

WE ARE HERE.

Notice of Annual Meeting

Notice is given that the 2018 Annual Meeting of shareholders of Tourism Holdings Limited (Company) will be held at The Heritage Hotel, 35 Hobson St, Auckland at 2pm on Wednesday 31 October 2018.

Similar to last year, we are offering shareholders the opportunity to attend and participate in the 2018 Annual Meeting via an online platform (www.virtualmeeting.co.nz/thl2018) 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 – Re-election of Rob Campbell

That Robert James Campbell, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.

Resolution 2 – Re-election of Debra Birch

That Debra Ruth Birch, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.

Resolution 3 – Director remuneration

That the maximum aggregate amount of remuneration payable to all Directors taken together (in their capacity as Directors) be increased from \$650,000 per annum to a maximum of \$750,000 (plus GST, if any) 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 4 – 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



Rob Campbell
Chairman
2 October 2018

EXPLANATORY NOTES

1. Re-election of Directors (Resolutions 1 and 2)

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.

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

Bio – Independent Director appointed in May 2013. Appointed Chairman of *thl* in August 2013 and Chair of Market Disclosure Committee in April 2014. Rob has over 30 years experience in investment management and corporate governance. Currently Chair of Skycity Entertainment Group Limited, Summerset Group Holdings Limited (NZ) and WEL Networks, and a director of Precinct Properties. Rob trained as an economist and has worked in a variety of capital market advisory and governance roles over a long period.

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

Bio – Independent Director appointed in September 2016. Debbie has held various director and trustee positions for the last 8 years and is currently Chair of Crown Irrigation Investments Limited, and Taupo Moana Group Limited. She is a board member of Ruapehu Alpine Lifts Limited, White Island Tours Limited, Ngati Awa Group Holdings Limited, LGNZ Independent Assessment Board, Te Pūia Tāpapa GP Limited and a Trustee of Wellington Free Ambulance, and Raukawa ki Te Tonga. She has significant financial, commercial and strategic experience gained in Asia, Australia and New Zealand with more than 30 years working in global capital markets.

2. Director remuneration (Resolution 3)

The Board recommends to shareholders that the maximum annual Directors' remuneration payable to all Directors of *thl* taken together be increased from the current level of \$650,000 to \$750,000 (plus GST, if any). This reflects a total increase to the maximum fee pool of approximately 15%.

In FY18 total Directors' fees paid were \$536,876. The current pool is allocated as follows:

POSITION	ANNUAL FEE
Chairperson	\$150,000
Other Directors base fee	\$75,000
Chair of Audit & Risk Committee	\$10,000
Chair of Remuneration & Nomination Committee	\$7,500
Chair of Marketing & Customer Experience Committee	\$7,500

Other than the fees payable to the Chair of each Committee, no other fees are payable to Directors for membership on a Committee.

In recommending an increase to the director fee pool, the Remuneration & Nomination Committee has considered a report prepared by PwC for **thl's** Remuneration & Nomination Committee. The purpose of this report was to benchmark the fees paid to the Directors of the Company against a peer group of NZX-listed companies with comparable market capitalisation. In accordance with Recommendation 5.2 of the NZX Corporate Governance Code, a summary of this report is provided together with this Notice of Meeting.

The proposed allocation of annual fees for the Company's Directors effective from 1 November 2018 is as follows:

POSITION	ANNUAL FEE	INCREASE	MEDIAN FEE FOR COMPARATOR GROUP*	ANNUAL FEE VS. MEDIAN FEE (%)
Chairperson	\$175,000	\$25,000	\$166,900	104.9%
Other Directors base fee	\$87,500	\$12,500	\$82,300	106.3%
Chair of Audit & Risk Committee	\$15,000	\$5,000	\$17,300	86.7%
Chair of Remuneration & Nomination Committee	\$10,000	\$2,500	\$9,300	107.5%
Chair of Marketing & Customer Experience Committee	\$10,000	\$2,500	\$8,750**	114.3%

*As noted in the PwC Directors' Fees report. Please see the summary report provided for further information.

**This figure reflects the median fee provided for "Chair of Other Committee" in the PwC Directors' Fees Report 2017.

The Remuneration & Nomination Committee considers that the proposed 'Other Directors base fee' being slightly greater than the corresponding median fee noted in the PwC report is appropriate on the basis that:

- (a) other than the fees payable to the Chair of each Committee, no fees are payable to Directors for membership on a Committee; and
- (b) **thl's** business is rapidly increasing in diversity, complexity and international scope, placing additional demands and workload on the Directors.

The proposed Chairperson's fee is equivalent to 200% of the Other Directors base fee.

The current maximum fee pool of \$650,000 is able to accommodate the proposed fee increases noted above, which based on the current composition of the Board would result in total annual fees of \$647,500. Based on the current maximum fee pool, the proposed fees will leave total headroom of \$2,500. The proposed increase to the fee pool, if approved, will be used 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.

Pursuant to NZX Main Board Listing Rule 3.5.1, in the event that **thl** increases the total number of Directors, the Board may increase the total remuneration payable to Directors by such amount as is necessary to enable **thl** to pay the additional Director or Directors remuneration not exceeding the average amount payable to each of the other non-Executive Directors (other than the Chairperson) of **thl**.

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

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 2017 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 Rob Campbell, Debbie Birch, Cathy Quinn 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 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 3, 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.

For the purposes of Resolution 3, all amounts are plus GST, if any.

3. Auditors' remuneration (Resolution 4)

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 4 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/thl2018. 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 26 October 2018, 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, Rob 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 an undirected proxy in respect of Resolution 3 (Director remuneration). Additionally, Directors standing for re-election will abstain from voting discretionary proxies in respect of their own appointment.

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 3 (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.

