

**26 October 2017**  
**NZX Market Announcement**

## **Acquisition of Transport Investments Limited business.**

Bethunes Investments Limited (NZX: BIL) (**Bethunes**) is pleased to announce that it has today entered into an agreement to acquire the transport and logistics business of Transport Investments Limited (**TIL**) for a purchase price of \$200 million (subject to adjustments for net debt and movements in working capital), to be paid through a combination of shares and cash.

TIL is one of New Zealand's largest private domestic freight and logistics platforms, with a nationwide network of branches, depots and warehouses. It generated over \$320 million in pro forma revenue in its financial year ended 30 June 2017. TIL's activities include transporting and warehousing freight throughout New Zealand and co-ordinating freight movements offshore through international alliances. It also has a specialist road tanker division which is the single largest operator in the New Zealand fuel delivery market.

TIL operates under a range of well-known brands including:

- Hooker Pacific
- TNL
- Roadstar
- Pacific Fuel Haul
- TIL Freight
- McAuley's
- MOVE Logistics
- NZL

Chairman of Bethunes, Mr Chris Swasbrook, said:

*"The directors of Bethunes have for some time been looking for a high quality investment opportunity to present to shareholders. Our criteria has been a business which is well established, with strong and sustainable cashflows, considerable growth opportunities and one which will provide long term value for shareholders. Transport Investments Limited meets all these requirements."*

Chairman of TIL, Mr Jim Ramsay, commented:

*"TIL has been evaluating a public listing for some time. When the opportunity arose to participate in a reverse listing through BIL we decided this would provide existing TIL shareholders with a commercially sensible, viable and timely path to the NZX. We are pleased with the arrangements agreed and look forward to bringing TIL to the public domain with the support of over 300 existing BIL shareholders."*

The acquisition is conditional upon the approval of shareholders of both TIL and Bethunes. A special meeting of TIL shareholders is expected to be held in early November, and a special meeting of Bethunes shareholders in late November/early December, to approve the acquisition. Bethunes shareholders will be sent:

- a notice of special meeting detailing the terms of the acquisition.
- an Independent Report on the proposed transaction prepared by Grant Samuel & Associates Limited.
- a Listing Profile detailing the transport and logistics business of TIL.

These documents will be distributed to Bethunes shareholders at least ten business days prior to the special meeting. If the acquisition is approved Bethunes will consolidate its shares prior to completion and details of this intended share consolidation follow.

Concurrent with the acquisition, and in order to part fund the cash component of the purchase price, Bethunes intends to undertake a private placement involving the issue of at least \$8.65 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). The existing Bethunes directors will resign and be replaced by a new board of directors with in-depth industry and governance experience comprising Jim Ramsay, Trevor Janes, Lorraine Witten, Danny Chan and Greg Kern.

Further information regarding the transaction follows this announcement.

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## TRANSACTION SUMMARY

Bethunes has signed an Asset and Share Sale Agreement (**Agreement**) with Transport Investments Limited (**TIL**) and entities associated with the Kern Group.

Under the Agreement, Bethunes will acquire:

- the transport and logistics business and assets of TIL, including the shares TIL owns in various operating subsidiaries; and
- all of the shares of TIL Logistics Group Limited, (the **Acquisition**).

### Bethunes Share Consolidation

Prior to completion of the Acquisition (**Completion**), Bethunes intends to consolidate its shares on a 254.19-for-one basis (i.e. every 254.19 Bethunes shares will become 1 Bethunes share) (**Consolidation**). Based on the last sale price of a Bethunes share on the NZX on 24 October 2017 of \$0.01c - this implies a post-consolidation share price of approximately \$2.54.

### New BIL In-Specie Distribution

Following the share consolidation and immediately prior to Completion, Bethunes will transfer its existing assets (other than a limited number of agreed assets) to its wholly owned subsidiary, BIL 2016 Limited (**New BIL**), and in-specie distribute the shares in New BIL to all of Bethunes' existing shareholders on a pro rata basis (**New BIL In-Specie Distribution**). Those assets will include securities in an ASX listed company, a receivable from Mossgreen NZ Limited and any excess cash.

