



Minutes of Annual Meeting of Shareholders

TOURISM HOLDINGS LIMITED

MINUTES OF ANNUAL MEETING OF SHAREHOLDERS

Held at the offices of MinterEllisonRuddWatts in Auckland
on Thursday 31 October 2019
at 2:00p.m, pursuant to a
Notice of Meeting previously circulated to all shareholders

Present:

Directors:

Rob Campbell (Chair)	Catherine Quinn
Debra Birch	Gráinne Troute
Kay Howe	Rob Hamilton

Apologies:

Graeme Wong	Guorong Qian
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thl Executive Staff:

Grant Webster	Jennifer Bunbury (online)
Steven Hall	Tim Loxton
Jo Allison	Matthew Harvey
Brett Morris	Gordon Hewston (online)

Amir Ansari (Board Secretary)

Shareholders and Other Attendees:

114 people (84 in person and 30 online)

Meeting Opening:

The Chair, Rob Campbell, welcomed everyone to the 33rd Annual Meeting of Tourism Holdings Limited. He announced there was a quorum present and he declared the meeting open at 2:00pm. He noted that the Annual Meeting was being conducted simultaneously at the offices of MinterEllisonRuddWatts in Auckland and online through a virtual meeting system.

1. Introduction

The Chair noted the postponement of the original scheduled Annual Meeting and thanked shareholders for their patience while the meeting was re-scheduled.

The Chair introduced his fellow directors, Debbie Birch, Kay Howe, Cathy Quinn, Gráinne Troute and Rob Hamilton, and noted apologies from Graeme Wong and Dr. Guorong Qian. He also introduced Grant Webster, Chief Executive Officer, Steven Hall, Acting Chief Financial Officer, and Amir Ansari, Board Secretary, and noted that Jennifer Bunbury, Chief Financial Officer, was an apology as she was on parental leave. The Chair also advised members of the executive management team were present in the audience, together with a number of crew from around the business.

The Chair noted that 34.7 million proxies and postal votes were received, representing 23.5% of ordinary shares on issue. He noted that 27 million had identified the Chair of the meeting as the proxy.

2. Chair's address

Refer Chair's address released 31 October 2019.

The Chair asked for questions or comments from the floor about the Future-Fit initiative.

Alan Best (shareholder and proxyholder for members of the Shareholders' Association) noted a recent supplement published by the *New Zealand Herald* on the subject of Future-Fit, which commented on the issue of overstatement of asset values by companies worldwide. Alan stated he was delighted to hear the Chairman talk about Future-Fit, as the initiative was exactly what was required to address the issue, being time-bounded and specific targets for change.

Ivanica Vodanovich (shareholder) congratulated the Chair and **thl** on their approach with the implementation of Future-Fit. Ivanica queried whether **thl** had investigated the disposal of batteries in electric cars. Grant Webster responded that the key consideration was the degree of ability to recycle, and that suppliers' **thl** engaged with indicated that there was a 25 to 30 year ability to recycle batteries in home storage use or as power supply back-ups. Grant stated that **thl** was in the process of undertaking a motorhome lifecycle assessment to identify the total lifespan of every part used in the motorhome build process, which would assist in understanding and mitigating the environmental impact of the process.

Lynne Webber (shareholder) queried whether **thl** had explored partnerships as a way of easing the burden of the costs of R&D on electric vehicles, and whether **thl** will be introducing electric vehicles in New Zealand as a case study before moving to the United States. The Chair advised that New Zealand would be the primary laboratory for **thl**'s work on electric vehicles. The Chair stated that **thl** was working closely with its Chinese investor, who had made introductions to Chinese chassis manufacturers who were also conducting R&D on and developing electric vehicles. The Chair noted that the alliance with Thor Industries would be also very important in this respect.

Lynne Webber queried whether, in the context of the current issues between the United States and China, **thl** foresaw potential issues given its strong Chinese connection. The Chair advised that, whilst China-based, **thl**'s Chinese investor CITIC Capital consisted of capital from around the world. The Chair noted that the outcome of the current trade tensions were unclear, but that any further escalation would not be helpful to **thl** or the tourism industry generally.

The Chair thanked shareholders for their questions.

3. Chief Executive's review

Refer Chief Executive's address released 31 October 2019.

4. Ordinary business and resolutions

The Chair moved on to today's agenda items.

The Chair asked for any questions and comments from the floor to discuss the annual report for the year to 30 June 2019, including the financial statements and the presentations given today.

Jack Sew Hoy (shareholder) thanked Grant Webster for his address and queried **thl's** opinion on the recent announcement that American Airlines would be introducing flights into Christchurch. Grant noted that any airline capacity growth to New Zealand was positive for **thl** and the broader tourism industry.

Lynne Webber queried whether **thl** assessed the culture of companies in its assessment of acquisition opportunities, and whether **thl** expected to pay for intangible assets in any transaction. Grant advised that cultural alignment was critical for a successful acquisition and that **thl** had always sought like-minded vendors who would remain within the business, as had been the case with Daniel Schneider and Grant Brady. Grant noted that the approach to intangibles would depend on the opportunity, but that as an example, in the current environment **thl** would not expect to pay for intangibles in an acquisition of a USA rentals business. Grant advised that in some circumstances, some payment for intangible assets may be appropriate where there were large potential synergies, but that the acquisitions explored by **thl** over the prior 12 months were opportunities where no or little intangible payments had been appropriate.

