

Bethunes
Investments Limited

NZX LISTING PROFILE

17 November 2017



Prepared in connection with the proposed acquisition of the transport and
logistics business of Transport Investments Limited

Prepared pursuant to Listing Rule 7.1.1



INTRODUCTION

PROPOSED TRANSACTION

Bethunes Investments Limited (“**Bethunes**”) is currently an investment company listed on the NZX Main Board.

Bethunes has been actively seeking a high-quality acquisition opportunity to present to its shareholders. On 26 October 2017 Bethunes announced that it had entered into an agreement to acquire the transport and logistics business of Transport Investments Limited (“**TIL**”) and the shares in TIL Logistics Group Limited (which will be renamed following completion) (the “**Acquisition**”).

The total purchase price under the Acquisition is \$200 million, subject to net debt and working capital adjustments¹, and will be satisfied by an issue of 73,333,334 New Shares in Bethunes, at a price of \$1.50 per New Share, and the balance in cash (such

balance being, on the basis of Bethunes’ estimate as at the date of this Profile of the adjustments described above, \$87.8 million. The final amount of the balance to be paid in cash will depend on the final amount of those adjustments).

In order to fund the cash component of the purchase price, Bethunes has entered into new banking facilities with ASB Bank Limited (these facilities will also be used for ongoing working capital purposes) (“**New Facilities**”)² and will undertake a private placement involving the issue of up to \$11.51 million worth of new shares in Bethunes, at a price of \$1.50 per New Share, to selected wholesale investors to whom a Product Disclosure Statement is not required (“**Private Placement**” and together with the Acquisition and the New Facilities, the “**Proposed Transaction**”). Of the proceeds of the Private Placement, \$8.65 million will be applied on or shortly after completion of the Private Placement to repaying part of the initial draw down made under the New Facilities.

TIL BRANDS:



1 Further detail on the valuation of TIL is contained in section 7, Page 31, Independent Report.

2 Further detail on the New Facilities can be found in section 4.2.6 of the Supplementary Financial Information.

Upon completion of the Proposed Transaction, Bethunes intends to change its name to 'TIL Logistics Group Limited' and change its NZX Main Board ticker code to 'TLL'.

Following completion of the Proposed Transaction, Bethunes expects to have 81,459,325 Shares on issue.

The Proposed Transaction constitutes a reverse acquisition. A reverse acquisition occurs when the entity that issues securities (the legal acquirer, in this case Bethunes) is identified as the acquiree for accounting purposes.

The Proposed Transaction is conditional upon the approval of Bethunes' shareholders at a special meeting to be held on 5 December 2017 ("**Bethunes Shareholder Meeting**") and the ASB Bank making funding available under the New Facilities to enable completion to occur.

Upon completion of the Proposed Transaction, TIL will be the largest shareholder in Bethunes holding approximately 82.09% of the shares in Bethunes. Following completion, TIL will transfer approximately 620,000 shares in Bethunes then held by TIL to certain Proposed Directors (for services provided to TIL in the lead up to the Acquisition) and to approximately 600 of TIL Group's long serving employees and owner drivers (as an ex gratia bonus to mark the coming to market of TIL's business on the NZX Main Board).

Further information regarding the Acquisition, the New Facilities and the Private Placement is set out in the Explanatory Notes to the Notice of Meeting for the Bethunes Shareholder Meeting.

KEY DATES

Key dates in relation to the Proposed Transaction are as follows:

Trading halt of Shares to facilitate Share Consolidation and completion of the Acquisition commences	Open of trading on 4 December 2017
Bethunes Shareholder Meeting	5 December 2017
Share Consolidation	6:00pm, 5 December 2017
Completion of the Acquisition	6 December 2017
Allotment of New Shares under the Acquisition	6 December 2017
Notice of compulsory acquisition given to Takeovers Panel and acquisition notice despatched to Bethunes shareholders	6 December 2017
Trading halt of Shares to facilitate Share Consolidation and completion of the Acquisition ends	Open of trading on 7 December 2017
New Shares issued pursuant to the Acquisition expected to commence trading on NZX Main Board	7 December 2017
Change of name of Bethunes to 'TIL Logistics Group Limited'	7 December 2017
Allotment of New Shares under the Private Placement	By 7 December 2017
New Shares issued pursuant to the Private Placement expected to commence trading on NZX Main Board	By 8 December 2017
Last day for BIL shareholders to exercise Voluntary Acquisition Rights	3 January 2018

These dates and references to them throughout this document are indicative only and may change. Bethunes reserves the right to amend the dates without prior notice, subject to applicable law and the NZX Main Board Listing Rules ("**Listing Rules**").

ABOUT TIL

TIL is one of the largest domestic freight and logistics businesses in New Zealand with a nationwide network of branches, depots and warehouses.

TIL's activities include transporting and warehousing freight throughout New Zealand and co-ordinating freight movements offshore with the assistance of international alliances. TIL also has a specialist road tanker division which is one of the largest operators in the New Zealand fuel delivery market.

TIL operates under a range of brand names including: Hooker Pacific, TNL, Roadstar, Pacific Fuel Haul, TIL Freight, McAuley's Transport, ATL, MOVE Logistics, Liquid Logistics and NZL.

For more information about TIL and its business, see Section 1 (*TIL and what it does*).

KEY RISKS AFFECTING TIL

TIL considers that the most significant risk factors that could affect TIL's financial position, financial performance or stated plans are:

- Loss of key customers – TIL is subject to the potential loss of key customers (including in respect of three significant contracts which expire and are up for renewal during the Prospective Period). Any loss of key customers may have a material adverse effect on TIL's financial performance.
- Reduction in demand for services – TIL is subject to the potential reduction in demand for services from key customers and from customers within the particular industry sectors it operates. Any such reduction in demand may have a material adverse effect on TIL's financial performance.
- Health and safety – The nature of the work performed by TIL exposes it to certain health and safety risks. An increase in the level of health and safety incidents, or a particularly serious incident, has the potential to negatively affect TIL's revenues and profitability, including as a result of damage to TIL's reputation, brand or staff culture.

- Labour availability and cost – TIL's future success relies on its ability to continue to recruit, retain and motivate suitably skilled and qualified personnel, particularly qualified truck drivers. There is a limited group of skilled personnel with the appropriate experience and, as a result, TIL can face strong competition for such personnel and may be required to pay more than it currently expects to pay in order to attract and retain them.

The above summary does not cover all of the risks affecting TIL. For further information on these and other risks affecting TIL, you should also read Section 4 (*Risks to TIL's business and plans*).

ABOUT THIS PROFILE

Given the Proposed Transaction will result in a change in the essential nature of Bethunes, from an investment company to a transport and logistics company, Bethunes is required to prepare this profile document ("**Profile**") containing all the information prescribed in the Listing Rules.

This Profile contains important information about TIL's operations, the industry in which it operates, financial performance and risks associated with TIL's operations. Further information about TIL and the Proposed Transaction is available in the Notice of Meeting for the Bethunes Shareholder Meeting and on the Bethunes Website (www.bethunesinvestments.com). ■

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LETTER FROM THE CHAIRMAN DESIGNATE

Dear Shareholder,

My name is Trevor Janes and, subject to shareholder approval and completion of the proposed acquisition of the transport and logistics business of Transport Investments Limited by Bethunes, I will become the chair of Bethunes.

I am pleased to present you with this profile document and further information on Transport Investments Limited (“TIL”).

TIL is one of New Zealand’s largest domestic freight and logistics platforms with a nationwide network of branches, depots and warehouses. It generated over \$235 million in revenue in the year to 30 June 2017 and on a pro forma basis (including recent acquisitions) would have had revenues in the same period of approximately \$324 million (further information on the TIL Group’s pro forma financial performance can be found in Section 3 *TIL’s Financial Information*).

A range of genuine organic growth opportunities are available to TIL including cross-selling of services, high operating leverage and intermodal expansion. There are also opportunities for financial return improvements from optimising historical fleet ownership practices.

The transaction will involve Bethunes acquiring the transport and logistics business of TIL, together with the shares in TIL Logistics Group Limited (which will be renamed following completion), for a purchase price of \$200 million (subject to adjustments for net debt and movements in working capital), which will be paid through a combination of shares and cash. Following completion of the acquisition, TIL will be the largest shareholder in Bethunes.

Concurrent with the acquisition, and in order to part fund the cash component of the purchase price, Bethunes will undertake a private placement involving the issue of up to \$11.51 million of new shares in Bethunes to selected wholesale investors.

Following the acquisition, Bethunes intends to change its name to TIL Logistics Group Limited (NZX: TLL).



All the existing directors will retire and will be replaced by a new board of directors with in-depth industry and governance experience. The proven and experienced TIL senior management team will continue in their current positions. Further biographical details can be read on pages 34-38 of this document.

The proposed transaction is conditional upon the approval of Bethunes’ shareholders at a special meeting to be held on 5 December 2017 and the ASB Bank making funding available under new banking facilities to enable completion to occur.

This document contains detailed information about TIL and the freight and logistics industry in which it operates (including information about risks affecting TIL in Section 4 (*Risks to TIL’s business and plans*)). I encourage you to read it carefully and seek professional advice should you need to.

The proposed directors believe that the TIL business provides Bethunes shareholders with an attractive investment opportunity. Following the acquisition, your directors will focus on realising growth opportunities and adding further value for shareholders.

We recommend this proposal to you and look forward to your support. ■

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Trevor Janes', written in a cursive style.

Trevor Janes
Chairman Designate



TIL AND WHAT IT DOES

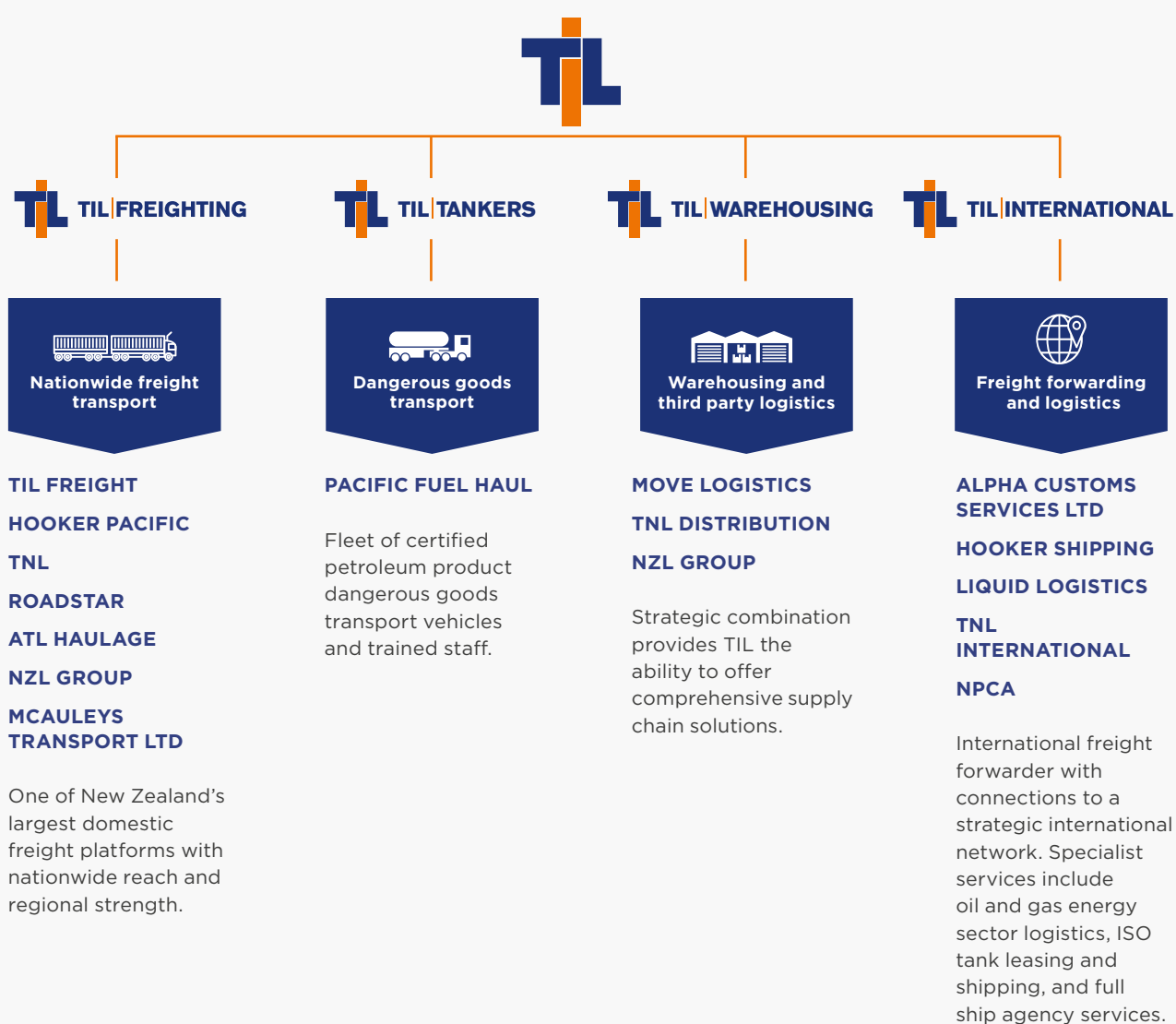
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TIL OVERVIEW

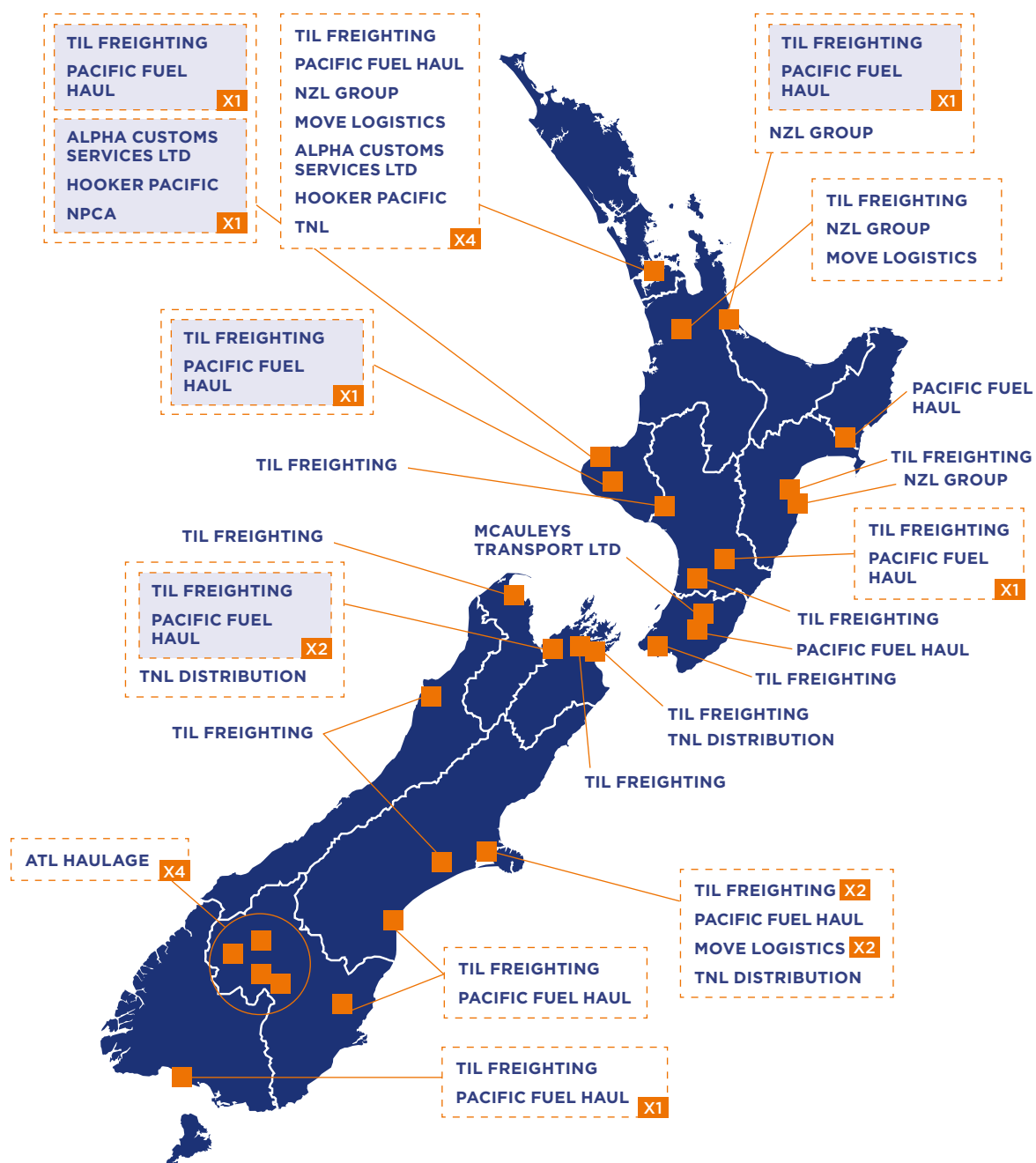
- TIL is one of New Zealand's largest domestic freight and logistics platforms with a nationwide network of branches, depots and warehouses.
- TIL has a dedicated team of over 1,700 employees and contractors and operates a fleet of some 900 trucks, 1,110 trailers, 310 forklifts and 170 light vehicles, from 60 locations and manages over 150,000m² of warehousing space.
- TIL's strategic approach to fleet management allows for higher day-to-day utilisation; higher utilisation of assets across their useful lives and flexible location of fleet to meet demand.
- TIL operates one of the largest petroleum product Dangerous Goods (DG) road tanker fleets in the country. TIL management considers that TIL has a significant market share in petroleum product distribution by road tanker and is the largest mover of LPG in New Zealand.
- Recent acquisitions have added critical scale to TIL's warehousing and supply chain capabilities and enable TIL to offer comprehensive supply chain solutions to customers.
- TIL's investment in infrastructure throughout the country leaves it well placed to handle further volume growth from organic expansion or acquisitions.

TIL PROVIDES FREIGHT TRANSPORT AND LOGISTICS SERVICES THROUGHOUT NEW ZEALAND AND OPERATES VIA FOUR KEY DIVISIONS:



TIL acquired MOVE in May 2017 and NZL in June 2017. MOVE is a national warehousing and logistics provider. MOVE adds critical scale to TIL's warehousing and supply chain capabilities and allows TIL to offer comprehensive supply chain solutions to customers. NZL enhances TIL's footprint with greater geographical coverage. In September 2017 MOVE acquired the logistics and supply service business of Glassworks Logistics Limited ("**Glassworks**").