The Bethunes directors estimate that the net tangible assets per share post consolidation of New BIL at the time of the New BIL In-Specie Distribution will be approximately \$0.80. This estimate is based on forecast cashflows and expected costs through to Completion in December 2017.

### Completion of the Acquisition

At Completion, Bethunes will satisfy the Acquisition purchase price of \$200 million through the issue of approximately 73.3 million fully paid ordinary shares in BIL at \$1.50 per share (**Share Consideration**) and the balance payable in cash (**Cash Consideration**). The purchase price is subject to working capital and net debt adjustments that will be determined following Completion.

In addition, at Completion:

- the name of Bethunes Investments Limited will be changed to TIL Logistics Group Limited;
- the current Board will resign and appoint new directors (expected to be Jim Ramsay, Trevor Janes, Lorraine Witten, Danny Chan and Greg Kern); and
- it is intended that PwC, the auditor of TIL, will be appointed as the new auditor of Bethunes.

## Acquisition Values

The values at which the Acquisition will be undertaken are:

- The assets being acquired by Bethunes are valued at \$200 million (subject to working capital and net debt adjustments).
- Bethunes is valued at approximately \$0.7 million (which excludes any value attributable to New BIL, which Bethunes shareholders will receive through the New BIL In-Specie Distribution).

Following Completion, the aggregate shareholding of existing shareholders in Bethunes is expected to comprise approximately 0.6% of the issued share capital of Bethunes.

## New BIL

New BIL will continue to pursue the current investment and acquisition strategies of Bethunes following Completion as a separate company owned directly by the existing Bethunes shareholders.

The New BIL In-Specie Distribution will enable shareholders to continue to own an equivalent proportionate interest in the current business and assets of Bethunes through New BIL, while at the same time retaining a shareholding in Bethunes (and its new business and assets), in each case without paying any additional money.

On Completion, Bethunes will pay to New BIL (from the financing sources discussed below) a contribution towards its costs of \$200,000. It is the intention of the Bethunes directors that New BIL will utilise this cash to apply to compliance list on the NZX Main Board market and pursue a capital raising initiative in 2018 to fund its investment and acquisition strategies.

Further details will be advised to the market in due course regarding the future intentions of New BIL and its structure.

## Acquisition Financing

To fund the Cash Consideration and the ongoing debt and working capital requirements of Bethunes following Completion, Bethunes will enter into new debt facilities with ASB Bank Limited of approximately \$100 million (**New Facilities**).

In addition, Bethunes proposes to undertake a placement of at least \$8.65m of new ordinary shares in BIL at \$1.50 per share to wholesale investors (**Private Placement**). The Private Placement is expected to occur on or shortly after Completion.

## Conditions

The Acquisition, New Facilities and Private Placement (**Transactions**) are conditional on:

- Bethunes and TIL obtaining all shareholder approvals as may be required under the Companies Act 1993, the Takeovers Code and the NZX Listing Rules (as applicable).
- TIL not being liable to pay more than \$5 million (in aggregate) in respect of any minority buy out rights that are exercised by TIL shareholders under the Companies Act 1993 in connection with TIL shareholder approval of the Transactions.
- Obtaining any necessary waivers from NZX and exemptions from the Takeovers Panel.

- Entry into the New Facilities.

It is currently intended to hold the Bethunes shareholder meeting in late November/early December with a view to completion of the Transactions by Christmas. The long stop date by which the conditions must be satisfied (unless the parties agree otherwise) is 31 March 2018. If the conditions are not satisfied by that date then either TIL or Bethunes can choose to terminate the Transactions.

### **Reasons for the Transactions**

The Transactions introduce substantial established assets, business operations and growth prospects into Bethunes with a focus on the transport and freight services sector. In addition, the current assets of Bethunes will transfer to New BIL, which Bethunes shareholders will directly own in the same proportions they currently own Bethunes.

Accordingly, completing the Transactions will add value for Bethunes shareholders as it presents them with the opportunity to own a shareholding interest in the transport and logistics business of TIL following its acquisition by Bethunes.