

Notice of Annual Meeting



Notice is given that the 2017 Annual Meeting of shareholders of Tourism Holdings Limited (Company) will be held at The Heritage Hotel, 35 Hobson St, Auckland at 2pm on Wednesday 18 October 2017.

Similar to last year, we are offering shareholders the opportunity to attend and participate in the 2017 Annual Meeting via an online platform (www.virtualmeeting.co.nz/thl2017) in a Virtual Annual Meeting as an alternative to attending in person. This may be particularly attractive to those shareholders who do not reside in Auckland. By signing up for the Virtual Annual Meeting, you will be able to watch the Annual Meeting, vote and ask questions by logging on using your computer from anywhere a broadband connection is available. Further information, including how to register for the Virtual Annual Meeting, can be found in the Procedural Matters section at the back of this Notice of Annual Meeting.

AGENDA

A. Chair's address

B. Chief Executive's review

C. Ordinary business and resolutions

To consider and, if thought fit, to pass the following ordinary resolutions:

Resolution 1 – Election of Catherine Quinn

That Catherine Agnes Quinn (appointed as a Director by the Board on 7 September 2017) be elected as a Director of the Company.

Resolution 2 – Re-election of Graeme Wong

That Graeme Henry Wong, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.

Resolution 3 – Re-election of Gráinne Troute

That Gráinne Patricia Troute, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.

Resolution 4 – Director remuneration

That the maximum aggregate amount of remuneration payable to all Directors taken together (in their capacity as Directors) be increased from \$550,000 per annum to a maximum of \$650,000 per annum with this sum available to be paid to the Directors of the Company as the Board considers appropriate and which may be payable either in whole or in part by way of an issue of ordinary shares in the Company, provided that any issue occurs in compliance with NZX Main Board Listing Rule 7.3.8.

Resolution 5 – Auditors

That the Directors are authorised to fix the remuneration of the auditors for the ensuing year.

D. Other Business

To consider such other business as may be properly submitted to the meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'Rob Campbell', is written over a light grey background.

Rob Campbell
Chairman
26 September 2017

EXPLANATORY NOTES

1. Election of Directors (Resolution 1)

NZX Main Board Listing Rule 3.3.6 and Clause 26.3 of the Constitution of the Company provide that a Director appointed by the Board must retire from office at the next annual meeting, but shall be eligible for election at the meeting.

Catherine Quinn

Catherine Quinn was appointed as a Director by the Board on 7 September 2017. Catherine Quinn retires from office at the annual meeting but offers herself for election by shareholders. The Board has determined that Catherine Quinn is an Independent Director as defined in the NZX Main Board Listing Rules.

Bio – Independent Director appointed September 2017. Cathy is a senior corporate partner at MinterEllisonRuddWatts; she served as the firm's Chair for eight years and was also a member of the Australasian MinterEllison Legal Group Executive Board for the period she chaired the firm. Cathy is a member of the Board of the NZ Treasury and also chairs its Audit & Risk Committee. She is a former member of the NZ Securities Commission and Capital Markets Development Taskforce. Cathy was made an Officer of the NZ Order of Merit in 2016 for services to law and women.

2. Re-election of Directors (Resolutions 2 and 3)

NZX Main Board Listing Rule 3.3.11 requires that at least one third of the Company's Directors (or the number nearest to one third) must retire by rotation at each annual meeting of shareholders. The Directors to retire are those who have been longest in office since their last election or re-election and, if they are eligible, they may offer themselves for re-election by shareholders at the Annual Meeting.

Graeme Wong

Graeme Wong is retiring by rotation and, being eligible, offers himself for re-election. The Board has determined that Graeme Wong is an Independent Director as defined in the NZX Main Board Listing Rules.

Bio – Independent Director appointed in November 2007. Appointed Chairman of Audit & Risk Committee in February 2015. Background in stock broking, capital markets and investment. Founded and became Executive Chairman of Southern Capital Limited which listed on the NZX and evolved into Hirequip New Zealand Limited. The business was sold to private equity interests. Previous directorships include New Zealand Farming Systems Uruguay Limited, Sealord Group Limited, Tasman Agriculture Limited, Magnum Corporation Limited, and At Work Insurance; alternate director of Air New Zealand. Currently Chairman of Harbour Asset Management Limited; Director of Areograph Limited, Precinct Properties New Zealand Limited and shareholder and director of Southern Capital Partners (NZ) Limited, which is active in advising and investing in cross border China transactions. Member of the Trust Board of Samuel Marsden Collegiate School and Member of the Management Board of The Bible Society Development (New Zealand) Incorporated.