TIL LOCATIONS



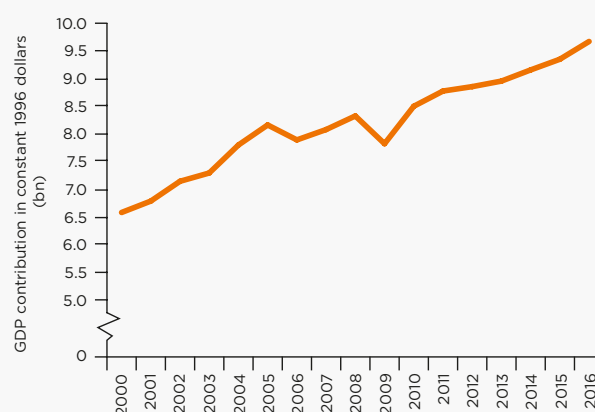
TIL BUSINESS HIGHLIGHTS AND STRENGTHS

- Diverse exposure to New Zealand industry.
- National freight and logistics platform leveraging regional strength.
- Ability to offer end-to-end supply chain solutions.
- Leading market position in niche sectors.
- Positive earnings growth outlook.
- High quality board and a management team with long tenure in the business and industry.

DIVERSE EXPOSURE TO NEW ZEALAND INDUSTRY

- TIL's core operations are the transportation of a wide range of freight types throughout the country.
- The volume of freight activity is influenced principally by the overall level of economic activity in the country.
- TIL's nationwide reach, diverse customer base and sector activities create broad-based exposure to economic growth.
- The New Zealand economy maintains a favourable growth outlook with the Reserve Bank of New Zealand anticipating >3% growth per annum in GDP over the next 2 years³.
- Road freight is anticipated to increase by almost 60% over the next 30 years⁴. ■

TRANSPORT AND LOGISTICS INDUSTRY GROWTH



Source: Ministry of Transport

³ Reserve Bank of New Zealand Monetary Policy Statement, August 2017.

⁴ National Freight Demand Study 2014.

NATIONAL FREIGHT AND LOGISTICS PLATFORM LEVERAGING REGIONAL STRENGTH

TIL has built a nationwide platform from foundations of regional strength.

- TIL operates a comprehensive nationwide network of depots, branches, warehouses and offices.
 - This infrastructure enables TIL to offer a nationwide freight transport service as well as offering complementary higher value-add services such as petroleum product dangerous goods transport, warehousing and logistics, international freight forwarding and dispatch services.
 - Consequently, TIL is one of only a few operators providing a comprehensive nationwide service offering and accordingly has the ability to participate in nearly all competitive freight tender processes.
 - The ability to offer multiple services enables TIL to cross sell products to customers and strengthen customer relationships through integration in customers' supply chains. TIL considers that the ability to offer a full logistics spectrum is a key factor in its success.
 - TIL has a branch, depot or warehouse in almost every province in New Zealand providing comprehensive nationwide reach. All properties are leased and include several purpose-built fit-outs to optimise utilisation for TIL.
 - TIL's brands have in some cases been operating since the late 1800s with strong ties to provincial New Zealand businesses. The heritage of these brands contributes to strong customer loyalty across multiple regions.
 - A nationwide platform combined with a strategic fleet ownership approach, enables TIL to maximise asset utilisation across customers, sectors and seasons, enhancing returns on capital employed.
- The recent acquisition of MOVE adds critical warehouse / third-party logistics (3PL) capabilities and supports customer retention by enabling a nationwide and end-to-end logistics supply chain offering.
 - TIL operates well established industry standard information technology systems providing both TIL's staff and customers with critical freight and logistics information and solutions.
 - TIL has a committed and experienced team of over 1,700 employees and contractors located throughout the country.

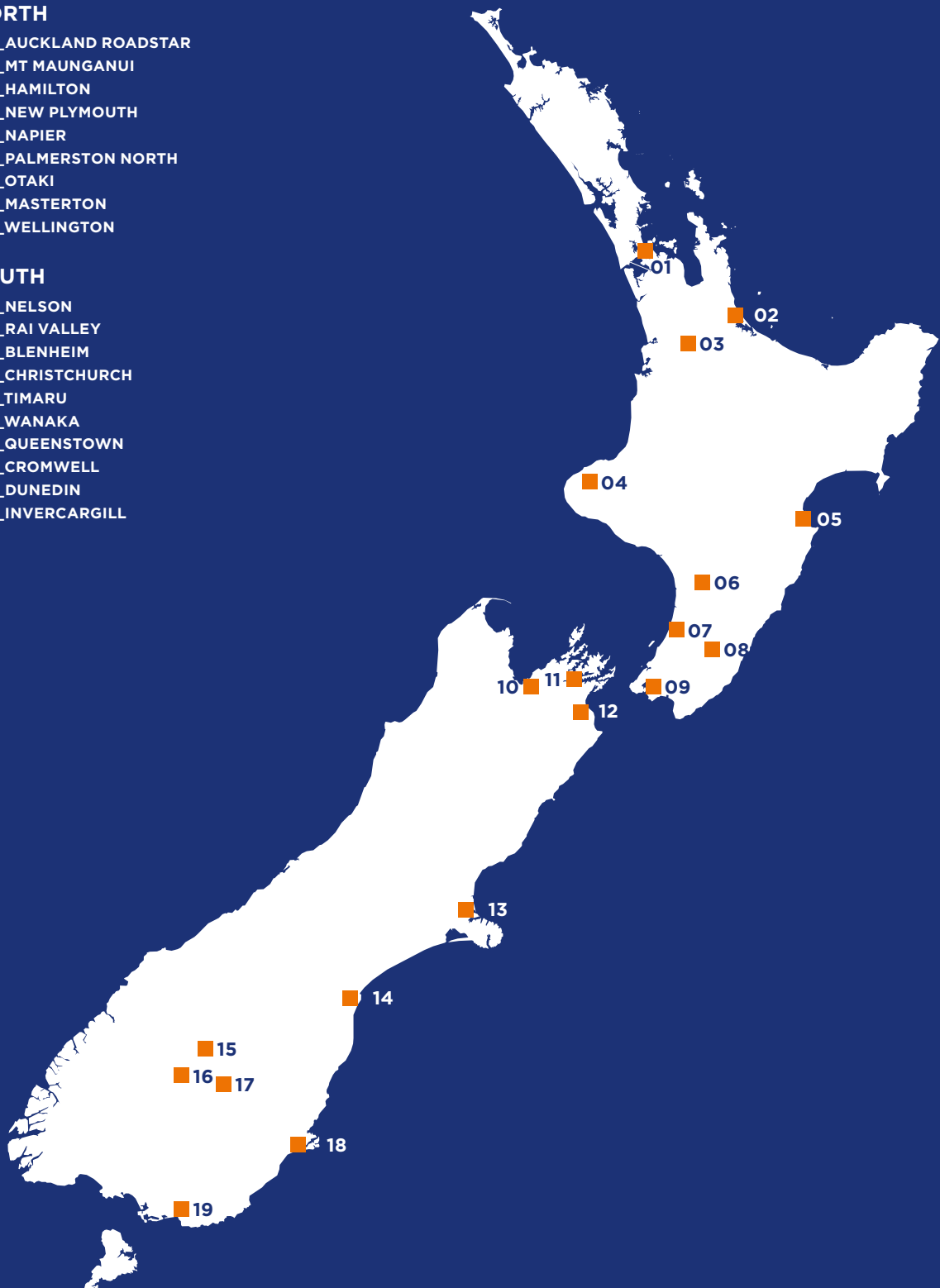
BRANCHES NETWORK

NORTH

- 01 _AUCKLAND ROADSTAR
- 02 _MT MAUNGANUI
- 03 _HAMILTON
- 04 _NEW PLYMOUTH
- 05 _NAPIER
- 06 _PALMERSTON NORTH
- 07 _OTAKI
- 08 _MASTERTON
- 09 _WELLINGTON

SOUTH

- 10 _NELSON
- 11 _RAI VALLEY
- 12 _BLENHEIM
- 13 _CHRISTCHURCH
- 14 _TIMARU
- 15 _WANAKA
- 16 _QUEENSTOWN
- 17 _CROMWELL
- 18 _DUNEDIN
- 19 _INVERCARGILL



TIL owns the majority of its fleet, which is modern, well maintained and has an estimated current market value in excess of \$120 million.

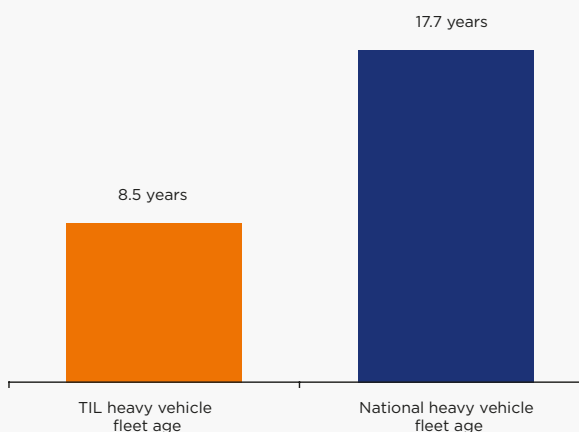
- The estimated current market value of TIL's fleet is in excess of \$120 million⁵. At 8.5 years, TIL's average heavy vehicle fleet age is less than the national average (refer chart opposite).
- TIL has adopted a strategic approach to owning a significant portion of its fleet, leasing a smaller proportion and also utilising owner drivers (ODs) for certain routes. This approach allows for:
 - higher day-to-day utilisation: 'Double-shifting' of line-haul vehicles both day (intra region) and night (inter region) improves utilisation.
 - higher utilisation of assets across their useful lives: TIL can cascade its fleet by age and use to match the most appropriate type of service. For example, TIL's newer trucks are used on high importance line-haul routes then transitioned to regional and lower intensity routes with age.
 - flexible location of fleet to meet seasonal or unusual demand: This minimises asset downtime whilst providing a competitive advantage in servicing volume.
- TIL sees significant opportunity in continuing to own a large portion of its fleet and to increase the level of volume through the TIL national platform via the use of owner drivers to increase network utilisation at a lower marginal cost. TIL considers that its infrastructure of depots and branches throughout the country could handle significantly more volume than present levels. ■

GROUP FLEET

	Trucks	Trailers	Forklifts	Light Vehicles
Owned	600	940	220	140
Leased	130	70	90	30
Owner driver	170	100	–	–
TOTAL	900	1,110	310	170

Indicative fleet numbers as at 31 October 2017

MODERN FLEET RELATIVE TO NATIONAL AVERAGE








Source: TIL management estimates, Ministry of Transport

⁵ Calculated on the basis of third party fleet valuations undertaken in March 2017 together with net acquisitions since then.

ABILITY TO OFFER END-TO-END SUPPLY CHAIN SOLUTIONS

- Increasingly, customers are seeking to consolidate all of their supply chain requirements with one provider.
- The recent acquisition of MOVE adds critical warehouse / 3PL capabilities to TIL and supports customer retention by enabling a nationwide and end-to-end logistics supply chain offering.
- TIL's technology platform allows for complete visibility across the supply chain from supply to end user. ■

ABILITY TO COMPREHENSIVELY SERVICE ALL CUSTOMER SUPPLY CHAIN REQUIREMENTS

 General freight / domestic transport	 Dangerous goods	 Warehousing, inventory and supply chain services	 International freight forwarding	 Express packages
<ul style="list-style-type: none"> ▪ Domestic freight via road, rail and coastal shipping ▪ Specialist heavy haulage division TIL FREIGHTING HOOKEER PACIFIC TNL ROADSTAR NZL GROUP MCAULEYS TRANSPORT LTD ATL HAULAGE MULTI-TRANS	<ul style="list-style-type: none"> ▪ Specialist distributors of petroleum products ▪ High barriers to entry from regulatory compliance regime and asset specialisation PACIFIC FUEL HAUL	<ul style="list-style-type: none"> ▪ Specialised warehousing and Third Party Logistics ("3PL") facilities ▪ Leading technology systems MOVE LOGISTICS TNL DISTRIBUTION NZL GROUP	<ul style="list-style-type: none"> ▪ Shipping, customs and agency services ▪ Particular specialisation in oil and gas ▪ Strategic offshore relationships ALPHA CUSTOMS SERVICES LTD HOOKEER SHIPPING TNL DISTRIBUTION NPCA LIQUID LOGISTICS	<ul style="list-style-type: none"> ▪ Mutually beneficial alliances with key providers

LEADING MARKET POSITION IN NICHE SECTORS

- By utilising its nationwide locations and resources, TIL has become a leading player in certain niche sectors of the freight and logistics market such as petrol, LPG and aquaculture products.
- TIL operates one of the largest petroleum product dangerous goods road tanker fleets in the country. TIL management considers that TIL holds a significant share of the national petroleum product distribution by road tanker market.
- To replicate this would require significant capital outlay and sourcing of approximately 300 staff trained and certified in stringent health and safety procedures.
- TIL provides critical infrastructure to growing export industries including viticulture, aquaculture and horticulture. ■

TIL HOLDS A LEADING NEW ZEALAND FUEL DISTRIBUTOR POSITION⁶

TIL Tankers under the Pacific Fuel Haul brand owns and operates one of the largest road tanker fleets of DG vehicles in New Zealand.

TIL Tankers considers itself to have the leading market share in petroleum product distribution.

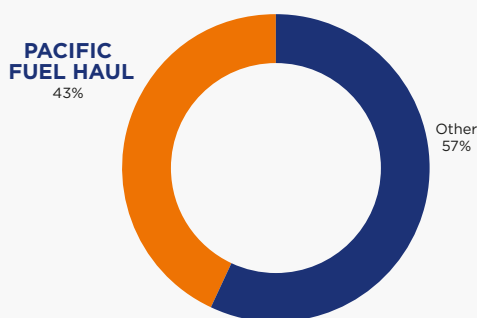
TIL has invested heavily into specialist fuel distribution equipment providing significant financial barriers to entry for competitors.

TIL Tankers employs ~300 trained and DG certified staff throughout the country.

TIL Tankers has worked with its largest customers for over 10 years generating contracted revenue streams.

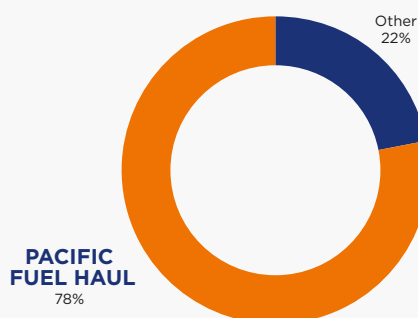
TIL has consistently delivered to the high standards of customers including Z Energy, Chevron, Farmlands and Contact.

PETROL/DIESEL DISTRIBUTION MARKET



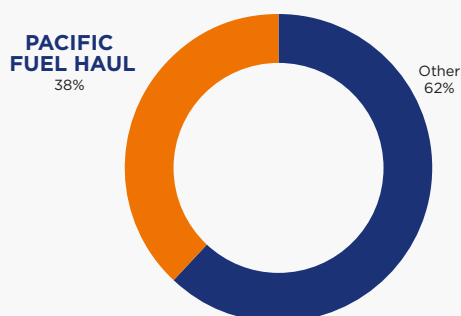
Source: TIL management estimates as at March 2017.

LPG DISTRIBUTION MARKET



Source: TIL management estimates as at March 2017.

AVIATION FUEL DISTRIBUTION MARKET



Source: TIL management estimates as at March 2017.

⁶ Distribution market figures are based on TIL's estimates.

POSITIVE EARNINGS GROWTH OUTLOOK

- The outlook for the freight industry is positive and TIL considers that this will support revenue and earnings expansion.
- TIL's recent acquisition of MOVE provides a significant opportunity to cross sell services to the respective TIL and MOVE customer bases.
- Stability of forecast earnings with strong forecast cash generation provides the ability to offer dividends and ability to selectively acquire strategic assets. ■

HIGH QUALITY BOARD AND A MANAGEMENT TEAM WITH LONG TENURE IN THE BUSINESS AND INDUSTRY

- TIL's executive leadership team of Jim Ramsay, Alan Terris and Greg Whitham has been together since 1989.
- TIL's executive team are committed to remaining significant long term shareholders in Bethunes post the Acquisition.
- Highly experienced Proposed Directors with particular strength in corporate governance and oversight of growing companies.

For profiles of the Proposed Directors and TIL's executive leadership team, please see pages 34 to 38. ■

#1 CAPTURING A GREATER PROPORTION OF CUSTOMERS SUPPLY CHAINS

- The recent warehousing acquisition enables TIL to offer the full continuum of freight and logistics services.
- Large scope to increase the amount, and value-add, of services provided to TIL and MOVE's respective customer bases.
- Since settlement of MOVE, the strategy has already delivered incremental business to the Group.

#2 MARGIN EXPANSION FROM HIGH OPERATING LEVERAGE

- TIL's investment in its national infrastructure is largely fixed, with significant latent capacity to handle increased volume at low marginal cost.
- Ability to increase the use of owner drivers / leased vehicles to manage incremental volumes without material capital outlay.

#3 INTERMODAL EXPANSION

- Historic emphasis has been on road transport, consistent with national average mode of transport.
- Continued increases in the scale of TIL now opens up the potential for utilisation of rail and coastal shipping to generate higher margins.
- TIL is pivotal in the emergence of inland ports, with new operations at Wiri (alongside Ports of Auckland) and Rolleston (alongside Port of Lyttelton) .

#4 ABILITY TO DECREASE ASSET INTENSITY

- Fleet estimated to be valued at in excess of \$120m.
- An opportunity exists to decrease asset intensity and release capital from the business via leased or owner-driver operating models.

#5 FURTHER INDUSTRY CONSOLIDATION

- The New Zealand freight industry remains highly fragmented.
- With one of New Zealand's largest freight and logistics platforms and over 25 years of acquisition and integration expertise, TIL is well positioned to lead future industry consolidation, with a number of possible acquisitions currently being investigated.
- Recent acquisitions will continue to deliver incremental synergies beyond FY18.

THE FREIGHT AND LOGISTICS INDUSTRY

- TIL operates in the domestic freight and logistics industry which encompasses the movement and storage of freight within New Zealand.
- The freight sector is highly competitive with a large number of operators. TIL is one of the largest operators in the industry and is one of only a few that can offer a completely nationwide network.
- The amount of freight activity in New Zealand is principally driven by: the level of business activity or GDP, international trade in and out of New Zealand, and overall population levels.

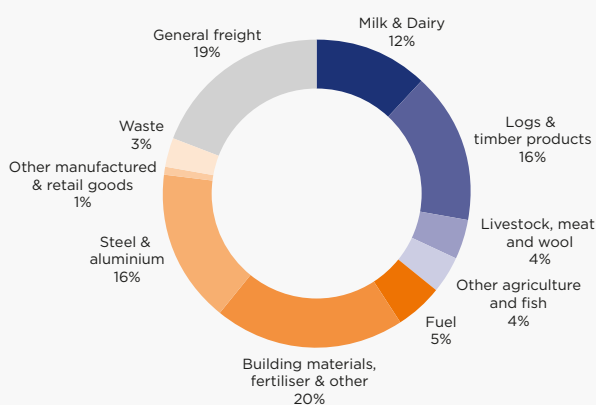
TRANSPORT OF FREIGHT

- Transport of freight is typically categorised as either:
 - full container load or full truck load (FTL) being the transport of a single consignment of freight; or
 - less than container load or less than truck load (LTL), being the aggregation of smaller freight consignments within a full container load.
- TIL places significant focus on the national LTL market, while also servicing the FTL market, particularly within the regions.
- The freight sector is highly competitive with a large number of operators. TIL is one of the largest operators in the industry and one of only a few that can offer a nationwide network.
- TIL considers that within the freight industry, particularly for LTL consignments, a level of scale is required to provide customers with a high level of service and competitive pricing while generating consistent levels of profitability.
- TIL conducts operations across a wide range of industries and, consistent with the national freight task⁷, enjoys significant sector diversification. Compared to New Zealand's overall freight composition, TIL has a relatively lower level of exposure to the dairy, timber and aggregates sectors, and a greater exposure to the petroleum products transport sector.

