

The success of our vehicle sales strategy will be a fundamental determinant of the success of the merger. Grant Brady will be leading our efforts in this space. Over the past 17 years Grant has created a successful product, brand and positioning in the market for motorhome sales. His knowledge of the needs of the customer, his demanding high standards and attention to detail have created a very loyal customer base that ***thl*** must maintain and expand.

We have a high level of confidence that with the joint efforts of ***thl*** and the team Grant is creating we will develop a very successful new business venture.

The Albany site is superb and is ready to be positioned as **<u>the</u>** destination for all things associated with RV's and motorhomes in New Zealand. With the manufacturing business on site, facilities for overnight camping, a retail shop and the best motorhome and caravan service centre in the country, the Albany sales site is poised to become a true destination in its own right.

We have the potential and ability to create a substantive business at Albany with the right facilities and capability and experience behind the business.

Over the past few years I have talked about ***thl*** pursuing a build, rent, sell model. We can now genuinely stand up and say that the vehicle sales operation is growing up and is embodying this model.

I look forward to discussing the next steps, challenges and our approach moving forward at the annual meeting in November.

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Management is excited about this proposal. It is strategically compelling and delivers a positive financial impact. We have plans in place to ensure your company has a sound capital structure post acquisition and have taken steps to mitigate the attendant risks.

It is the logical strategic and best response to the industry dynamics that we face and the key challenge facing the ***thl*** group. And it is the best option to deliver enhanced value for shareholders. Management believe the merger is in the best interests of all shareholders and therefore we believe you should vote in favour of the resolutions shortly to be put to you.

I will now hand you back to the chairman.

END

Keith Smith
Chairman

Grant Webster
Chief Executive