Gráinne Troute

Gráinne Troute is retiring by rotation and, being eligible, offers herself for re-election. The Board has determined that Gráinne Troute is an Independent Director as defined in the NZX Main Board Listing Rules.

Bio – Independent Director appointed in February 2015. Appointed Chair Remuneration & Nomination Committee in February 2015. Gráinne is a director of NZX-listed companies Summerset Group Holdings Limited and Evolve Education Group. Her executive career included the roles of General Manager Corporate Services for SKYCITY Entertainment Group, Managing Director of McDonald's Restaurants (New Zealand) Ltd, NZ Managing Director of HR consultancy Right Management and HR lead for Coopers & Lybrand Auckland (now PWC). Gráinne also served for many years as a trustee and chair in the not-for-profit sector, including having been Chair of Ronald McDonald House Charities NZ for five years.

3. Director remuneration (Resolution 4)

The Board recommends to shareholders that the maximum annual Directors' remuneration payable to all Directors of **thi** taken together be increased from the current level of \$550,000 to a maximum of \$650,000.

In FY17 total Directors' fees paid were \$494,667, which included \$25,500 of remuneration paid for services rendered by Directors in relation to the acquisition of El Monte Rents Inc. The current pool is allocated as follows:

Chairperson	\$130,000
Other Directors base fee	\$65,000
Chair of audit and risk committee	\$10,000
Chair of remuneration and nomination committee	\$7,500
Chair of marketing and customer experience committee	\$7,500

An internal process has been undertaken to benchmark the current level of Directors' fees against the market, taking into consideration the size and scope of the Company, the responsibility of the Directors, the level of governance and the time commitment expected from Directors. In accordance with the internal benchmarking process, the proposed increase to the fee pool, if approved, will primarily be used to increase the remuneration for the Chairperson from \$130,000 per annum to \$150,000 per annum, and to increase the Other Directors base fee from \$65,000 per annum to \$75,000 per annum from November 2017.

The remainder of the proposed pool increase will provide sufficient headroom to pay Directors fees for a 7th Director if the Board considers it necessary to appoint an additional Director once Christina Domecq's resignation becomes effective on 31 December 2017, and also to allow for the Board to approve payments to Directors for assuming additional responsibilities above and beyond the normal duties of either the Board or any sitting committee. These payments will only be approved in the event of commitments such as business acquisitions or significant strategic projects.

It is intended that any Directors' fees will be able to be paid by way of an issue of ordinary shares in the Company, in the same way as the current Directors' fees can be.

NZX Main Board Listing Rule 3.5.1 allows a listed company to pay Directors' fees to Directors by way of an issue of shares in the company, subject to approval by ordinary resolution of the shareholders and otherwise in compliance with NZX Main Board Listing Rule 7.3.8. Shareholder approval was obtained at the Company's 2015 annual meeting for Directors' fees to be paid in part or in whole by an issue of ordinary shares in the Company. Where Directors' fees are paid by an issue of ordinary shares, this is done in compliance with NZX Main Board Listing Rule 7.3.8 and pursuant to a fixed share plan for Directors whereby Directors who wish to participate enter into a subscription agreement with the Company. Of the Company's current directors, each of Robert Campbell, Debbie Birch, Christina Domecq, and Graeme Wong have entered into subscription agreements with the Company pursuant to which their Directors' fees for the forthcoming year are to be paid in part or in whole by an issue of ordinary shares in the Company. Shares are issued under the subscription agreements to the participating Directors at six monthly intervals, approximately 20 business days after the Company releases its half year and annual financial results. The shares are issued at the volume weighted average price of the Company's shares over the 20 business days prior to the date the shares are issued.

Subject to the passing of Resolution 4, any increase in Directors' fees will be able to be paid by way of an issue of ordinary shares in the Company, under subscription agreements entered into by the Directors.