⁷ The total amount of freight transported in New Zealand on a tonne-kilometre basis.

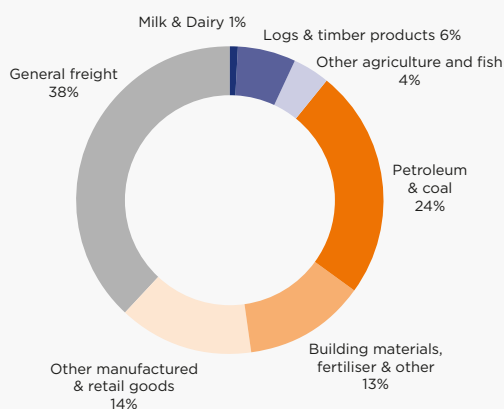
New Zealand Freight Transport by Commodity Group.

NATIONAL FREIGHT BY COMMODITY GROUP



Source: National Freight Demand Study 2014.

TIL FREIGHT BY COMMODITY GROUP



Source: TIL's management estimates.

Note:

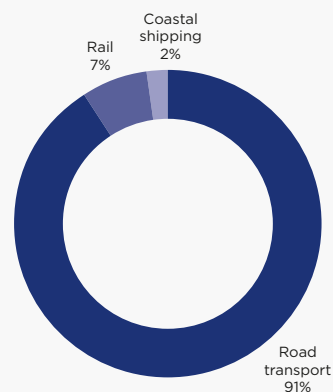
National freight by commodity group calculated for calendar 2012 on a tonne-kilometre basis. TIL freight by commodity group calculated for FY2017 on the basis of pro forma revenue.

New Zealand Freight Transport by Mode.

The primary mode of transport of New Zealand freight is by road. This is predominantly due to the limited rail infrastructure in New Zealand and the high level of inland freight movements which are not able to be serviced by coastal shipping.

TIL primarily utilises road transportation but can utilise rail or coastal shipping for freight transport where it makes economic sense. A large portion of TIL's customers are drawn to TIL for its road speciality and ability to consistently deliver time sensitive freight. ■

NEW ZEALAND FREIGHT BY MODE



Source: National Freight Demand Study 2014.

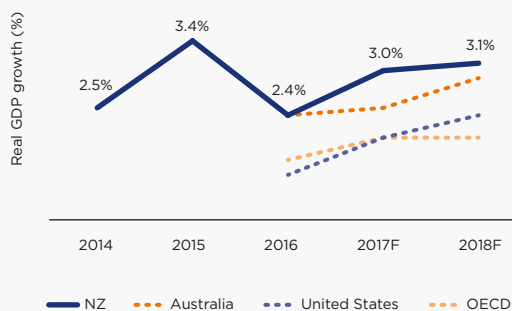
KEY DRIVERS OF THE FREIGHT INDUSTRY

- The amount of freight activity in New Zealand is principally driven by:
 - The level of business activity or Gross Domestic Product (GDP).
 - International trade in and out of New Zealand.
 - Overall population levels.

The Level of Business Activity or GDP.

- GDP and domestic freight volumes are commonly viewed as being correlated, with road transport activity expected to grow at least as fast as GDP.
- The Reserve Bank of New Zealand is forecasting strong GDP growth levels over the next 2 years. This is in excess of large international peers.

NEW ZEALAND GDP

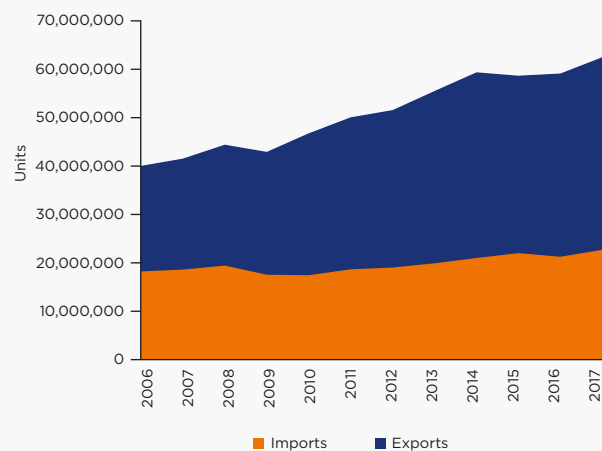


Source: Reserve Bank of New Zealand, Organisation for Economic Co-operation and Development.

International Trade in and out of New Zealand.

- Transport of freight to and from ports of arrival and departure is required to support international trade.
- As evidenced in the chart below, the high demand for products with New Zealand 'provenance' has resulted in, and continues to support, high growth in export levels.
- TIL enjoys high exposure to export industries including, among others, viticulture, horticulture and aquaculture. Import levels have remained relatively static on a per tonnage basis.

NEW ZEALAND IMPORTS AND EXPORTS

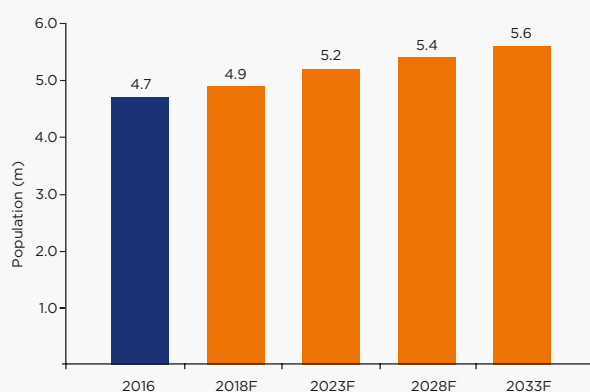


Source: Statistics New Zealand.

Overall Population Growth.

- Increasing levels of population drives increased consumption which in turn requires transport to support the flow of products from manufacture to end users.
- New Zealand has experienced very strong net migration levels over the past 4 years and the overall population is expected to grow at a CAGR of 1.0% for the next 17 years. ■

NEW ZEALAND POPULATION



Source: Statistics New Zealand.

WAREHOUSING AND THIRD PARTY LOGISTICS

- A general trend within the industry is for businesses to move their warehousing and logistics operations to third party logistics (3PL) providers. This is driven by the cost efficiency and superior services that dedicated 3PL providers can offer.
- For many of TIL's customers, warehousing and logistics operations are ancillary to their core business. Specialist 3PL providers can more efficiently utilise the capital assets (including property, racking, equipment and technology) that are required to conduct a logistics operation. In addition, specialist 3PL providers are better able to manage the health and safety obligations associated with conducting warehousing and logistics operations.
- For these reasons, TIL considers that larger participants in the industry are increasingly turning to providers who can offer both transport and 3PL. With the acquisition of MOVE, TIL has significantly increased its warehousing/3PL capabilities and therefore its ability to benefit from this trend.
- The primary main services that together comprise 3PL are transportation, warehousing, cross-docking, inventory management, packaging and freight forwarding.
- Changing retail trends (for example the increasing prevalence of online shopping) are reshaping the traditional warehouse-to-retail model, with a greater proportion of distribution being undertaken on a direct-to-customer basis. TIL considers it is well positioned to take advantage of this trend. ■

THE EARTHQUAKES NEAR KAIKOURA (UPPER SOUTH ISLAND OF NEW ZEALAND) IN LATE 2016 CAUSED SIGNIFICANT DAMAGE TO THE MAJOR ROAD AND RAIL INFRASTRUCTURE IN THE SOUTH ISLAND. THIS HAS RESULTED IN SIGNIFICANT ONGOING DISRUPTION TO NATIONAL FREIGHT MOVEMENTS AND AS A CONSEQUENCE A LARGE VOLUME OF FREIGHT WAS REQUIRED TO BE DIVERTED FROM RAIL TO ROAD. THIS HIGHLIGHTED THE IMPORTANCE OF THE ROAD TRANSPORT INDUSTRY TO THE RESILIENCE OF THE NEW ZEALAND ECONOMY.





TIL BUSINESS DIVISION OVERVIEW

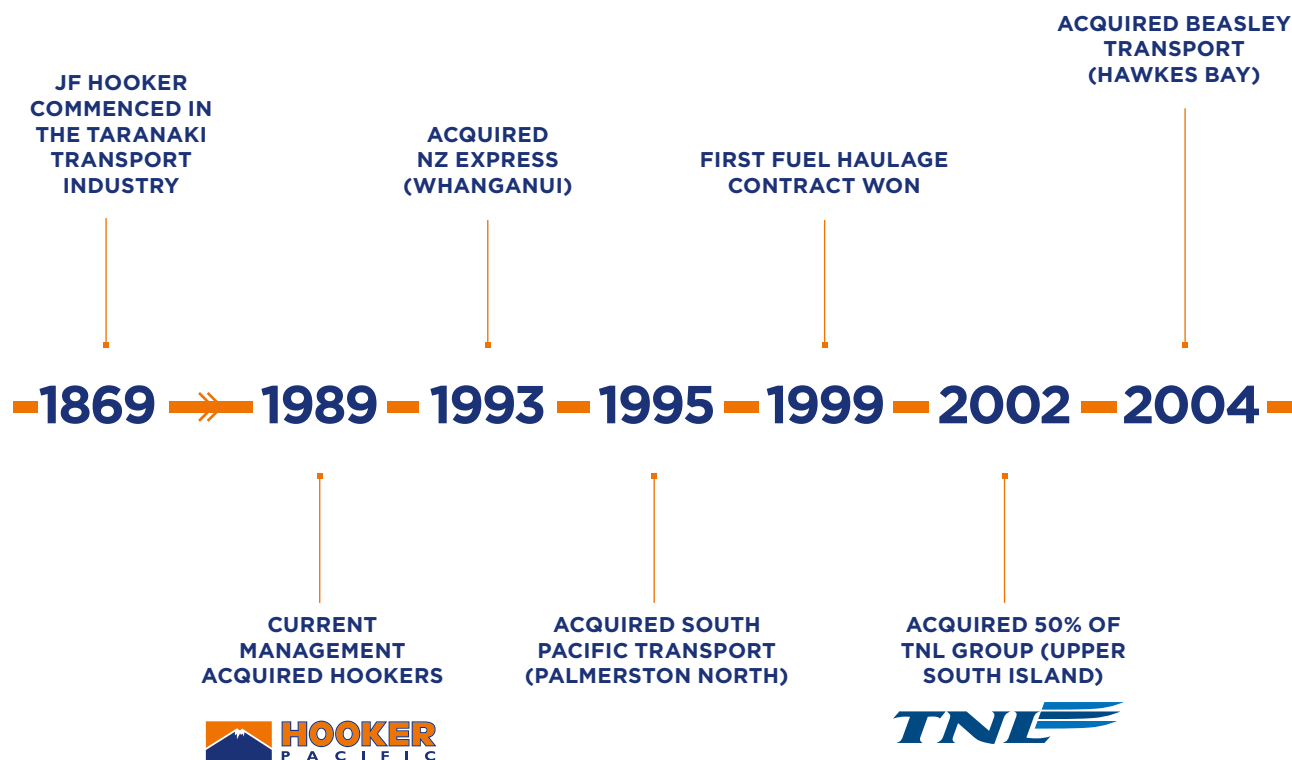
TIL'S HISTORY AND BRANDS

TIL is an integrated group of businesses operating a number of unique brands under the guidance of group management.

TIL's brands have, in some cases, been operating since 1869 and have a strong presence in provincial New Zealand.

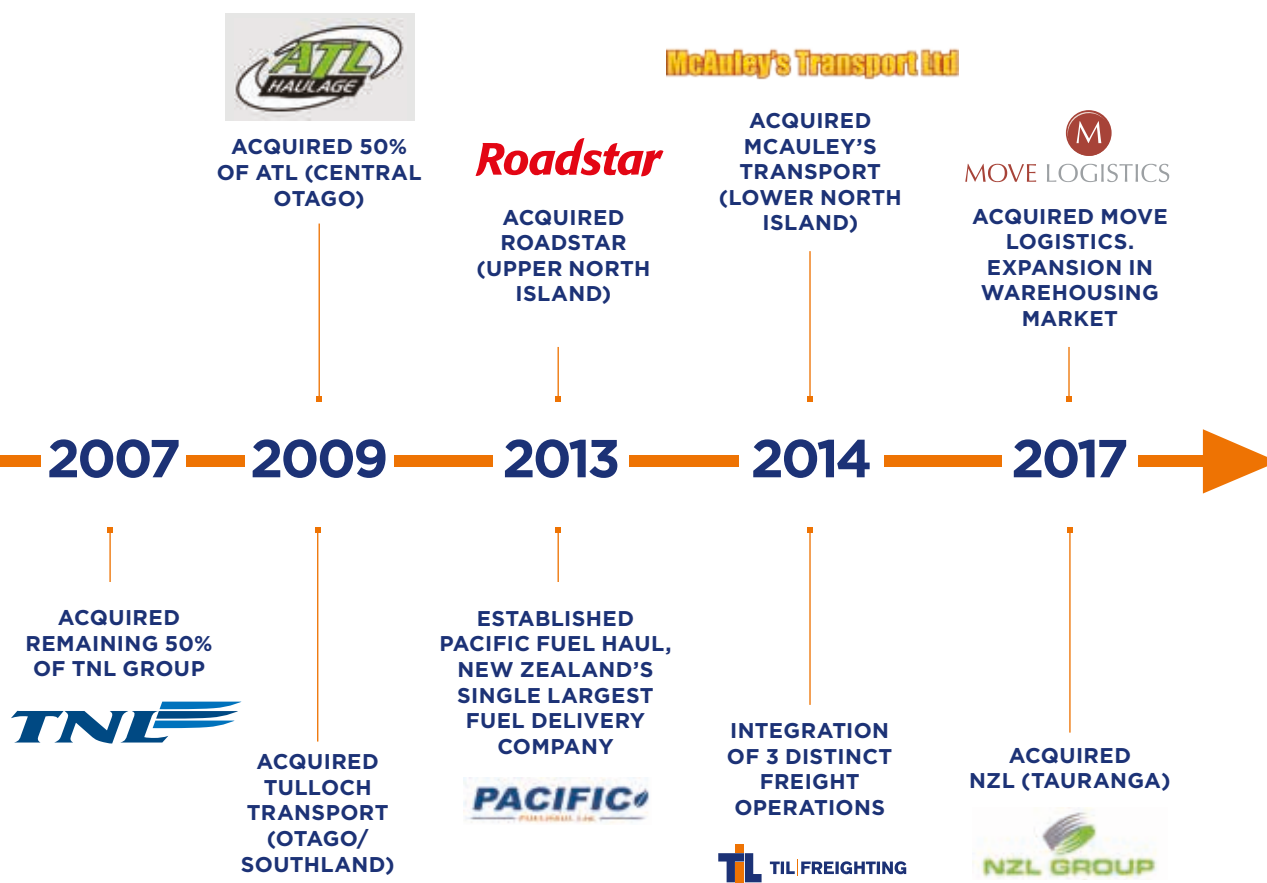
After taking control of the Hooker Pacific business in 1989, TIL has successfully acquired a number of businesses, significantly increasing the scale and breadth of the business such that it is now one of the leading freight platforms in the country.

OUR HISTORY



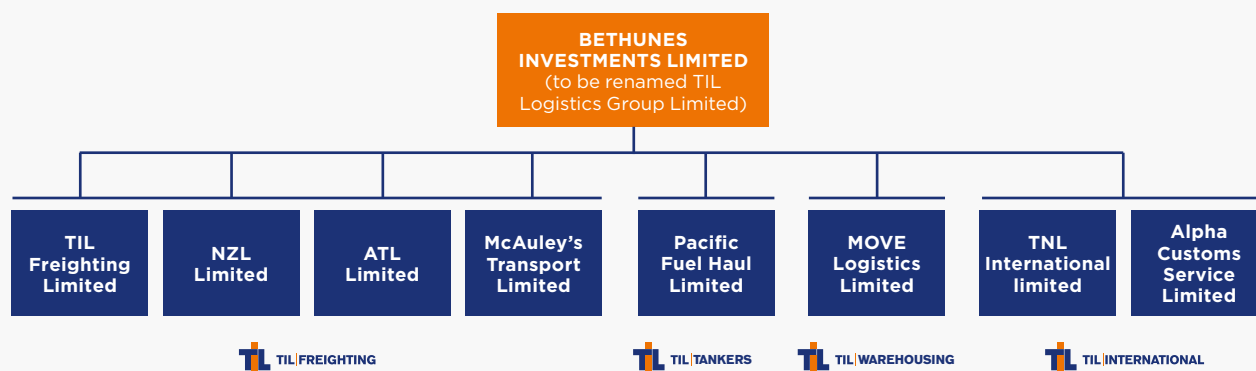
TIL has also integrated these businesses under one company wide platform, creating economies of scale, whilst maintaining individual brands that have strong presence throughout New Zealand.

TIL considers brand recognition to be a key driver of longevity of relationships with customers particularly in provincial New Zealand. ■



BETHUNES' CORPORATE STRUCTURE POST ACQUISITION

Following completion of the Acquisition, the corporate structure of Bethunes (to be renamed TIL Logistics Group Limited) and its significant group companies will be as follows:



NOTE: Keylines represent TIL business divisions.

All significant group companies will be wholly owned by Bethunes (to be renamed TIL Logistics Group Limited) other than Alpha Custom Services Limited (70%), ATL Limited (50%) and TNL International Limited (50%) and all are subsidiaries other than ATL Limited. These partially owned interests are forecast to contribute 2.1%, 1.9% and 1.7% of pro forma FY18 Net Profit After Tax (“NPAT”) respectively. The minority interests in each of these entities are held by third parties that are unrelated to any of TIL's existing directors or shareholders. For simplicity, any wholly owned intermediate holding companies have not been shown. ■

TIL FREIGHTING

ABOUT: TIL Freighting is one of the largest general freight transportation companies in New Zealand.

SERVICES: In general, TIL Freighting operates line-haul (inter regional) services at night with metropolitan (intra regional) transport during the day to meet customer requirements. The majority of TIL Freighting's consignments are time specific.

BENEFITS OF SCALE: The size and breadth of TIL Freighting's network means it is able to provide nationwide transport to cater to the entire freight market. As a result, TIL Freighting is invited to participate in most major competitive tender processes.

TIL Freighting's wide range of customers and different freight types enables it to combine multiple consignments and enhance utilisation across all routes.

