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**NZX & Media Release
FOR IMMEDIATE RELEASE**

**Tourism Holdings (*thl*) New Zealand rentals business merges
with United Campervans and KEA Campers**

thl shareholders have today agreed to merge its New Zealand rentals business with United Campervans and KEA Campers, creating a strong New Zealand tourism advocate with the strength to prosper despite challenging tourism market conditions.

At a special meeting of *thl* shareholders in Auckland this afternoon investors voted overwhelmingly in favour of the resolution to acquire United and KEA for cash and shares worth a total of \$69.5 million.

Completion of the transaction is expected to occur on October 31st, 2012.

Shareholders also voted in favour of the appointment of United founder Kay Howe to the *thl* board.

thl chairman Keith Smith said: "I am very pleased with the outcome of today's special shareholder meeting. *thl* shareholders have set their company on the road to a stronger future in these economically difficult times. Combined with KEA and United, *thl* will have the people, brands and financial structure to take our unforgettable New Zealand campervan holidays to the world.

We expect shareholders will share in these benefits with forecasted improvements in *thl* group earnings flowing through to enhanced dividends.

Meanwhile I am also delighted on behalf of *thl* directors to welcome Kay Howe to the *thl* board, initially as an executive director, and as a significant shareholder in this great company.

Kay will assist with the integration team until sometime in February – March 2013. Kay's strong industry connections and enthusiasm will be welcomed to the board and the *thl* group.

thl shareholders are also fortunate to be retaining the experience of KEA Campers founder Grant Brady."

Maui
Britz
Mighty
Motek
KEA Australia
Road Bear RV Rentals & Sales
Kiwi Experience
The Legendary Black Water Rafting Co.
Waitomo Glowworm Caves
Ruakuri Cave
Aranui Cave



thl Chief Executive Grant Webster said:

“The board and management and the **thl**, United and KEA crew understand that merger plans are nothing without excellent execution; that the successful integration of these businesses will be the ultimate determinant of the merger’s success.

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

I look forward to discussing more about the brand strategy at the November Annual Meeting and beyond as we develop the positioning of each part of the business.”

END

Notes to editors:

- The merger of **thl**'s New Zealand rentals business, United and KEA is structured as an acquisition of United and KEA's campervan and motorhome fleets, their forward order books and certain non-fleet assets. It lifts **thl**'s assets to a total of \$359 million. It required the approval of a simple majority of shareholders as the value of the transaction represented more than 50% of **thl**'s average market capitalisation.
- **thl** has agreed to a total consideration of \$69.5 million made up of: \$7.4 million of **thl** shares issued at 61.9 cents (the volume weighted average price of **thl**'s share price over the last six months); a deferred contingent consideration of \$8 million linked to the realisation prices of the vendors motorhome assets; \$3.2 million cash and re-financing of the vendors' \$50.9 million of external debt.
- The merger consideration represented a 10% or \$7.0 million discount to the assessed market value of Kea and United Assets.
- The merger is projected to be cash flow, earnings and dividend accretive within the first two years due to increased fleet utilisation and on-going cost synergies based on the use of **thl**'s marketing, sales, finance, reservations and information technology infrastructure.
- At acquisition, debt including the deferred consideration is projected to rise to \$158 million, increasing **thl**'s gearing ratio (measured as debt to debt plus equity) from 42% at the end of June 2012 to 50% at completion at the end of October. But gearing is projected to quickly return to pre-merger levels as the company pays a circa \$56 million of debt in the first 20 months of the transaction up to June 2014.
- **thl** United and KEA have committed to the assurances and contracts currently in place in the market. These commitments extend as far as September 2014. And to the product brands that exist today.



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About thl: (www.thlonline.com)

thl is New Zealand's premier tourism company. We are listed on the NZX and are the largest provider of holiday vehicles for rent and sale in Australia and New Zealand under the Maui, Britz, Mighty, KEA Australia, Motek Vehicle Sales and (following completion of today's merger agreement) the United Campervans and KEA Campers brands. In the USA we own and operate the Road Bear RV Rentals & Sales brand. Within New Zealand we operate Kiwi Experience and the Discover Waitomo Group which includes Waitomo Glowworm Caves, Ruakuri Cave, Aranui Cave and The Legendary Black Water Rafting Co. In 2012 *thl* entered in a joint venture to form RV Manufacturing Group LP, New Zealand's largest campervan and specialist vehicle manufacturer based in Auckland and Hamilton.