Lynne Webber queried whether **thl** considered that air shaming might could benefit domestic tourism and be detrimental to international tourism for New Zealand. Lynne also queried the impact of the weak New Zealand dollar on recent financial performance. Grant advised that the impact of the no-flight movement for New Zealand tourism was not clear, but that **thl** was undertaking research along with others in the tourism industry to understand the impact. Grant noted that a common view with experts was that the greatest impact would be on short-haul travel. Grant also noted that fluctuation in the exchange rate appeared to impact expenditure within New Zealand more so than the intent to travel.

Chris Read (shareholder) stated that from a shareholder perspective, the change in **thl's** strategy to invest in Togo Group had been unsuccessful, and that there was nothing wrong with the American market and therefore the issue was **thl's** strategy and execution. Chris also stated that **thl's** share price was at approximately half the price 12 months ago, and queried what actions **thl** was taking to turn its performance around. The Chair advised that the USA was in fact experiencing the biggest downturn in RV purchases in the history of **thl's** presence there. The Chair noted that **thl** did not view the current downturn as permanent, and that in his view, **thl** was reacting well and holding or gaining share in the United States, it had a strong balance sheet and was not aging fleet as fast as others in the industry. The Chair advised that the market was not giving any value to the potential of Togo Group as it was yet unproven, but that some of the figures provided may positively surprise those closely following the industry. The Chair further noted that Togo Group represented an opportunity to substantially improve performance, which in his view was a sensible opportunity for **thl** to take.

The Chair advised that **thl** needed to re-orient its business to the larger markets such as the United States in order to continue to grow and that in his view, that strategy was correct even if the timing or execution had not been perfect. He further noted that he considered the steps **thl** was taking to rationalise its USA business in the biggest recent downturn in the USA RV market were a significant achievement.

The Chair stated that **thl** did not focus on the day-to-day fluctuation in share price as the market was reactive to relatively short-term earnings outcomes, but instead **thl** focused on taking the best opportunities available to strengthen its business, which the Chair felt confident that **thl** was doing.

Grant Webster further added that **thl** had experienced 9% rental revenue growth in the prior financial year, which followed from a number of years of continued growth, and that the return on funds in the USA last year met the **thl** target of 14%. Grant noted that **thl** had been paying significant dividends for a long number of years and was in a position in the current difficult times to have a pay-out ratio that was expected to be close to 90%.

Lynne Webber queried whether the directors' fee pool would contract, given that the number of directors was to decrease to six. The Chair advised that the fee pool would not decrease, but that the fees per director was remaining unchanged.

There being no other questions, the Chair moved on to the formal items of business.

The Chair advised that a poll vote would be operating for all resolutions today and eligible shareholders or proxies had received a voting card, which would be collected by Link at the end of the meeting and counted and collated with the postal and online votes. He advised that PwC would act as scrutineers and, once the results of the resolutions have been confirmed, they will be announced to NZX.

Resolution 1 – Election of Rob Hamilton

The Chair moved that Robert David Hamilton, appointed as a Director by the Board on 1 February 2019, be elected as a Director.

The Chair invited Rob Hamilton to speak, and then asked shareholders to indicate their vote on their voting card or online.

Resolution 2 - Election of Dr. Guorong Qian

The Chair moved that Guorong Qian, appointed as a Director by the Board on 24 July 2019, be elected as a Director.

The Chair presented an address prepared by Guorong Qian in his absence, and then asked shareholders to indicate their vote on their voting card or online.

Resolution 3 – Adoption of a new Constitution

The Chair moved that the existing Constitution of the Company be revoked and a new Constitution in the form tabled at the meeting and referred to in the explanatory notes, be adopted with effect from the close of the meeting.

The Chair then asked shareholders to indicate their vote on their voting card or online.

Resolution 4 - Auditors

The Chair moved that the Directors be authorised to fix the auditors' remuneration for the ensuing year.

Lynne Webber queried how long PwC had acted as the auditor. Grant Webster advised that PwC had been auditor for over 12 years, and that the lead partner rotated every 5 years.

The Chair then asked shareholders to indicate their vote on their voting card or online.

General Business

The Chair asked if there were any items of general business that hadn't previously been covered within the meeting that shareholders wish to raise.

There being no further business, the Chair thanked everyone for their attendance and then declared the meeting closed at 3.25pm and invited those attending in person to share some light refreshments with the Board and executive team.

MINUTES of the Annual Meeting of Shareholders of **Tourism Holdings Limited** were confirmed this Tuesday 17 December 2019.

A handwritten signature in black ink, appearing to read 'Rob Campbell', is positioned above the typed name.

Rob Campbell^{7/12/2019 10:38 AM}
Chair



Addendum 1 – NZX Announcement – Result of Poll Vote

Tourism Holdings Limited - Results of Poll Vote

31/10/2019, 4:52 pm MEETING

31 October 2019

NZX ANNOUNCEMENT
FOR IMMEDIATE RELEASE

TOURISM HOLDINGS ANNUAL MEETING 31 OCTOBER 2019
RESULTS OF ANNUAL MEETING POLL VOTE ON RESOLUTIONS

Resolutions

1. Election of Rob Hamilton as a director

Votes in favour of the resolution 58.3M being 99.72% of votes cast: Resolution passed

2. Election of Dr. Guorong Qian as a director

Votes in favour of the resolution 58.3M being 99.84% of votes cast: Resolution passed

3. Adoption of a new Constitution

Votes in favour of the resolution 58.1M being 99.76% of votes cast: Resolution passed

4. To authorise the Directors to fix the remuneration of the auditors for the ensuing year

Votes in favour of the resolution 58.3M being 99.96% of votes cast: Resolution passed

Announcement authorised by:

Grant Webster

thl Chief Executive

Direct Dial: +64 9 336 4255 | Mobile: +64 21 449 210