OWNERSHIP OF FLEET PROVIDES A STRATEGIC ADVANTAGE: Maximising the benefits of its network, TIL Freighting has taken a strategic approach to own a significant portion of its fleet. TIL Freighting complements owned-fleet with owner drivers and subcontractors to manage volumes and service remote locations. Ownership of fleet and supporting staff is a core part of TIL Freighting's service offering. This allows the division to deploy fleet and staff around the country to meet seasonal or unusual demand and service a wider array of customers than smaller competitors.

TIL FREIGHTING HAS WELL KNOWN AND TRUSTED BRANDS: TIL Freighting's core brands have been operating for in excess of 50 years each. TIL considers brand recognition to be of key importance in relationships with customers, particularly in provincial New Zealand.

DIVERSE RANGE OF CUSTOMERS PROVIDES A BROAD EXPOSURE TO NEW ZEALAND INDUSTRY: TIL Freighting serves a wide range of customers operating across a diverse range of industries. TIL Freighting's service offering of both small freight consignments through to full truck load consignments means that TIL Freighting's customer base is broad and consists of nearly 4,000 customers – ranging from large multinational corporations to sole traders. ■

TIL TANKERS

ABOUT: TIL has been transporting petroleum products for over 35 years. 1999 saw the award of the first national distribution contract for LPG, followed in 2004 by another nationwide delivery contract for one of New Zealand's major fuel suppliers. In 2013 the Tanker division was rebranded as Pacific Fuel Haul.

TIL Tankers currently operates one of the largest petroleum product road tanker transportation fleets in the country. It employs approximately 300 highly trained staff to support these operations.

TRANSPORT OF PRODUCT FUNDAMENTAL TO NATIONAL ECONOMY: The supply of petroleum products and LPG throughout the country is fundamental to the functioning of the New Zealand economy. In TIL's opinion it has an approximate 47% market share in petroleum product distribution by road tanker and considers itself to be the largest mover of LPG in New Zealand. Demand for refined fuels is currently relatively constant, while LPG demand is increasing, thus underpinning earnings stability for this division.

TIL Tankers has also been successful in expanding into other dangerous goods segments that diversify its service offering.

TIL TANKERS ENJOYS BENEFITS OF SCALE: enabling it to:

- Service large nationwide customers that smaller participants cannot. The nature of the petroleum products distribution market requires a supplier that can service significant volumes across large geographic areas. The initial capital outlay to acquire the required assets and the strict health and safety and compliance regime and staff training requirements, all contribute to TIL's competitive position.
- Drive economies of scale both through procurement and operational practices.
- Provide a point of difference by having the resources available to meet unseasonal or unexpected demand that others may not. End retailers of petroleum products such as petrol and LPG are highly dependent on the delivery of these products and as such require providers with sufficient assets to ensure demand is met.

- Provide the specialised petroleum product dangerous goods transport certified fleet and highly trained staff that are required to operate in the petroleum product dangerous goods transportation industry.
- Provide dispatch services for large customers.

ABILITY TO LEVERAGE THE TIL NETWORK: TIL

Tankers can access TIL's nationwide fleet, network of branches, depots and staff to provide a high quality service offering that would otherwise be hard to replicate. TIL Freightling and TIL Tankers benefit from the ability to share fleet and/or personnel to service seasonal volumes and one-off contracts.

STRONG CUSTOMER RELATIONSHIPS: TIL Tankers has long term, 10-20 year relationships with its key customers which include a number of large, well known organisations with activities across the country (such as Z Energy, Caltex, Contact Energy and Farmlands). ■

TIL WAREHOUSING

ABOUT: Prior to 2017, TIL operated a warehousing operation via its TNL brand. In 2017, TIL acquired MOVE and NZL⁸, both of which led to a material increase in the scale of TIL's warehousing operations.

MOVE has a history of providing bespoke warehousing and transportation services to customers. The high quality of its offering is evidenced by its high customer retention rate.

MOVE's customers are generally well known large companies that have been operating with MOVE for a number of years.

MOVE also operates a cross dock facility based in the Wiri Inland Port, where import and export goods are handled.

NATIONWIDE WAREHOUSING AND LOGISTICS NETWORK



8 Further details of the consideration paid and fair value of assets acquired can be found in the notes to TIL's 2017 audited financial statements, which are available on the Bethunes Website.

MOVE'S SERVICE OFFERING:

- Warehousing of customer product.
- Information management services for stored freight.
- Cross docking facilities.
- Container cartage and loading.
- Operation of dedicated fleets for specific contracted customers.
- Metropolitan freight delivery.
- 'In-house' dispatch.

The acquisition of MOVE and NZL represents a step-change in TIL's warehousing offering and provides tangible opportunities for increased customer engagement and growth.

MOVE provides a number of strategic advantages for TIL:

- **SCALE:** Increasingly customers are seeking to have all of their supply chain requirements with one provider. MOVE provides scale to TIL's existing warehousing capabilities to offer a comprehensive spectrum of supply chain solutions – this will strengthen existing relationships with customers and increase TIL's serviceable market.
- **LINE-HAUL UTILISATION:** MOVE previously subcontracted its line-haul freight to third party providers and will migrate this to the TIL nationwide platform - this will increase network intensity.
- **INCREASED AUCKLAND PRESENCE:** MOVE has a much greater presence than TIL in the Auckland metropolitan freight market – this will accelerate TIL's penetration of the critical Auckland market.
- **IT SYSTEMS:** Both TIL and MOVE will look to identify synergies between their respective information technology systems as TIL considers there are potential opportunities of process consolidation, capability synergies and harmonisation of the combined entities' processes.
- **INNOVATION:** MOVE aims to operate at the forefront of New Zealand freight and logistics innovation, including the movement towards inland ports – enabling TIL and MOVE to participate in current trends in freight and logistics. ■

TIL INTERNATIONAL

ABOUT: TIL International is an international freight forwarder, with a specialisation in oil and gas energy sector logistics, ISO tank leasing & shipping and full ship agency services.

SERVICES: Operating under five brands, TIL International arranges the transportation of freight domestically and internationally on behalf of its customers. International connections are made via a network of strategic alliances. Domestic connections are undertaken using the TIL network.

In addition, TIL International provides custom clearance work, port services, ship husbandry, crew matters, tank cleaning and a range of other services for importers/exporters. TIL International's customers range from large multinational companies through to smaller sole traders.

NETWORK: TIL International has branches in Auckland, New Plymouth, Christchurch, Nelson and Melbourne.

GROWTH OPPORTUNITY: TIL sees a large opportunity to grow TIL International organically or by acquisition to materially increase TIL International's earnings and consequently drive increased volume through the TIL network. ■

TILI LOCATIONS

NEW ZEALAND

- 01_AUCKLAND
- 02_NEW PLYMOUTH
- 03_NELSON
- 04_CHRISTCHURCH

AUSTRALIA

- 05_MELBOURNE



GROWTH STRATEGY

TIL HAS IDENTIFIED A NUMBER OF OPPORTUNITIES FOR GROWTH

The scale and breadth of TIL's network and service offering means that TIL is exposed to New Zealand industry and changes in gross domestic product (GDP). Current forecasts by the Reserve Bank of New Zealand are for a period of sustained above average GDP growth. In addition to this, economic analysis⁹ has demonstrated that the New Zealand transport industry will generally grow at a faster rate than GDP in order to support GDP growth. This broad-based market growth is likely to underpin a portion of TIL revenue growth in the near term.

Furthermore, TIL enjoys exposure to industries whose products are highly sought after overseas, which is also anticipated to support demand. This includes aquaculture, viticulture, horticulture, forestry and beef and lamb.

TIL considers that the current and future aspects of its business that drive its financial performance, together with the key strategies and plans to grow the earnings of the business, can be summarised as follows:

- Increasing the volume of freight transported by TIL.
- Improving utilisation levels of existing and new networks.
- Minimising costs of services provided.
- Offering customers a broader range of services.

THE VOLUME OF FREIGHT TRANSPORTED BY TIL

TIL aims to continuously increase the levels of profitable freight transported through its network. This will principally be driven by:

1. Selectively targeting new customers that align with the strengths of TIL's platform.
2. Capturing a greater share of existing customers' supply chains. Increasingly larger customers are moving all their logistics requirements to one provider. TIL offers a comprehensive end-to-end freight and logistics solution to its customers and aims to support all logistics requirements of its customers.

In addition, TIL has significant experience in acquiring and integrating disparate freight and logistics businesses. There are a number of identified opportunities in this fragmented market to increase the scale of TIL and therefore transported volumes of freight. In particular, acquisitions in the specialised and international freight forwarding divisions would be accretive to the spectrum of services provided by TIL.

UTILISATION LEVELS OF EXISTING AND NEW NETWORKS

TIL operates a nationwide logistics platform including 60 locations. TIL's management consider that this platform could support materially higher levels of volume than currently, with minimal marginal increased investment. TIL will target increased levels of utilisation to drive future growth.

Traditionally, TIL has focused on road transport. The recent increase in TIL's scale provides an opportunity to shift less time sensitive freight onto rail and coastal shipping. This will increase TIL's serviceable market and support margin growth as the marginal cost of rail and coastal shipping transport is often less than road. Such a transition can be undertaken with the support of TIL's existing customer base rather than being solely reliant on new customer acquisitions.

⁹ J Bolland, D Weir and M Vincent "Development of a New Zealand National Freight Matrix", Land Transport New Zealand Research Report 283, 2005 www.nzta.govt.nz.

MINIMISING COSTS OF SERVICES PROVIDED

TIL considers there is significant potential to grow profitability by optimising its expenditure and aims to achieve this by:

1. **Making the most of TIL's inherent operating leverage.** Approximately 20-25% of TIL's operating costs are fixed. Increasing the volume that these costs support maximises the benefits from this expenditure and increases profitability.
2. **Exploiting available cost efficiencies.** The size and scale of TIL means that it is often able to procure certain goods and services (e.g. fuel, insurance, trucks and trailers) at lower costs than smaller operators. In addition, TIL runs centralised information technology and back office systems reducing the cost to individual business units. TIL aims to continuously exploit these efficiencies to increase profitability.
3. **Enhancing information technology systems.** The acquisition of MOVE and expansion into warehousing and distribution provides the opportunity to integrate information technology systems of both MOVE and TIL to support both freight forwarding and warehousing operations. TIL management considers there are significant operating efficiencies to be gained from this for both businesses by utilising the best information technology systems to reduce costs and increase the level of services provided.

OFFER CUSTOMERS A BROADER RANGE OF SERVICES

The ability to offer a full range of logistics services is often a key point of difference for customers and tends to reduce the level of churn. Through utilising the expertise of its different divisions, TIL aims to increase the amount of solutions offered to customers to improve their supply chain and strengthen the relationship between the customer and TIL.

Recent acquisitions provide the ability to offer new services. For example, the recent acquisition of MOVE enables existing customers of MOVE to be migrated to TIL's freight network and existing customers of TIL to be migrated to MOVE's logistics offering. Increasing the level of service offering to customers is expected to drive revenue growth and broaden customer relationships. ■



BOARD, MANAGEMENT AND GOVERNANCE POST ACQUISITION

PROPOSED DIRECTORS AND SENIOR MANAGEMENT

PROPOSED DIRECTORS

With effect from completion of the Proposed Transaction, the current directors of Bethunes will resign and will appoint the following individuals to the Board:



Trevor Janes

Independent Chair

BCA, CA, FCFIP, FInstD, ASIP

Trevor is an experienced director and is currently Chairman of Abano Healthcare Group Limited, KiwiRail Holdings Limited/NZ Rail Corporation and Deputy Chair of Accident Compensation Corporation, where he also Chairs the Investment Committee of the Board. He is also a member of the NZX Markets Disciplinary Tribunal, the NZ Post Network Access Committee and Chairs the International Development Commercial Advisory Panel of the Ministry of Foreign Affairs and Trade and the Tokelau International Investment Fund.

Trevor's career has been in investment banking and financial analysis. He is a Fellow of the Institute of Financial Professionals NZ Inc, a Chartered Fellow of the Institute of Directors, a Fellow of Chartered Accountants Australia and New Zealand and an Affiliate of the UK Society of Investment Analysts.



James (Jim) Ramsay

Executive Director

FCILT

Jim has extensive experience in the New Zealand transport industry and has spent some 45 years in lead management roles with Hookers, TNL/Newmans Group and TIL. He has been responsible for building TIL from a local New Plymouth trucking operation into a New Zealand wide transport force. He has served as Chair of TIL and several associated companies, and has played a significant part in transport industry matters. He has been honoured with Life Membership in his local Road Transport Association and is a Fellow of the Chartered Institute of Logistics and Transport.

In 2013 Jim was inducted into the NZ Road Transport Hall of Fame.



Greg Kern

Non-Executive Director

BCom, GradDip in Applied Finance and Investment, CA

Greg is a finance and accounting executive with decades of experience in the corporate arena and working with large companies on significant commercial transactions. He is the managing director of Kern Group, a corporate advisory firm based in Queensland, Australia. In this role, he has been

involved with the resolution of commercial disputes, arranging large finance packages, negotiating material commercial contracts and as lead advisor on IPO transactions including the successful listing of Affinity Education Group Limited in Australia and Evolve Education Group Limited in New Zealand. He is a chartered accountant, a registered company auditor and a member of both the Institute of Internal Auditors and Financial Services Institute of Australasia.



Lorraine Witten

Independent Non-Executive Director

BMS (Hons), CA

Lorraine Witten is a business-person with extensive commercial experience in high growth and high change environments. Her skills are in technology, ICT, construction, services and network economics, where she has 30 years' experience in senior management and finance roles.

She is a Fellow of the Institute of Directors with 20 years' governance experience in Director and Chair roles, with extensive experience in strategy, health & safety and risk.

For the past 15 years Lorraine has been an entrepreneur leading high growth businesses. She is currently Chair of the company she founded in 2007, Simply Security Limited. She is also Chair of Soltius Limited, Star Now Limited, vWork Limited and Director of NZX listed Rakon Limited, Wellington Regional Economic Development Agency, and a member of the Audit & Risk committee for the Department of Corrections.



Danny Chan

Independent Non-Executive Director

BCA (Hons), ACA, FCSAP, MInstD

Danny is an experienced New Zealand director with extensive accounting, finance and investment management and education experience. He holds a number of directorships with companies including Academic Colleges Group, Abano Healthcare Group, Farmers' Mutual Group, Marlborough Wines Estate and Auckland Tourism Events and Economic Development Limited, as well as numerous companies associated with his private investments. He is a member of the NZ China Executive Advisory Council and the NZX Markets Disciplinary Tribunal, and was a member of the Department of Prime Minister and Cabinet – China Project Advisory Group.

PROPOSED SENIOR MANAGEMENT

With effect from the completion of the Proposed Transaction, Bethunes' senior management team is proposed to comprise the following:



James (Jim) Ramsay
Managing Director
See previous.



Alan Pearson
Group Chief Executive Officer Designate
BBS (Accounting & Commercial Law), M.Tech Management, CA

Alan Pearson will commence as Group Chief Executive Officer in March 2018. Alan has over 35 years commercial experience in both public and private companies, including ten years as Managing Director of Hall's Group Limited, which is one of New Zealand's largest transport & logistics companies (primarily involved with temperature controlled supply chains for both domestic and export food markets).

Prior to Hall's Alan spent 13 years with Fletcher Building / Fletcher Challenge, with the last ten years as General Manager of the Pacific Steel Group and Commercial & Finance Director for the Fletcher Challenge Steel Group. He has also worked for Tasman Pulp & Paper, Amcor Fibre Packaging, Smorgon Glass & Plastics and Alcan Aluminium in various accounting and leadership roles.

Alan is a Fellow of the Australian Society of CPA's (1984), and member of the Institute of Directors NZ (2011). Alan has completed a Certificate in Company Direction (Institute of Directors in New Zealand) and completed additional papers at the University of Auckland and several executive development courses at Columbia University (USA), Oxford University, London Business School, Otago/Ashridge University, Stanford University (USA), Macquarie University (Aust.) and the University of NSW.



Greg Whitham
Chief Financial Officer

Greg joined TIL in 1984, initially as a management accountant and subsequently becoming a part owner of the business in 1989. Greg has been the Chief Financial Officer of TIL since 1996, and is responsible for all of the TIL Group's financial and IT operations. Greg's previous experience includes financial roles in the health insurance, manufacturing and agricultural chemicals industries based in Australia and New Zealand.


Alan Terris

General Manager, International & Group Marketing
BBS (Marketing)

Alan joined TIL in 1989 as a part owner initially and as a marketing director, having held senior positions within TNL/Newman's group. Since 2010, Alan has been the director responsible for the TIL Group's international companies. Alan is also responsible for the TIL Group's marketing and development, and his other duties include holding directorships in TIL's subsidiary companies. Alan's previous roles within TIL include Managing Director of TNL Group. Alan's career in the transport and logistics industry spans over 35 years in international shipping, international freight forwarding, domestic transport and logistics and includes serving as ship's officer in the merchant navy.


Jon Kyle

Chief Executive Officer, TIL Freight
BCom

Jon joined TIL in 2010 and became CEO of TIL Freight in 2014. As CEO of TIL Freight, Jon is responsible for the overall financial and operational performance, cultural growth and health & safety compliance of TIL Freight. Jon has over 20 years of experience in the transport and logistics industry, including 5 years as General Manager of Freight Lines Limited (previously part of the James Barker Group). Jon also has experience in the banking and finance sector, with asset finance management roles at Bank of New Zealand and UDC Finance Limited.


Andy Stanley

Chief Executive Officer, Pacific Fuel Haul

Andy joined TIL in 1994 and became CEO of Pacific Fuel Haul in 2013. As its CEO, Andy provides leadership across all contracts within Pacific Fuel Haul and is responsible for budgetary and operational performance with special emphasis on health & safety. Andy has 40 years of experience in the transport and logistics industry, including senior roles within TIL as CEO and General Manager (2008 to 2013) of the Bulk Fuels Division of Hooker Pacific, and Southern Regional Manager of the Hooker Pacific freighting operation from 2002 to 2008.


Colin McAuley

Chief Executive Officer, McAuley's Transport

Colin joined TIL in 2015 as part of TIL's acquisition of McAuley's Transport in the role of CEO of McAuley's Transport, whose responsibilities include financial and operational performance of McAuley's Transport, customer relations and business development. He has been in the transport industry for over 35 years, having initially worked in McAuley's Transport (which was a family business) prior to taking it over at 28 years of age as its Managing Director.

**Brendan Prendergast**

Managing Director, MOVE

Brendan joined TIL in 2017 as part of TIL's acquisition of MOVE. Brendan has been the Managing Director of MOVE since 2005 and has continued in this role under TIL. In this role, Brendan is responsible for the day-to-day operational aspects of MOVE as well as playing a lead role with many key customer relationships. Brendan first joined the transport and logistics industry in 1984 with the Invercargill road transport company Freight Haulage Limited. He then moved into the third party logistics sector as a part-owner of the Southern Storage & Distribution Centre Limited in 1998 which went on to become part of Toll Group out of Australia. Brendan held a number of senior roles within the Toll Group, particularly in the business development area, prior to joining MOVE in 2005.