4. Auditors' remuneration (Resolution 5)

PricewaterhouseCoopers is automatically reappointed as auditor under section 207T of the Companies Act 1993.

The proposed resolution authorises the Board of Directors to fix the remuneration of the Auditor.

Procedural Matters

Ordinary resolution

Each of Resolutions 1 to 5 must be passed as ordinary resolutions of the Company.

Pursuant to NZX Main Board Listing Rule 1.6.1, an ordinary resolution means a resolution passed by a simple majority of votes of holders of securities of the Company which carry votes entitled to vote and voting.

Virtual annual meeting

Shareholders will be able to attend the Annual Meeting in person, or, alternatively, will be able to attend and participate in the Annual Meeting virtually via an online platform provided by our share registrar, Link Market Services at www.virtualmeeting.co.nz/thl2017. Shareholders attending and participating in the Annual Meeting virtually via the online platform will be able to vote and ask questions during the Annual Meeting. More information regarding virtual attendance at the Annual Meeting (including how to vote and ask questions virtually during the Meeting) is available in the Virtual Annual Meeting Online Portal Guide available at www.linkissuers.co.nz/virtualmeetings.

Shareholders entitled to attend and vote

Pursuant to section 125 of the Companies Act 1993, the Board has determined that for the purposes of voting at the Annual Meeting, only those registered shareholders of the Company as at 5.00pm on Friday 13 October 2017, being not more than 20 working days before the meeting, shall be entitled to exercise the right to vote at the meeting.

Proxy

A shareholder who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of that shareholder. A company which is a shareholder may appoint a representative to attend the meeting on its behalf in the same manner as it could appoint a proxy.

If you wish to appoint a proxy you should complete the enclosed proxy form. Alternatively, you can lodge your proxy appointment online by following the instructions set out in the enclosed proxy form. A proxy need not be a holder of shares.

The Chairman of the meeting, Robert Campbell, is willing to act as proxy for any shareholder who may wish to appoint him for that purpose. Where a direction is not given to the Chairman as to how to cast the vote on any Resolution, then the Chairman intends to vote in favour of the Resolution except that, as noted below, the Chairman is disqualified from voting on an undirected proxy in respect of Resolution 4 (Director remuneration).

No proxy shall be entitled to vote at the meeting unless a proxy form is received by the Company at its registered office at Level 1, 83 Beach Road, Auckland, or by the Share Registrar, Link Market Services, either by post to PO Box 91976, Victoria Street West, Auckland 1142, by email to meetings@linkmarketservices.co.nz, or by fax to 09 375 5990, so as to be received no later than 48 hours before the time set for the meeting. Alternatively, if you elect to appoint your proxy online, this must be completed no later than 48 hours before the time set for the meeting.

Postal & online voting

A shareholder who is entitled to attend and vote at the meeting may cast a postal vote, instead of attending in person or appointing a proxy to attend. You do not need to appoint a proxy if you cast a postal vote.

If you wish to cast your postal vote, you should complete the enclosed voting paper. Alternatively, you can cast your postal vote online by following the instructions set out in the enclosed voting paper.

Link Market Services Limited has been authorised by the Board to receive and count postal votes at the meeting.

No postal vote will be counted at the meeting unless a voting paper is received by the Company at its registered office at Level 1, 83 Beach Road, Auckland, or by the Share Registrar, Link Market Services, either by post to PO Box 91976, Victoria Street West, Auckland 1142, by email to meetings@linkmarketservices.co.nz, or by fax to 09 375 5990, no later than 48 hours before the time set for the meeting. Alternatively, if you elect to cast your postal vote online, this must be completed no later than 48 hours before the time set for the meeting.

Disqualification from voting

Pursuant to the NZX Main Board Listing Rules, each of the Directors of the Company (including the Chairman) and their respective Associated Persons (as defined in the NZX Main Board Listing Rules) are disqualified from voting on Resolution 4 (Director Remuneration). A person appointed as a proxy who is disqualified from voting on a Resolution may vote in accordance with the directions of the shareholder giving the proxy, but may not exercise a discretionary vote where directions are not given.