**Richard Mather**

Chief Executive Officer, MOVE

Richard joined TIL in 2017 as part of TIL's acquisition of MOVE. Richard has been the General Manager/CEO of MOVE since June 2015 and has continued in this role under TIL. In this role, Richard is responsible for the financial and operational performance of MOVE reporting to Brendan Prendergast. Prior to joining MOVE, Richard was the CFO at Blackbay Limited, a global software company supplying to the transport and logistics industry for 10 years. Richard, a qualified chartered accountant, also has experience in the banking and financial sector with JPMorgan in London, UK and in business assurance with PricewaterhouseCoopers in Sydney, Australia.

**Brent Leak**

General Manager, NZL

Brent will be joining TIL in January 2018 as CEO of NZL Group. Brent has over 30 years' experience in the transport and logistics sector, including managing NZL from 1999 to 2005. Brent was part of the team that formed the first fourth party logistics business in New Zealand for Fonterra and went on to be CEO of Matrix, which was fourth party for Carter Holt Harvey.

SUBSTANTIAL SHAREHOLDERS

Current substantial shareholders

As at 14 November 2017, the following shareholders have a relevant interest in 5% or more of the Shares in Bethunes:

Name	Relevant interest held	Number of Shares ¹⁰	% of Shares
Christopher Swasbrook	Registered holder and beneficial owner of 2,000,000 Shares Holds a relevant interest in a further 10,000,000 Shares by virtue of having the power to exercise the right to vote attached to 20% or more of the voting rights in Elevation Capital Management Limited	12,000,000	10.43%
Custodial Services Limited	Registered holder	11,818,557	10.27%
Cazna (2904) Limited	Registered holder and beneficial owner	11,666,667	10.14%
Sir Ronald Alfred Brierley	Registered holder and beneficial owner	11,000,000	9.56%
Maryanne & Mark Owens	Registered holder and beneficial owner	10,000,000	8.69%
Elevation Capital Management Limited	Registered holder and beneficial owner	10,000,000	8.69%

¹⁰ The Share numbers in this table have not been adjusted for the Share Consolidation to be undertaken prior to completion of the Acquisition.

Substantial shareholders immediately after completion of the Proposed Transaction

Shortly prior to the Proposed Transaction it is intended that Bethunes will undertake a share consolidation at a ratio of 254.1915:1.

The following persons are likely to have a relevant interest in 5% or more of the Shares in Bethunes immediately following completion of the Proposed Transaction (and prior to the Employee/Director-Designate Transfers):

Name	Relevant interest held	Number of Shares ¹¹	% of Shares
TIL	Registered holder	66,869,664	82.09%
Hooker Bros. Investments Limited ¹²	Has the power to exercise the right to vote attached to 20% or more of the voting rights of TIL, resulting in the same relevant interest as TIL	66,869,664	82.09%
Hooker Bros. (1989) Limited ¹³	Has the power to exercise the right to vote attached to 20% or more of the voting rights of TIL, resulting in the same relevant interest as TIL	66,869,664	82.09%
James Ramsay, Nerida Joy Ramsay and RMY Trustees (2010) Limited as trustees of the James Ramsay Family Trust and of the Nerida Joy Ramsay Family Trust ¹⁴	Will be the registered holder and beneficial owner of 1,333,334 Shares Will hold a relevant interest in a further 66,869,664 Shares by virtue of having the power to exercise the right to vote attached to 20% or more of the voting rights of each of Hooker Bros. Investments Limited and Hooker Bros (1989) Limited, resulting in the same relevant interest as those entities	68,202,998	83.73%
Greg Whitham ¹⁵	Will be the registered holder and beneficial owner of 1,333,334 Shares Will hold a relevant interest in a further 66,869,664 Shares by virtue of having the power to exercise the right to vote attached to 20% or more of the voting rights of each of Hooker Bros. Investments Limited and Hooker Bros (1989) Limited, resulting in the same relevant interest as those entities	68,202,998	83.73%
Alan Terris ¹⁶	Will be the registered holder and beneficial owner of 1,000,000 Shares jointly with Moya Terris and Terris Trustee Limited as trustees of the A&M Terris Family Trust Will hold a relevant interest in a further 66,869,664 Shares by virtue of having the power to exercise the right to vote attached to 20% or more of the voting rights of each of Hooker Bros. Investments Limited and Hooker Bros (1989) Limited, resulting in the same relevant interest as those entities	67,869,664	83.32%

Name	Relevant interest held	Number of Shares ¹¹	% of Shares
Kevin Smith ¹⁷	<p>Will be the registered holder and beneficial owner of 666,667 Shares</p> <p>Will hold a relevant interest in a further 66,869,664 Shares by virtue of having the power to exercise the right to vote attached to 20% or more of the voting rights of each of Hooker Bros. Investments Limited and Hooker Bros (1989) Limited, resulting in the same relevant interest as those entities</p>	67,536,331	82.91%
Kaylene Smith, Larry Stewart and SR Taranaki Trustees Limited as trustees of the LW and KJ Stewart Family Trust ¹⁸	<p>Will be the registered holder and beneficial owner of 666,667 Shares</p> <p>Will hold a relevant interest in a further 66,869,664 Shares by virtue of having the power to exercise the right to vote attached to 20% or more of the voting rights of each of Hooker Bros. Investments Limited and Hooker Bros (1989) Limited, resulting in the same relevant interest as those entities</p>	67,536,331	82.91%
Kern Group (Logistics) Pty Ltd, Kern Group Pty Ltd, Kern Group Investments Pty Ltd, Kern Group (Licensing) Pty Ltd and Greg Kern	<p>Kern Group (Logistics) Pty Ltd and Kern Group Pty Ltd will be the registered holders and beneficial owners of 6,140,486 Shares and 333,334 Shares respectively. Kern Group (Logistics) Pty Ltd, Kern Group Pty Ltd, Kern Group Investments Pty Ltd and Kern Group (Licensing) Pty Ltd are related bodies corporate of each other, resulting in the same relevant interest as each other</p> <p>Greg Kern is a director of those Kern Group entities and has the power to control the disposal of, and the exercise of rights to vote attaching to, Shares held by those entities, resulting in the same relevant interest as those entities</p>	6,473,820	7.95%

¹¹ The Share numbers in this table reflect the Share Consolidation having taken place.

¹² Hooker Bros. Investments Limited and Hooker Bros. (1989) Limited hold 45.77% and 39.89% of the shares in TIL respectively.

¹³ Refer footnote 12.

¹⁴ Each of (i) James Ramsay, Nerida Joy Ramsay and RMY Trustees (2010) Limited as trustees of the James Ramsay Family Trust and (ii) James Ramsay, Nerida Joy Ramsay and RMY Trustees (2010) Limited as trustees of the Nerida Joy Ramsay Family Trust hold 10% of the shares in each of Hooker Bros. Investments Limited and Hooker Bros. (1989) Limited.

¹⁵ Each of (i) Greg Whitham, (ii) Kevin Smith, (iii) Alan Terris, and (iv) Kaylene Smith, Larry Stewart and SR Taranaki Trustees Limited as trustees of the LW and KJ Stewart Family Trust hold 20% of the shares in each of Hooker Bros. Investments Limited and Hooker Bros. (1989) Limited.

¹⁶ Refer footnote 15.

¹⁷ Refer footnote 15.

¹⁸ Refer footnote 15.

Current shareholdings held by Proposed Directors and Proposed Senior Managers

As at the date of this Profile, none of the Proposed Directors or Proposed Senior Managers have a relevant interest in any Shares in Bethunes.

Shareholdings held by Proposed Directors and Proposed Senior Managers immediately following completion of the Proposed Transaction

The Proposed Directors and Proposed Senior Managers will likely have a relevant interest in the following Shares in Bethunes immediately following completion of the Proposed Transaction (and prior to the Employee/Director-Designate Transfers):

Name	Relevant interest held	Immediately following completion of the Proposed Transaction	
		Number of Shares ¹⁹	% of Shares
James Ramsay	<p>Will be the joint registered holder and beneficial owner of 1,333,334 Shares held jointly with Nerida Joy Ramsay and RMY Trustees (2010) Limited as trustees of the James Ramsay Family Trust and of the Nerida Joy Ramsay Family Trust</p> <p>Will hold a relevant interest in a further 66,869,664 Shares by virtue of having the power (jointly with Nerida Joy Ramsay and RMY Trustees (2010) Limited as trustees of the James Ramsay Family Trust and of the Nerida Joy Ramsay Family Trust) to exercise the right to vote attached to 20% or more of the voting rights of each of Hooker Bros. Investments Limited and Hooker Bros (1989) Limited, resulting in the same relevant interest as those entities</p>	68,202,998	83.73%
Greg Kern	<p>Director of Kern Group (Logistics) Pty Ltd and Kern Group Pty Ltd and has the power to control the disposal of, and the exercise of rights to vote attaching to, Shares held by those entities, resulting in the same relevant interest as those entities</p>	6,473,820	7.95%
Trevor Janes	<p>Director of Selenium Corporation Limited and has the power to exercise the right to vote attached to 20% or more of the voting rights of Selenium Corporation Limited, resulting in the same relevant interest as that entity</p>	666,667	0.82%

Name	Relevant interest held	Immediately following completion of the Proposed Transaction	
		Number of Shares ¹⁹	% of Shares
Danny Chan	Registered holder and beneficial owner	666,667	0.82%
Greg Whitham	Will be the registered holder and beneficial owner of 1,333,334 Shares Will hold a relevant interest in a further 66,869,664 Shares by virtue of having the power to exercise the right to vote attached to 20% or more of the voting rights of each of Hooker Bros. Investments Limited and Hooker Bros (1989) Limited, resulting in the same relevant interest as those entities	68,202,998	83.73%
Alan Terris	Will be the joint registered holder and beneficial owner of 1,000,000 Shares with Moya Terris and Terris Trustee Limited as trustees of the A&M Terris Family Trust Will hold a relevant interest in a further 66,869,664 Shares by virtue of having the power to exercise the right to vote attached to 20% or more of the voting rights of each of Hooker Bros. Investments Limited and Hooker Bros (1989) Limited, resulting in the same relevant interest as those entities	67,869,664	83.32%
Brendan Prendergast	Will be the joint registered holder and beneficial owner with Joanne Prendergast	333,334	0.41%
Colin McAuley	Will be the joint registered holder and beneficial owner with Diane McAuley	100,000	0.12%

None of the New Shares issued under the Acquisition or Private Placement (including those to be issued to Proposed Directors and Proposed Senior Managers) are subject to any lock-up or escrow arrangements. Therefore, the holders of the New Shares are free to sell or otherwise dispose of them at any time they may wish.

¹⁹ The Share numbers in this table reflect the Share Consolidation having taken place.

Director remuneration and other benefits

The table below sets out the total of the remuneration and the value of other benefits received by each Proposed Director in respect of TIL or any other member of the TIL Group during FY2017.

Director	Directors' fees FY2017	Other remuneration FY2017
Trevor Janes	Nil	Nil
James Ramsay	Nil	\$174,000 ²⁰
Greg Kern	Nil	Nil
Lorraine Witten	Nil	Nil
Danny Chan	Nil	Nil

The fees payable to the Proposed Directors during FY2018F by Bethunes will differ from the above.

At the Bethunes Shareholders Meeting, Bethunes shareholders will be asked to approve an increase (to take effect from the first day of the month following the month in which completion of the Proposed Transaction occurs) in the total pool available for fees payable to non-executive directors of Bethunes (in their capacity as directors of Bethunes or any of its subsidiaries) to \$750,000 per annum (from \$60,000 per annum currently) payable to all directors of Bethunes taken together. Trevor Janes, as Chair, will receive \$130,000 per annum. Greg Kern will receive \$70,000 per annum and a further \$10,000 per annum for being chair of the Governance and Remuneration Committee. Lorraine Witten will receive \$70,000 per annum and a further \$10,000 per annum for being chair of the Risk Assurance and Audit Committee. Danny Chan will receive \$70,000 per annum. James Ramsay will receive \$70,000 per annum in his capacity as a director, in addition to his remuneration as Managing Director.

The Proposed Directors will be entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings, or otherwise in connection with Bethunes' business.

EMPLOYEE REMUNERATION

The number of employees of TIL (not being directors of TIL) who received remuneration and other benefits in FY2017 in their capacity as employees that in value was or exceeded \$100,000 per annum was as follows:

Remuneration	No. of Employees
\$100,000 - \$109,999	82
\$110,000 - \$119,999	37
\$120,000 - \$129,999	17
\$130,000 - \$139,999	8
\$140,000 - \$149,999	1
\$150,000 - \$159,999	-
\$160,000 - \$169,999	1
\$170,000 - \$179,999	-
\$180,000 - \$189,999	-
\$190,000 - \$199,999	-
\$220,000 - \$229,999	2
\$300,000 - \$309,999	1

Alan Pearson was not employed by TIL during FY2017. He will commence his role as Group CEO from March 2018 with a starting full year salary in the range of \$440,000-\$449,999, plus the potential to receive further, performance-based, remuneration of up to \$190,000.

No other material changes to senior executive salaries are expected between FY2017 and FY2018.

20 Compensation received as Managing Director of TIL.



Material Interests in Bethunes

Following completion of the Proposed Transaction, each of James Ramsay, Greg Kern, Trevor Janes, Danny Chan, Greg Whitham, Alan Terris, Brendan Prendergast and Colin McAuley will have an interest in Shares in Bethunes, details of which are set out on page 42 to 43 under the heading “*Shareholdings held by Proposed Directors and Proposed Senior Managers immediately following completion of the Proposed Transaction*”. Further details of the particulars giving rise to these interests is set out below:

- Each of James Ramsay, Greg Whitham and Alan Terris (or family trusts associated with them) holds 20% of the shares in each of Hooker Bros. Investments Limited and Hooker Bros. (1989) Limited (together the “**Hooker Bros. Entities**”). The Hooker Bros. Entities together hold 85.66% of the shares in TIL. Family trusts associated with James Ramsay hold a further 3.34% of the shares in TIL. TIL will be allotted 66,869,664 New Shares as consideration for the sale of its transport and logistics business to Bethunes under the Acquisition.
- Family trusts associated with James Ramsay have entered into a placement agreement with Bethunes to subscribe for 1,333,334 New Shares in total under the Private Placement for an aggregate subscription price of \$2,000,001.
- Greg Whitham has entered into a placement agreement with Bethunes to subscribe for 1,333,334 New Shares under the Private Placement for an aggregate subscription price of \$2,000,001.
- A family trust associated with Alan Terris has entered into a placement agreement with Bethunes to subscribe for 1,000,000 New Shares under the Private Placement for an aggregate subscription price of \$1,500,000.
- Greg Kern is a director and (indirectly) the sole shareholder of Kern Group Pty Ltd. Kern Group Pty Ltd has entered into a placement agreement with Bethunes to subscribe for 333,334 New Shares under the Private Placement for an aggregate subscription price of \$500,001.
- Selenium Corporation Limited, a company which Trevor Janes is a director of and holds 50% of the shares in, has entered into a placement

agreement with Bethunes to subscribe for 666,667 New Shares under the Private Placement for an aggregate subscription price of \$1,000,000.50.

- Danny Chan has entered into a placement agreement with Bethunes to subscribe for 666,667 New Shares under the Private Placement for an aggregate subscription price of \$1,000,000.50.
- Brendan Prendergast has entered into a placement agreement with Bethunes to subscribe jointly with Joanne Prendergast for 333,334 New Shares under the Private Placement for an aggregate subscription price of \$500,001.
- Colin McAuley has entered into a placement agreement with Bethunes to subscribe jointly with Diane McAuley for 100,000 New Shares under the Private Placement for an aggregate subscription price of \$150,000.
- Greg Kern is a director and (indirectly) the sole shareholder of Kern Group (Logistics) Pty Ltd (“**Kern Group (Logistics)**”). Kern Group (Logistics) is the majority shareholder of, and Greg Kern is a director of, Global, a company incorporated by (among others) interests associated with James Ramsay, Greg Whitham, Alan Terris and Kern Group (Logistics) to explore a potential listing of TIL on the NZX Main Board. In order for Bethunes to obtain access to the work undertaken by Global on the potential listing transaction and on the Proposed Transaction, Bethunes will purchase all of the shares in Global as part of the Acquisition. Kern Group (Logistics) is party to the Acquisition Agreement and will be allotted 6,140,486 New Shares as consideration for the sale of its shares in Global to Bethunes.

All New Shares issued under the Acquisition or Private Placement in which a Proposed Director or Proposed Senior Manager will have an interest will be issued at an issue price of \$1.50 per New Share.

As noted above, Greg Kern is a director and (indirectly) the sole shareholder of Kern Group Pty Ltd. Kern Group Pty Ltd has entered into an agreement with Global under which Kern Group Pty Ltd has agreed to provide financial advisory services, including in relation to the Proposed Transaction. On completion of the Proposed Transaction, Kern Group Pty Ltd will be entitled to a fee of \$1,050,000 (plus GST) from Global for those services. Global has also

agreed to reimburse Kern Group Pty Ltd for out-of-pocket expenses reasonably incurred or paid in connection with those services. There is no prescribed limit on the expenses that can be reimbursed to Kern Group Pty Ltd. Under the Acquisition Agreement, Global will render an invoice to TIL for this fee and expenses, which TIL will pay within 10 business days of receipt.

Each of Trevor Janes, Lorraine Witten and Danny Chan has provided services to TIL during the period leading up to the Proposed Transaction. Subject to completion of the Proposed Transaction, TIL has agreed to pay Trevor a net fee of \$450,000, and each of Lorraine and Danny a net fee of \$150,000, for their services, which will be satisfied by TIL transferring New Shares to them following completion of the Proposed Transaction (300,000 New Shares to Trevor and 100,000 New Shares each to Lorraine and Danny). TIL will also pay to each of Trevor, Lorraine and Danny an amount equal to the tax payable by them on their fee.

James Ramsay, Greg Whitham and Alan Terris are also directors of Hooker Bros. Investments Limited and TIL Properties Limited. TIL Properties Limited is a wholly-owned subsidiary of TIL and is not being acquired by Bethunes as part of the Acquisition. Hooker Bros. Investments Limited and TIL Properties Limited previously owned depots and other properties, some of which were leased to members of the TIL Group on arm's-length terms. Most of these properties have recently been sold to NZX listed Property for Industry Limited and the new owner will continue to lease them to members of the TIL Group on arm's-length terms.

All of the Proposed Senior Managers have entered into employment agreements with the TIL Group.

Bethunes has granted indemnities, as permitted by the Companies Act, in favour of each of its directors. Bethunes also maintains insurance for its directors and officers.

Other Material Governance Disclosures

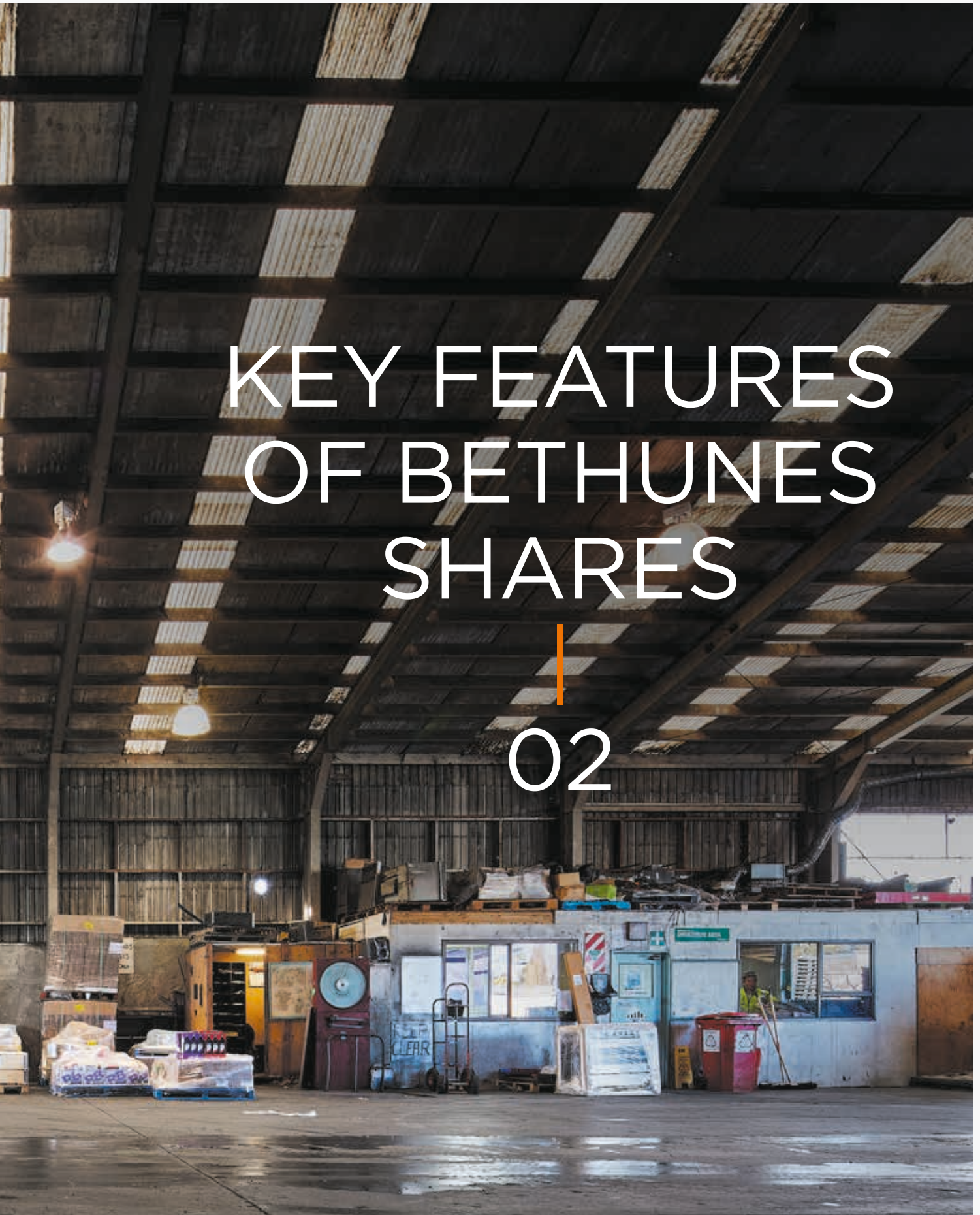
At the Bethunes Shareholder Meeting, Bethunes' shareholders will be asked to approve the adoption of the Proposed Constitution. Under both Bethunes' current constitution and the Proposed Constitution, the Board has the power to appoint additional directors to the Board from time to time, in accordance with the Listing Rules. The Board will use this power to appoint the Proposed Directors to the Board on completion of the Proposed Transaction. Any director appointed by the Board must retire and seek re-appointment at the next Annual Shareholders' Meeting of Bethunes in accordance with the Listing Rules and the Proposed Constitution.

Immediately following completion of the Proposed Transaction (and prior to the Employee/Director-Designate Transfers), the shareholding of TIL in Bethunes is expected to be approximately 82.09%. This means that TIL will have the ability to pass ordinary and special resolutions of Bethunes shareholders under the Companies Act (even without the support of other shareholders). ■



KEY FEATURES OF BETHUNES SHARES

02



KEY FEATURES OF BETHUNES SHARES

Shares

The key features of the Shares do not differ from those that generally apply to other ordinary shares in a company generally.

New Shares Issued Under the Acquisition and the Private Placement

All New Shares issued under the Acquisition and the Private Placement will be fully paid ordinary shares in Bethunes which rank equally with each other and all other ordinary shares in Bethunes on issue.

The principal terms of the New Shares to be issued under the Acquisition and the Private Placement are identical to those of the ordinary shares in Bethunes on issue as at the date of this Profile.

Bethunes' Dividend Policy Post Acquisition

Subject to, and following completion of, the Acquisition, Bethunes intends to pay dividends semi-annually, typically in September and March of each year and to impute dividends fully, if possible given the level of imputation credits available.

Bethunes' directors will monitor Bethunes' projected cash flow and capital requirements and will review this policy on an annual basis. Any changes to Bethunes' dividend policy will be announced to shareholders on NZX's website (www.nzx.com).

Subject to business performance, market conditions and regulatory requirements, the Proposed Directors' current intention is to target a dividend payout ratio in the range of 50-70% of annual NPAT. The Proposed Directors intend Bethunes to declare its first dividend following completion of the Proposed Transaction in September 2018 (for the period 1 January 2018 to 30 June 2018) with the amount of such dividend to be, subject to the above considerations, consistent with such payout ratio.

Despite the intentions set out above, Bethunes can give no guarantees or assurances as to the level or frequency of any dividend (or other distributions, if any) payable, or the level of imputation credits, if any, attached to any dividends. The dividend policy may change over time.

In declaring dividends, Bethunes must comply with the solvency test under the Companies Act and the covenants in the New Facilities. Further information regarding the covenants in the New Facilities can be found in the Supplementary Financial Information.

TAXATION

Tax can have significant consequences for investments. If you have queries relating to the tax consequences of holding Shares in Bethunes, you should obtain professional advice on those consequences.

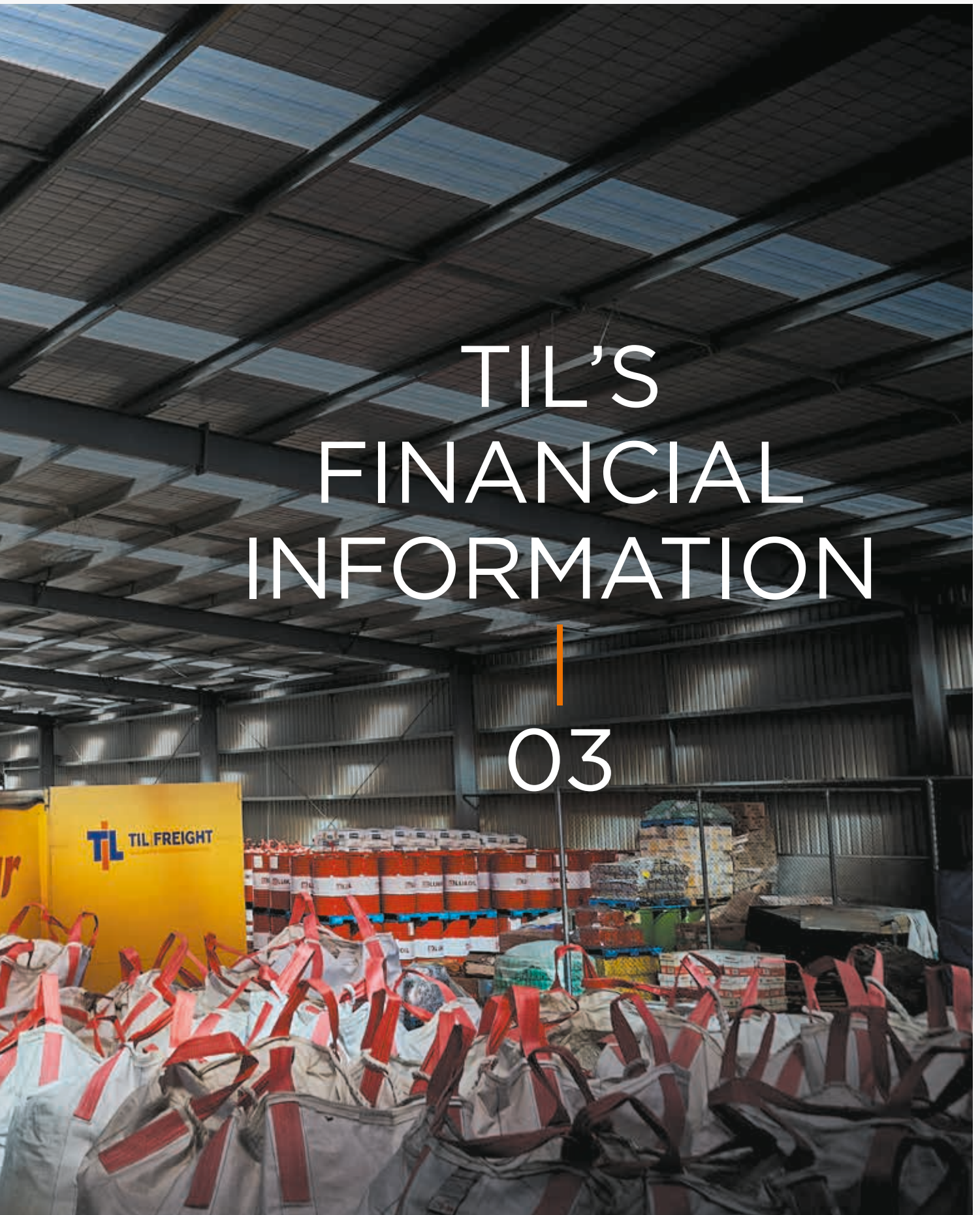
For more information on the payment of dividends during the Prospective Period, see Section 3 (*TIL's financial information*). ■





TIL'S FINANCIAL INFORMATION

03



TIL'S FINANCIAL INFORMATION

INTRODUCTION

The information in this section provides key financial information about TIL. Full financial statements are available on the Bethunes Website. If you do not understand this financial information, you can seek advice from a financial adviser or an accountant.

The financial information contained in this section and in the Supplementary Financial Information (which is available on the Bethunes Website) has been prepared by TIL. The current directors of Bethunes have not been involved in the preparation of the financial information contained in this section or in the Supplementary Financial Information nor have they independently verified such information. The current directors of Bethunes have, however, reviewed the process undertaken by TIL in preparing the financial information contained in this section and in the Supplementary Financial Information and consider that the process undertaken was appropriate for a document in the nature of this Profile. Nothing has come to the attention of the current directors of Bethunes which has caused them to believe that any financial information contained in this section or in the Supplementary Financial Information is misleading in any way.

This Profile contains Prospective Financial Information (“**PFI**”) which is based on the Proposed Directors’ assessment of events and conditions existing at the date of this Profile and the accounting policies and assumptions are set out in the Supplementary Financial Information. The principal assumptions on which the PFI is based are set out under the heading “*An Overview of Prospective Financial Information*” below.

Prospective financial information by its nature is inherently uncertain. It is a prediction of future events which cannot be assured. It involves risks and uncertainties, many of which are beyond the control of the TIL Group. The Proposed Directors believe that the PFI has been prepared with due care and attention, and consider the assumptions, when taken as a whole, to be reasonable at the date of this Profile. Actual results are likely to vary from the information presented and variances may be material. Accordingly, neither the Proposed Directors nor any other person can provide any assurance that the PFI will be achieved and Bethunes’ shareholders are cautioned not to place undue reliance on the PFI.

The Prospective Financial Information in this Profile should be read in light of the assumptions, and in conjunction with the other information in this Profile (including in particular, the information in Section 4 *Risks to TIL's business and plans*).

Financial Information Presented

There are three types of financial information presented in the table of selected financial information included in this Profile.

PRO FORMA HISTORICAL FINANCIAL INFORMATION

Pro forma historical financial information has been derived from the historical financial information adjusted for structural changes and non-recurring adjustments.

- Historical financial information comprises the consolidation of the financial reporting of TIL, MOVE, NZL, Glassworks and McAuleys Transport for the relevant periods prior to acquisition, as if these entities were controlled by TIL for the whole historical periods. This requires converting the financial statements of MOVE, NZL, Glassworks and McAuleys Transport from a 31 March to a 30 June balance date. Full details of this reconciliation can be found in the Supplementary Financial Information.
- Adjustments for structural changes in the business include: removing any business units not included in the proposed transaction, including TIL Properties Limited (including removing gains and losses associated with the transaction and adding in rental expenses); and replacing costs associated with the pre-Proposed Transaction ownership structure with a public company cost structure.

The pro forma financial information has been prepared as if the businesses of the TIL Group were all part of the TIL Group for all of the relevant periods. TIL's financial year ends on 30 June. Bethunes intends to change its financial year end to 30 June on the completion of the Proposed Transaction.

PRO FORMA PROSPECTIVE FINANCIAL INFORMATION

Pro forma prospective financial information adjusts the statutory prospective financial information to reflect certain pro forma adjustments such as the acquisition of Glassworks, the capital structure of

the TIL Group following the Proposed Transaction, removing one-off costs associated with the Proposed Transaction and replacing costs associated with the pre-Proposed Transaction ownership structure with a public company cost structure to provide consistency with the previous financial periods.

The pro forma historical financial information and the pro forma prospective financial information have been prepared solely for the purpose of inclusion in this Profile. More information about the pro forma adjustments, the principal assumptions on which the PFI is based, and reconciliations of pro forma financial information to information prepared in accordance with GAAP, is available in the Supplementary Financial Information on the Bethunes Website.

The FY2018F information includes 2 months of actual results for the period ended 31 August 2017 and 10 months of forecast information for the period ended 30 June 2018.

All pro forma information included in this section is non-GAAP information. An explanation of the non-GAAP measures employed by TIL and reconciliations to information prepared in accordance with GAAP, are available in the Supplementary Financial Information on the Bethunes Website.

STATUTORY PROSPECTIVE FINANCIAL INFORMATION

Statutory prospective financial information presents the PFI on the same basis as that on which TIL intends to report under NZ GAAP in the future. Statutory prospective financial information is presented in respect of FY2019F (on the basis that there are no pro forma adjustments included in any of the FY2019F financial information).

REVERSE ACQUISITION

The Proposed Transaction constitutes a reverse acquisition. A reverse acquisition occurs when the entity that issues securities (the legal acquirer, in this case Bethunes) is identified as the acquiree for accounting purposes.

Accordingly, for accounting purposes, TIL is treated as being the acquiring entity in the Proposed Transaction. This means that there is no requirement for Bethunes to account for the acquisition of TIL as a business combination and, therefore, no purchase price allocation is required (meaning no goodwill

arising in Bethunes on acquisition, and no fair value adjustments to acquired assets and/or liabilities). The shares that the pre-Acquisition Bethunes shareholders hold following the Proposed Transaction are treated as a share-based payment and expensed through the profit or loss for FY2018.

Further details are available in the Supplementary Financial Information on the Bethunes Website.

FINANCIAL REPORTING STANDARDS

There will be several changes in financial reporting standards during the prospective period. The most significant of which are NZ IFRS 15 (Revenue from contracts with customers) which will replace NZ IAS18 (Revenue) and NZ IFRS 9 (Financial Instruments) which replaces IAS 39 (Financial Instruments – recognition and measurement). For the purposes of preparing the PFI, TIL has assessed the effect that transitioning to these new standards will have on its financial reporting and considers that any impact will be immaterial.

SPECIAL PURPOSE FINANCIAL STATEMENTS USED IN PREPARING PRO FORMA FINANCIAL INFORMATION

For the purposes of compiling the pro forma financial information presented in this section, TIL has utilised Special Purpose Financial Statements for MOVE Logistics Limited, Southern Fleet Leasing Limited, McAuley's Transport Limited and NZL Group Limited. The Special Purpose Financial Statements have been prepared in accordance with the accounting policies of the previously acquired entities, adjusted to incorporate the only material exception from GAAP requirements, being accounting for deferred tax.

TIL has reviewed the accounting policies of the acquired businesses. These were consistent with TIL's current accounting policies, with the exception of the deferred tax calculation, which has been adjusted for in the Special Purpose Financial Statements.

TIL considers that the calculations, principles and policies used to prepare the Special Purpose Financial Statements are consistent with GAAP and any variation from fully GAAP compliant statements would be immaterial. ■

Selected Financial Information

Selected financial information (\$'000)

Financial year ended 30 June	Pro forma FY2015	Pro forma FY2016	Pro forma FY2017	Pro forma FY2018F	Statutory FY2019F	Statutory FY2018F
	Historical	Historical	Historical	Prospective	Prospective	Prospective
Revenue	330,134	313,289	323,509	328,786	335,545	327,809
EBITDA	15,292	21,364	24,592	28,227	31,157	9,520
EBITDA growth %	n/a	39.7%	15.1%	14.8%	10.4%	na
EBITDA margin %	4.6%	6.8%	7.6%	8.6%	9.3%	2.9%
NPAT	(1,747)	2,173	5,147	8,519	11,060	(10,284)
Dividends on all equity securities of TIL	47	2,170	837	–	5,993	–
Total assets	151,200	146,538	154,316	152,673	147,293	152,673
Cash and cash equivalents	1,693	1,547	2,936	7,950	5,742	7,950
Total liabilities	(134,904)	(121,116)	(133,559)	(123,233)	(112,567)	(123,233)
Total debt	(85,601)	(83,641)	(86,194)	(75,500)	(63,801)	(75,500)
Net cash flows from operating activities	5,573	7,399	21,032	14,208	23,489	14,208

Notes to table

- [1] Pro forma historical financial information has been sourced from audited and unaudited financial statements and management reports that are available on the Bethunes Website. Details of consolidation and other pro forma adjustments can be found in the Supplementary Financial Information.
- [2] The FY2018 statutory financial information reflects the actual results that TIL expects to report for FY2018. The primary differences between statutory and pro forma information for FY2018 are the exclusion from the pro forma numbers of one off costs associated with the Proposed Transaction, and the inclusion of a full twelve months of revenue associated with the recently acquired Glassworks. Statutory prospective financial information is also presented in respect of FY2019F (on the basis that there are no pro forma adjustments included in any of the FY2019F financial information).
- [3] EBITDA refers to earnings before interest, tax, depreciation and amortisation (excluding income from associates). In the Proposed Directors' opinion, the impact of excluding Income from Associates from the presentation of EBITDA in the Selected Financial Information table would be an immaterial variance relative to the EBITDA calculation prescribed in the Financial Markets Conduct Regulations. Pro forma EBITDA in FY2015-FY2018F represents EBITDA after allowing for pro forma adjustments as discussed under the heading "Financial Information Presented" above. There are no pro forma adjustments included in the FY2019F EBITDA. EBITDA and pro forma EBITDA are non-GAAP profit measures. TIL considers that pro forma EBITDA, which normalises performance for certain structural changes within the business and removes the impact of a number of non-recurring items, allows for a better comparison of operating performance over the historical and PFI period and for comparison with that of other companies. However, caution should be exercised as other companies may calculate EBITDA and pro forma EBITDA differently. Reconciliations between pro forma EBITDA and GAAP profit measures are contained within the Supplementary Financial Information.
- [4] NPAT refers to net profit after tax. Pro forma NPAT in FY2015-FY2018F represents NPAT after allowing for pro forma adjustments as discussed under the heading "Financial Information Presented" above. There are no pro forma adjustments included in the FY2019F NPAT. Pro forma NPAT is a non-GAAP measure. Reconciliations between pro forma NPAT and GAAP profit measures are contained within the Supplementary Financial Information.
- [5] The dividends shown in FY2015 and FY2017 are dividends that were declared and paid by TIL. The dividends shown in FY2016 were declared and paid by MOVE and NZL. The FY2018F and FY2019F dividends reflect the forecasted interim and final dividends payable. Dividends are shown in the period in which they are expected to be declared and paid. Refer to Section 2 (Key features of the Bethunes Shares), for further details of the expected dividends following completion of the Proposed Transaction.
- [6] Property, plant and equipment and intangible assets represent approximately 70% of total assets at 30 June 2017. Intangible assets consist of goodwill, computer software and customer contracts.
- [7] TIL Group's total liabilities primarily comprise of interest bearing debt, trade payables and other payables.
- [8] The debt position shown between FY2015 and FY2017 reflects the actual debt position of the respective TIL Group businesses, including the acquired businesses (MOVE, Glassworks and NZL), at the time, adjusted for:
- a pro forma adjustment to reflect the roll back of additional debt that was taken on to part fund the acquisitions of MOVE/SFL and NZL; and
 - a pro forma adjustment to reflect the roll back of the capital structure and one-off expenses incurred in connection with the Proposed Transaction.
- The debt position in FY2018F and FY2019F reflects the forecast debt position of the TIL Group.
- [9] Pro forma net cash flows from operating activities is a non-GAAP profit measure. Pro forma net cash flows from operating activities have been calculated as net cash flows from operating activities adjusted for the cash impact of the pro forma adjustments. The Supplementary Financial Information contains reconciliations between pro forma net cash flows from operating activities and GAAP profit measures.

The principal assumptions on which the above prospective financial information is based are set out on the following pages (under the heading "An Overview of Prospective Financial Information" for FY2018F and FY2019F). A full description of assumptions and sensitivities relating to the PFI for FY2018F and FY2019F can be obtained in the Supplementary Financial Information on the Bethunes website.

Key Investment Metrics

The table below presents a range of investment metrics relevant to an investment in Bethunes following the Proposed Transaction. The figures shown have been calculated assuming an enterprise value for the TIL business and assets of \$200 million, consistent with the valuation parameters set out in the Acquisition Agreement, and assuming a Private Placement of \$11.51 million. These metrics also assume a consolidation of Bethunes shares being undertaken immediately prior to the Proposed Transaction.

KEY INVESTMENT METRICS

Pro forma	FY2018F	FY2019F
Implied enterprise value / pro forma EBITDA	7.2x	6.5x
Price / pro forma earnings (NPAT) per Share	14.3x	11.0x
Pro forma earnings (NPAT) per Share	0.105	0.136
Statutory	FY2018F	FY2019F
Implied enterprise value / EBITDA	21.4x	6.5x
Price / earnings (NPAT) per Share	N/M	11.0x
Earnings (NPAT) per Share	N/M	0.136
Dividends per Share	–	0.074
Implied cash dividend yield (being the dividend per Share divided by the Share price)	–	4.90%
Implied gross dividend yield (being the implied cash dividend yield adjusted for imputation credits expected to be attached to the dividend)	–	6.81%

Note: N/M means not meaningful.

Capitalisation Table

The figures in the table below have been calculated assuming an enterprise value for the TIL business and assets of \$200 million and a Private Placement of \$11.51 million.

Capitalisation table		
Implied Bethunes value (pre acquisition)	NZ\$'000	679
Enterprise value of TIL Logistics	NZ\$'000	200,000
Implied enterprise value of Bethunes (post acquisition)	NZ\$'000	200,679
Less debt:		
ASB Debt facilities	NZ\$'000	87,806
Share of debt in Associates	NZ\$'000	2,194
	NZ\$'000	90,000
Plus: equity raised through Private Placement	NZ\$'000	11,510
Implied equity value of Bethunes post completion	NZ\$'000	122,189
Number of shares on issue (millions)	#	81,459,325
Implied value per share	NZ\$ per share	\$1.50

Note: \$8.65 million of the Private Placement funds received will be applied against the ASB debt on or shortly after completion of the Private Placement. Further details of the forecast amortisation of debt during the Prospective Period can be found in the Supplementary Financial Information on the Bethunes Website.

Implied market capitalisation is the value of all of Bethune's equity securities. It tells you what TIL is proposing that Bethunes' equity will be worth immediately following the Proposed Transaction. The implied market capitalisation is calculated as the implied enterprise value less net debt (total external debt minus cash on hand).

Implied enterprise value is a measure of the total value of the business of Bethunes, as implied by the enterprise value for TIL stipulated in the Acquisition Agreement. Implied enterprise value is the amount that a person would need to pay to acquire all of Bethunes' equity securities and to settle all of Bethunes' borrowings. It is a measure of what TIL is proposing the business of Bethunes' as a whole will be worth immediately following the Proposed Transaction.

A summary of how TIL Group generates revenue

TIL Group generates revenue through the following key sources:

- **Freight Revenue:** TIL Group generates approximately 89% of its revenue from general freight forwarding and fuel haulage through two key business divisions; TIL Freightage and TIL Tankers.

The key drivers for freight revenue are the kilometres travelled and the fleet size combined with the number of loads and distance travelled per consignment. Other contributors to revenue growth include the transport industry's strong ties with GDP growth and TIL Group's ability to maintain or grow its market share. Revenue is also generated from on-charging costs, in particular the fuel adjustment factor can provide for some fluctuations in revenue whilst not affecting the kilometres travelled or fleet size.

- **Warehousing Revenue:** TIL Group generates approximately 9% of its revenue from warehousing. Warehousing revenue is primarily conducted through MOVE. Growth in warehousing revenue is attributable to the opening of additional sites, thus increasing storage capacity. The significant growth shown in FY2016 is associated with the opening of three new warehousing sites during 2014 and 2015. The opening of the most recent site in July 2016 brings the total warehousing capacity to approximately 150,000m². The amount of storage space available and TIL Group's ability to maximise capacity are the key drivers of warehousing revenue. Providing additional services such as warehouse administration also contribute to warehousing revenue.
- **International Revenue:** Approximately 2% of total revenue is generated through international shipping, freight forwarding and customs brokerage services. A proportion of this revenue is based on importing specialised equipment for the oil and gas industry and can fluctuate depending on industry spend. Other international revenue is driven by the number of consignments or inbound ships requiring port services. As international revenue is relatively small when compared to the other business divisions, further information on the financial performance of international revenue can be found in the Supplementary Financial Information.

An Overview of Historical Financial Performance

This section provides an overview of the pro forma historical financial performance of TIL Group and should be read in conjunction with the table headed Selected Financial Information on page 56 above.

FY2016PF FINANCIAL PERFORMANCE RELATIVE TO FY2015PF

Between FY2015 and FY2016 the TIL Group's pro forma revenue decreased by 5.1% to \$313.3 million which was driven by a reduction in the general freightage revenue, partially offset by an increase in fuel haulage and warehousing revenue. The key drivers of the revenue decrease in FY2016 included:

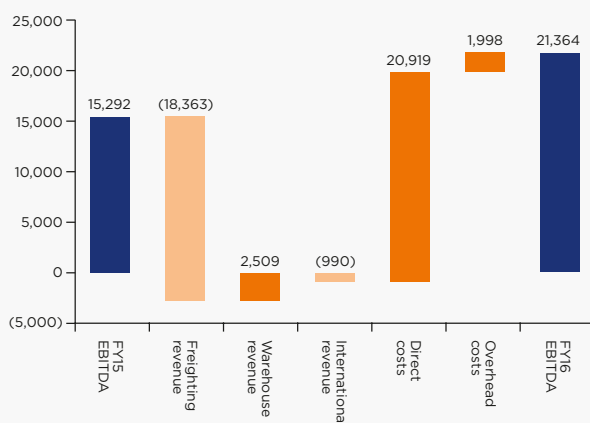
- Total freight revenue decreased by 6.0% as a result of the following:

- General freight revenue decreased by 9.1% primarily driven by TIL's strategic decision to not renew low margin freight contracts.
- Fuel haulage growth of 5.0% was primarily driven by an increase in per km rates when renegotiating pricing arrangements with key customers.
- Warehousing revenue growth of 13.3% was primarily driven by increased warehousing capacity due to the opening of two new sites and improved utilisation of an additional site opened in 2014.

The decision to not renew unprofitable contracts resulted in a 5.8% improvement in gross profit. This was driven by the ability to maximise the use of own fleet drivers and reduce the use of subcontractors where deemed uneconomic. This reorganisation reduced the total wage and subcontractor costs by 11.2%.

Further operational efficiencies contributed to pro forma EBITDA increasing by 39.7% to \$21.4 million. A large proportion of this relates to the centralisation and implementation of a new software system, which resulted in a decrease in wage and other overhead costs during the year.

EBITDA BRIDGE FY15 TO FY16



FY2017PF FINANCIAL PERFORMANCE RELATIVE TO FY2016PF

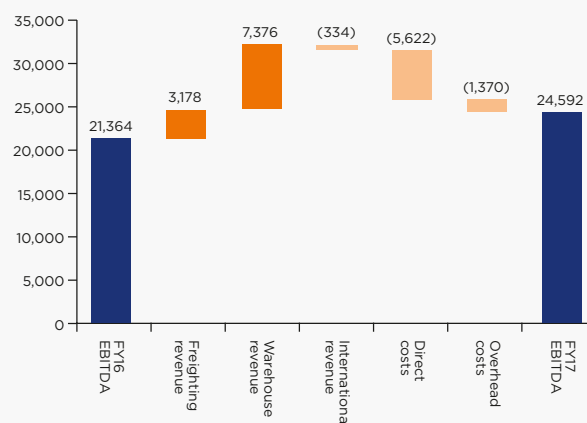
Between FY2016 and FY2017 the TIL Group's pro forma revenue increased 3.3% to \$323.5 million. There was an increase in the fuel haulage and warehousing revenue, partially offset by a small decrease in general freighting revenue in FY2017, driven by the following:

- Total freight revenue increased by 1.1% as a result of the following:
 - General freight revenue decreased by 0.3% as a result of the flow on effect from discontinued contracts in 2016.
 - Fuel haulage revenue increased by 5.6% as a result of continued contract negotiations and increased activity levels.
- Warehousing revenue growth of 34.5% was primarily driven by a full year utilisation of all new warehousing space.

Despite relatively stable revenue, as a result of the policy of ensuring maximum use of its own fleet, gross profit increased by a further 6.2%. This included discontinuing arrangements with subcontractors that were relatively cost ineffective.

Pro forma EBITDA also continued to grow by 15.1% to \$24.6 million driven by the factors described above.

EBITDA BRIDGE FY16 TO FY17



An Overview of Prospective Financial Information

FY2018PF FINANCIAL PERFORMANCE RELATIVE TO FY2017PF

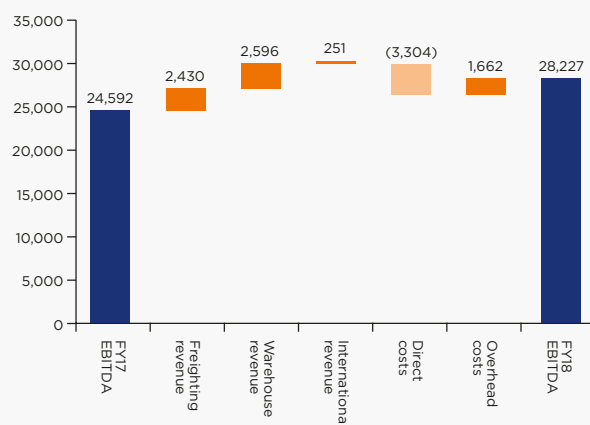
Between FY2017 and FY2018 the TIL Group's pro forma revenue is forecast to increase by 1.6% to \$328.8 million. The key factors that TIL believes will drive this forecast performance are summarised below:

- Freight revenue is forecast to increase by 0.8% in FY2018F driven by:
 - General freighting revenue growth of 1.4% is forecast due to expected increases in services from existing and new customers, small incremental price increases on negotiation of contracts and the ability to utilise TIL's own fleet where it was previously outsourced under MOVE and NZL.
 - Fuel haulage revenue is forecast to decrease by 0.9% due to the loss of one customer. This decrease has been lessened by redeploying the fleet to new methanol and biodiesel cartage contracts and rate increases that became effective towards the end of FY2017.
- Warehousing revenue is forecast to grow by 9.0% driven by additional work for existing customers and improved group wide synergies from bringing together TIL and MOVE (i.e. MOVE and TIL will be undertaking work for each other that was previously performed by external providers).

The FY2018 forecast incorporates direct cost benefits arising from the integration of the recently acquired companies, resulting in a pro forma gross margin improvement of 0.2% and an increase in pro forma gross profit of 2.5%.

TIL expects pro forma EBITDA to increase by 14.8% over the prior period, driven by the forecast revenue increases and continued impact of operational efficiency initiatives arising from continued expansion, implementation of a new warehouse management system, use of own fleet and integration of the recently acquired companies.

EBITDA BRIDGE FY17 TO FY18



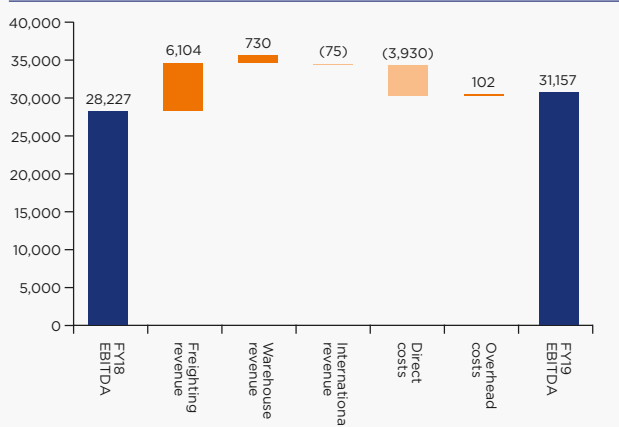
FY2019F FINANCIAL PERFORMANCE RELATIVE TO FY2018PF

Between FY2018 and FY2019 the TIL Group's pro forma revenue is forecast to increase by 2.1% to \$335.5 million. The key factors that TIL believes will drive this forecast performance are:

- Freight revenue is forecast to increase by 2.1% in FY2019F driven by forecast growth in both general freight and fuel haulage:
 - General freighting revenue growth of 1.6% is forecast due to expected increases in services from existing and new customers, and small incremental price increases.
 - Fuel haulage revenue is forecast to increase by 3.6%, primarily due to expected volume increases from existing customers.
- Warehousing revenue is forecast to grow by 2.3% in FY2019F as a result of expected increases in services from existing customers, and small incremental price increases.

TIL expects pro forma gross profit and pro forma EBITDA to increase by 3.5% and 10.4% respectively over the period primarily driven by the full year impact of operational efficiency initiatives arising from the integration of the recently acquired companies.

EBITDA BRIDGE FY18 TO FY19



Dividend

The PFI assumes a dividend payout ratio of approximately 70%. The Proposed Directors expect to declare a cash dividend of \$2.7 million in relation to the financial results for the 6 month period ending 30 June 2018, expected to be paid in September 2018. The Proposed Directors expect to declare an interim cash dividend of \$3.3 million in relation to the financial results for the 6 month period ending 31 December 2018 (1H19), expected to be paid in March 2019. The Proposed Directors anticipate the dividends will be fully imputed. Annual dividends will be paid in future periods subject to the dividend policy as outlined in Section 2 (Key features of the Bethunes Shares).

Supplementary Financial Information

The following additional financial information is available on the Bethunes Website:

HISTORICAL FINANCIAL INFORMATION

(a) TIL Logistics Group Limited (to be renamed Global Logistics Group Limited following the Acquisition)

- Audited annual financial statements for TIL Logistics Limited for the year ended 30 June 2017.

(b) Transport Investments Limited:

- Audited annual financial statements for TIL for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017.

(c) MOVE Logistics Limited

- Unaudited financial statements for MOVE for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017.
- Unaudited special purpose management accounts for the three-month periods ended 30 June 2014, 30 June 2015, 30 June 2016 and the two-month period ended 31 May 2017.

(d) Southern Fleet Leasing Limited

- Unaudited financial statements for Southern Fleet Leasing Limited for the financial years ended 31 March 2016 and 31 March 2017.
- Unaudited special purpose management accounts for the three-month periods ended 30 June 2015 and 30 June 2016 and the two-month period ended 31 May 2017.

(e) McAuley's Transport Limited

- Unaudited special purpose management accounts for the two-month period prior to the acquisition of McAuley's Transport by TIL, being the period ended 31 August 2014.

(f) NZL Group Limited

- Unaudited special purpose management accounts for the 12-month periods ended 30 June 2015 and 30 June 2016 and the 10-month period ended 30 April 2017.

PROSPECTIVE FINANCIAL INFORMATION

Prospective annual financial statements for the periods ending 30 June 2018 and 30 June 2019 prepared in accordance with FRS-42.

OTHER ITEMS

The principal assumptions on which the pro forma historical information and the pro forma prospective information in this Section 3 have been prepared.

Reconciliations between:

- Information prepared in accordance with GAAP and the pro forma information presented in the table headed *Selected Financial Information* on page 56 above; and
- Net profit after tax and EBITDA, the non-GAAP profit measure referred to in the table headed *Selected Financial Information* on page 56 above.





RISKS TO TIL'S BUSINESS AND PLANS

04

RISKS TO TIL'S BUSINESS AND PLANS

This section sets out a description of the circumstances that the Proposed Directors are aware of that exist or are likely to arise that significantly increase the risk to TIL's financial position, financial performance or stated plans. This section outlines the Proposed Directors' assessment of the likelihood, nature and potential magnitude of the impact of the circumstances. These risks are based on the knowledge and assessment of the Proposed Directors, as at the date of this Profile and it is possible

that other risks may emerge over time. The current directors of Bethunes have not independently verified the information contained in this section. The current directors of Bethunes have, however, reviewed the process undertaken by TIL in preparing the information contained in this section and consider that the process undertaken was appropriate for a document in the nature of this Profile.

LOSS OF KEY CUSTOMERS

What is it?

TIL is subject to the potential loss of key customers.

Why is it significant?

Any loss of key customers may have a material adverse effect on TIL's financial performance. In FY2017, revenue from TIL's top 20 customers represented approximately 46% of TIL's FY2017 pro forma revenue.

Assessment of the likelihood, nature and potential magnitude

TIL could lose key customers for a number of reasons. Many of TIL's contracts with customers are subject to tender and renewal processes and there is a risk that TIL may not be successful in tender or contract renewal processes or will be unable to renew any contract on the same or better terms.

In addition, TIL's customer contracts, including with key customers, can generally be terminated on short notice for a breach of contract which TIL is unable to remedy and in some cases can be terminated on a longer notice period without cause by the relevant customer.

Other factors that could lead to a loss of customers include failing to deliver freight on time, damaging freight in transit, consolidation of customers and increased competition. Increased competition may involve competitors lowering their pricing, improving their delivery coverage or developing new (or improving existing) technologies and transport models that give them a competitive advantage over TIL.

The magnitude of the impact of the loss of a key customer on TIL's financial performance would depend on the revenue generated by that customer and TIL's ability to successfully redeploy its fleet.

TIL management has no reason to believe that it will lose a key customer during the Prospective Period. PFH has three significant contracts that expire during the Prospective Period, being its top three contracts by revenue in FY2017 (together those contracts represented approximately 80% of PFH's FY2017 revenue and approximately 18% of TIL's FY2017 pro forma revenue). The first and third largest of these contracts are currently subject to a combined tender process as they are with the same customer. That customer has requested an extension of the current contract term until August 2018 (with an option to extend until October 2018). The customer under the second largest of these contracts has indicated that it wishes to renew its contract with TIL and the terms of the renewed contract are currently being negotiated. TIL expects that all of these contracts will be renewed on materially similar terms.

	<p>If any of these contracts were not renewed, the extent of the impact on TIL's financial performance would depend on whether the specialised fleets owned by TIL to service these customers could be redeployed. For example, if TIL was not successful under the tender process in renewing the first and third largest of these contracts, it may agree to lease the vehicle fleet to that customer or the winning tenderer, which would be likely to reduce the impact of the customer loss on TIL's financial performance. If the vehicle fleet was not able to be redeployed, it could also be sold and the sale proceeds applied to repay debt.</p> <p>TIL manages the risk of losing key customers by maintaining strong relationships with most of its key customers, even though a number of them require TIL to tender for their business on a regular basis. These relationships, together with TIL Group's specialist fleet, mean that TIL is in a strong position when it comes to winning tenders to retain existing customers. In addition, TIL aims to minimise the significance of this risk through avoiding over-reliance on any one key customer relationship.</p>
REVENUE FROM KEY INDUSTRY SECTORS MAY REDUCE	
What is it?	TIL is subject to the potential reduction in demand for services from customers within any of the key industry sectors in which it operates.
Why is it significant?	Any reduction in demand from customers within a key industry sector may have a material adverse effect on TIL's financial performance.
Assessment of the likelihood, nature and potential magnitude	<p>TIL's customer contracts do not provide for any minimum volume commitments from its customers.</p> <p>A general reduction in New Zealand's level of consumption of particular goods within a key industry sector serviced by TIL may reduce demand for TIL's services, adversely affecting TIL's revenue, profitability and growth. For example, FY2017 revenue from two of TIL's key commodity groups, petroleum & coal and building materials fertiliser & other goods, was estimated to represent approximately 24% and 13% respectively of TIL's FY2017 pro forma revenue. While TIL considers that there is unlikely to be any significant reduction in demand for its services in connection with those goods (and their related industry sectors) during the Prospective Period, if any significant reduction was to eventuate, the impact on TIL's revenue and profitability could be material.</p> <p>TIL aims to minimise this risk through diversification of its customer base. The customer base, although relatively concentrated, is diverse across a wide range of industries, which hedges fluctuations. This risk is further minimised by TIL's ability to "cross train" resources (including staff and vehicles) so that resources may be allocated to those divisions of the business where they can be best utilised at the relevant time (for example, resources used for the transport of LPG during colder months can be used for the transport of bitumen during warmer months).</p>

HEALTH AND SAFETY RISK**What is it?**

The nature of the work performed by TIL exposes it to certain health and safety risks.

TIL engages in potentially high risk activities including the transportation of petroleum product dangerous goods by road tanker and the operation of heavy equipment (such as trucks and forklifts). As a result, there is a potential risk to the health and safety of TIL's employees and contractors, as well as its customers and members of the public (for example, as a result of road accidents or spillages of dangerous goods).

Why is it significant?

If TIL does not comply with its health and safety obligations it could be subject to a range of enforcement activity, including directions to take remedial action and/or summary criminal prosecutions and fines, if convicted.

In addition, an increase in the level of health and safety incidents, or a particularly serious incident, has the potential to negatively affect TIL's revenues and profitability, including as a result of damage to TIL's reputation, brand or staff culture.

Assessment of the likelihood, nature and potential magnitude

Given the potential damage a serious health and safety incident could have on TIL's reputation, brand or staff culture, the magnitude of a health and safety incident could be severe.

TIL manages this risk by maintaining health and safety policies and procedures and reinforcing these policies through regular workplace updates and training sessions. In addition, TIL undertakes regular health and safety audits and is subject to health and safety audits by its key customers. It uses these audits to make changes to its health and safety policies and procedures if issues are identified. TIL is also well positioned to take advantage of technological methods for monitoring compliance with health and safety policies and procedures, such as the ability to remotely monitor vehicle speeds and driver fatigue.

While it is always possible that a health and safety incident may occur given the work undertaken by TIL, TIL considers it unlikely that a particularly serious incident would occur given the policies and procedures in place.

LABOUR AVAILABILITY AND COST**What is it?**

TIL's future success relies on its ability to continue to recruit, retain and motivate suitably skilled and qualified personnel, particularly qualified truck drivers. There is currently a shortage of truck drivers in New Zealand and, as a result, TIL can face strong competition for such personnel.

Why is it significant?

Even if it is able to attract and retain the required qualified personnel, TIL may be required to pay more than it currently expects to pay in order to do so. As labour costs (including wages, salaries and other employment related expenses) constitute a significant portion of TIL's operating expenses, these additional costs could have a material impact on TIL's financial performance.

TIL endeavours to pass labour costs on to its customers, however, if labour costs fluctuate materially, TIL may not be able to pass on all of those costs or its margins may be materially reduced.

Assessment of the likelihood, nature and potential magnitude

TIL may be adversely affected if it is unable to recruit suitably qualified employees or if it loses its existing employees (who could then be difficult to replace). While TIL considers the likelihood of it suffering a significant and sustained shortage of staff to be low, were it to eventuate then it could have a material adverse effect on TIL's financial performance and business plans.

Labour costs may face upwards pressure as a result of, amongst other factors, a shortage of suitable skilled and qualified staff (which causes TIL to pay more to attract and retain such personnel), industrial action and the Government's recently announced intention to raise the minimum wage to \$20 per hour. In addition, approximately 26.5% of TIL's workforce is unionised and increased labour costs may arise as a result of renegotiation of collective agreements with the relevant employees.

While TIL considers it unlikely that the cost of labour will increase beyond the level it is able to pass on to customers, it is possible that there could be a time delay between an increase in labour costs and TIL's ability to fully recover the increased costs from customers and that could have a short term (for example two - three month) adverse impact on TIL's margins.

TIL mitigates this risk by having policies and procedures in place to maintain strong employee relationships in order to assist in retaining personnel and to enable staff to obtain additional skills so that they may fulfil different roles throughout the business where there may be a need for such skills.

RELIANCE ON NEW ZEALAND'S TRANSPORT INFRASTRUCTURE**What is it?**

The New Zealand transport industry depends on the ongoing fitness and availability of New Zealand's transport infrastructure such as roads, ports and ferries.

Why is it significant?

TIL's delivery schedule can be materially affected in the event that a key infrastructure route is impassable by the relevant TIL vehicle as a result of closure or works. Route closure could arise due to catastrophic events such as a major earthquake, landslide, flood, act of terrorism or other disaster. Such a disruption can result in TIL being required to divert its fleet via an alternative route, which can involve TIL incurring additional costs. Further, it can impact TIL's customer relationships if targeted delivery times are not able to be achieved as a result (although TIL generally excludes liability arising as a result of a delay caused by such an event).

The recent earthquakes near Culverden in late 2016 are evidence that events causing significant disruption to New Zealand's transport infrastructure can occur.

Assessment of the likelihood, nature and potential magnitude

The likelihood, nature and/or magnitude of a disruption to New Zealand's transport infrastructure cannot be predicted.

TIL seeks to manage this risk by keeping up to date with road closure and disruption advice published by the New Zealand Transport Authority and through the use of alternative routes. In addition, a number of customer contracts allow TIL to charge a higher rate where the relevant customer elects to use "contingency plan" routes in order to maintain delivery times where disruption to transport infrastructure has occurred.





NZX WAIVER | 05



NZX WAIVER

An NZX Regulation (“**NZXR**”) decision was received by Bethunes on 17 November 2017 granting Bethunes a 12 month waiver (“**Waiver**”) from Listing Rule 5.2.3 to the extent that, following completion of the Acquisition (“**Completion**”), fewer than 25% of the Shares on issue are held by less than 500 Members of the Public²¹ (each holding at least a Minimum Holding²²). The Waiver is subject to the following conditions:

- (a) NZXR receives an undertaking from TIL that it will not increase its holding of Shares following Completion during the term of the Waiver, otherwise than as a result of: (i) an allotment pursuant to an offer or issue of Shares that is made pro-rata to all Bethunes shareholders or (ii) an acquisition of Shares undertaken pursuant to the provisions of Part 7 of the Takeovers Code following Completion (the “**Dominant Owner Process**”);
- (b) Bethunes notifies NZXR and the market of the outcome of the Dominant Owner Process once it becomes aware that the Dominant Owner Process has been completed;
- (c) following the completion of the Dominant Owner Process, and no later than 35 calendar days following Completion, at least 9% of the Shares on issue are held by more than 500 Members of the Public for the remaining duration of the Waiver, with each Member of the Public holding at least a Minimum Holding;
- (d) Bethunes clearly and prominently discloses liquidity as a risk in the Notice of Meeting;
- (e) Bethunes clearly and prominently discloses the Waiver, its conditions, and its implications in this Profile;
- (f) Bethunes clearly and prominently discloses the Waiver, its conditions, and its implications in Bethunes’ half year and annual reports, and in any offer documents relating to any offer of Shares undertaken by Bethunes, during the period of the Waiver;
- (g) Bethunes consistently monitors the total number of Members of the Public holding Shares and the percentage of Shares held by Members of the Public holding at least a Minimum Holding;
- (h) Bethunes notifies NZXR as soon as practicable if there is any material reduction to the total number of Members of the Public holding at least a Minimum Holding of Shares, and/or the percentage of Shares held by Members of the Public holding at least a Minimum Holding; and
- (i) Bethunes provides NZXR with a written quarterly update of the total number of Members of the Public holding Shares holding at least a Minimum Holding and the percentage of Shares held by Members of the Public holding at least a Minimum Holding. The quarterly updates are from the date the Waiver is granted, for the period of the Waiver. The updates are to be provided to NZXR within ten business days of the end of each quarter.

The implication of the Waiver is that the majority of Bethunes’ Shares will not be widely held and there may be reduced liquidity in the Shares. TIL proposes to distribute to its shareholders some or all of the Shares that it will acquire under the Acquisition and Dominant Owner Process within 12 months following Completion. This proposed distribution of Shares may improve the liquidity of the Shares. Further information regarding this proposed distribution is set out in the Explanatory Notes to the Notice of Meeting.

Please refer to the section titled “*Other Material Governance Disclosures*” in Section 1 (*TIL and what it does*) for further information regarding the implications immediately following Completion of TIL’s shareholding in Bethunes for the passing of ordinary and special resolutions.

²¹ As that term is defined in the Listing Rules.

²² As that term is defined in the Listing Rules.



06

WHERE YOU CAN FIND MORE INFORMATION

Further information relating to TIL and the Proposed Transaction is available on Bethunes' website which can be found at www.bethunesinvestments.com (including, the Proposed Constitution and the Supplementary Financial Information).

Further information relating to TIL is also available on TIL's website (www.til.kiwi) and on the Companies Office register of the Ministry of Business, Innovation and Employment. This information can be accessed on the Companies Office website at <https://companies-register.companiesoffice.govt.nz> under company number 561121.

Announcements relating to the Proposed Transaction required by the Listing Rules from time to time can be obtained from NZX's website (www.nzx.com) by searching under Bethunes' ticker code ("BIL" and, from completion of the Acquisition, "TLL").

07 CONTACT INFORMATION

BETHUNES	TIL
Bethunes Investments Limited Level 1, Chartered Accountants House 50 Customhouse Quay Wellington Phone: +64 (9) 379 6493	Transport Investments Limited 330 Devon Street East New Plymouth 4312 Phone: +64 (6) 755 0264
BETHUNES' LEGAL ADVISER	TIL'S LEGAL ADVISER
Duncan Cotterill Level 2, Chartered Accountants House 50 Customhouse Quay Wellington 6011 Phone: +64 (4) 499 3280	Harmos Horton Lusk Limited Level 37, Vero Centre 48 Shortland Street Auckland 1010 Phone: +64 (9) 921 4300
BETHUNES' SHARE REGISTRAR	TIL'S FINANCIAL ADVISER
Link Market Services Limited Level 11, Deloitte Centre 80 Queen Street Auckland 1010 Phone: +64 (9) 375 5998	Kern Group Pty Ltd Level 23, 300 Queen Street Brisbane Queensland 4001 Australia Phone: +61 (7) 3270 8000
BETHUNES' AUDITOR (CURRENT)	BETHUNES' AUDITOR POST-TRANSACTION
KPMG KPMG Centre 18 Viaduct Harbour Avenue Auckland 1010 Phone: +64 (9) 367 5800	PricewaterhouseCoopers 113-119 The Terrace PO Box 243 Wellington 6140 Phone: +64 (4) 462 7000
BETHUNES' BANKERS	TIL'S ACCOUNTING ADVISER
ASB Bank Limited ASB North Wharf 12 Jellicoe Street Auckland 1010 Phone: +64 (9) 306 3000 ANZ Bank New Zealand Limited ANZ Newmarket 187-193 Broadway Newmarket Auckland 1023 Phone: 0800 269 296 Westpac New Zealand Limited Westpac Britomart Te Ara Tahuhu Walkway Auckland Central 1010 Phone: +64 (9) 348 9391	KPMG KPMG Centre 18 Viaduct Harbour Avenue Auckland 1010 Phone: +64 (9) 367 5800

08

GLOSSARY

Acquisition	the acquisition of the transport and logistics business of TIL and the shares in Global by Bethunes under the Acquisition Agreement
Acquisition Agreement	the agreement entered into between Bethunes, TIL and others dated 26 October 2017 under which Bethunes has agreed to acquire the transport and logistics business of TIL and all of the shares in Global
Bethunes	Bethunes Investments Limited (to be renamed TIL Logistics Group Limited following the Acquisition)
Bethunes Shareholder Meeting	the special meeting of Bethunes shareholders to be held to consider, amongst other matters, the approval of the Proposed Transaction and the adoption of the Proposed Constitution
Bethunes Website	Bethunes' website which can be found at www.bethunesinvestments.com and, following the Acquisition, www.til.kiwi
Board	the board of directors of Bethunes
Business Day	a day on which the NZX Main Board is open for trading
CAGR	Compounding Annual Growth Rate
Companies Act	Companies Act 1993
Employee/Director-Designate Transfers	the transfer by TIL following the Proposed Transaction of approximately 620,000 Shares to certain proposed directors (for services provided to TIL in the lead up to the Acquisition) and to approximately 600 of TIL Group's long serving employees and owner drivers (as an ex gratia bonus to mark the coming to market of TIL's business on the NZX Main Board)
FMCA	Financial Markets Conduct Act 2013
FY[Year]	a financial year ended 30 June, if followed by F this indicates prospective or forecast information
GAAP	Generally Accepted Accounting Principles
Glassworks	the logistics and supply service business of Glassworks Logistics Limited, which was acquired by MOVE Logistics Limited in September 2017
Global	TIL Logistics Group Limited (to be renamed Global Logistics Group Limited following the Acquisition)
Independent Report	the independent adviser's and independent appraisal report prepared by Grant Samuel & Associates Limited, a copy of which accompanied the Notice of Meeting
Listing Rules	the listing rules of the NZX Main Board, in force from time to time
McAuley's Transport	McAuley's Transport Limited
MOVE	MOVE Logistics Limited and Southern Fleet Leasing Limited
New Facilities	the new banking facilities entered into by the Company with ASB Bank Limited to part fund the Acquisition and for ongoing working capital purposes, as further described in the Notice of Meeting
New Shares	the up to 81,006,673 new shares in Bethunes to be issued in part consideration for the purchase price under the Acquisition and for cash under the Private Placement

Notice of Meeting	the notice of the Bethunes Shareholder Meeting
NPAT	net profit after tax
NZL	NZL Group Limited
NZX	NZX Limited
NZX Main Board	the main board equity security market operated by NZX
PFH	Pacific Fuel Haul Limited
PFI	Prospective financial information
Private Placement	the issue of \$11.51 million of New Shares to selected wholesale investors, to whom a product disclosure statement is not required to be given pursuant to the FMCA, to be undertaken on or within 5 business days of completion of the Acquisition
Profile	this document, being a profile prepared in accordance with the Listing Rules
Proposed Constitution	the proposed new constitution for Bethunes to be put to Bethunes' shareholders for approval at the Bethunes Shareholder Meeting
Proposed Directors	those persons proposed to be directors of Bethunes with effect from completion of the Proposed Transaction as set out in Section 1 (<i>TIL and what it does</i>)
Proposed Senior Manager	those persons proposed to be senior managers of Bethunes with effect from completion of the Proposed Transaction as set out in Section 1 (<i>TIL and what it does</i>)
Proposed Transaction	the Acquisition, the New Facilities and the Private Placement
Prospective Period	FY2018F and FY2019F
Share Consolidation	the consolidation of Bethunes' share capital (made up of 115,060,279 Shares at the date of this Profile) using a consolidation factor equal to 115,060,279 divided by 254.1915 (subject to rounding of individual shareholdings up to a whole number of Shares)
Share Registrar	Link Market Services Limited
Shares	ordinary shares in Bethunes
SPFR	Special Purpose Financial Reporting
Supplementary Financial Information	The document entitled "TIL Group's Prospective Financial Information, a reconciliation of non-GAAP to GAAP information, and supplementary financial information" which is available on Bethunes' Website
TIL	Transport Investments Limited or the transport and logistics business carried on by the TIL Group, as the context requires
TIL Group	Refers to (a) Bethunes and each of its subsidiaries immediately following completion of the Proposed Transaction and (b) TIL and each of its subsidiaries prior to completion of the Proposed Transaction
Voluntary Acquisition Rights	a Bethunes shareholder's right to require the Dominant Owner (as defined in the Notice of Meeting) to purchase that shareholder's Shares in accordance with the Takeovers Code, as further described in the Notice of Meeting



BETHUNES LIMITED — NZX LISTING PROFILE