Bethunes Investments Limited

BETHUNES INVESTMENTS LIMITED

INDEPENDENT ADVISER'S AND INDEPENDENT APPRAISAL REPORT

Grant Samuel confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Grant Samuel has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

GRANT SAMUEL & ASSOCIATES LIMITED

NOVEMBER 2017

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1 Executive Summary

Bethunes shareholders are being asked to vote on a number of resolutions related to transactions involving the Proposed Acquisition, the Private Placement and the TIL In-Specie Distribution. Bethunes shareholders have four main options in regard to their voting and subsequent actions. They can either:

- vote in favour of the resolutions approving the Proposed Acquisition, the Private Placement and TIL In-Specie Distribution in which case, if the resolutions are approved, Bethunes will become the listing vehicle for TIL and their existing investment in Bethunes will become an investment in TIL Logistics. Existing shareholders of Bethunes will hold only 0.56% of the shares of TIL Logistics. However, existing Bethunes shareholders will also become shareholders in New BIL. New BIL holds the existing assets and liabilities of Bethunes (other than a $75,000 NZX Bond). If Bethunes shareholders vote in favour of the Proposed Acquisition, the Private Placement and TIL In-Specie Distribution they will retain a shareholding in TIL Logistics and retain their proportionate ownership of Bethunes (before the Proposed Acquisition excluding the $75,000 NZX Bond) via a shareholding in New BIL; or
- vote against the resolutions regarding the Proposed Acquisition, the Private Placement and TIL In-Specie distribution in which case, if the resolutions are not approved, Bethunes will continue to be a very small listed company seeking new investments. There is no certainty regarding if or when new investment opportunities will arise. Bethunes will continue to incur the costs of operating as a listed company (including listing fees, audit fees and directors' fees) and searching and evaluating potential investment opportunities. In addition, Bethunes will incur approximately $200,000 of transaction costs (almost half of Bethunes' net assets) arising from the Proposed Acquisition; or
- vote in favour of the resolutions approving the Proposed Acquisition, the Private Placement and TIL In-Specie distribution. If the resolutions are approved, the Bethunes shareholder can then elect to be acquired by the Dominant Owner under the Voluntary Acquisition at $1.50 per share (on a consolidated basis). Under this alternative, existing shareholders of Bethunes will receive $1.50 per share under the Voluntary Acquisition and retain their proportionate ownership of Bethunes (before the Proposed Acquisition excluding the $75,000 NZX Bond) via a shareholding in New BIL; or
- vote against the resolutions regarding the Proposed Acquisition and the Private Placement and elect for their individual shareholding to be acquired by Bethunes under the minority buy out rights provisions provided for under the Companies Act. Under this alternative, if the resolutions are approved, existing shareholders of Bethunes will retain their proportionate ownership of Bethunes (before the Proposed Acquisition excluding the $75,000 NZX Bond) via a shareholding in New BIL and receive the proportionate ownership of the NZX bond which equates to be $0.0007 per share (pre consolidation) or $0.17 per share on a consolidated basis.

When considering the options outlined above, Bethunes shareholders should also consider the following:

- Grant Samuel has assessed the price being paid for TIL Logistics by reference to the multiples implied by comparable market evidence. The multiples implied by the pricing of the Proposed Acquisition is consistent with market evidence;
- this issue price of the Private Placement is consistent with the share valuation being applied to all shares issued in the transaction;
- the value the Dominant Owner has determined to acquire the shares in Bethunes is $1.50 per share (on a consolidated basis). Grant Samuel certifies that, for the purposes of Rule 57 of the Takeovers Code, the consideration is fair and reasonable. If Bethunes shareholders do not want to participate in the Proposed Acquisition, they should, in Grant Samuel's opinion, not exercise their minority buy-out rights and elect to be acquired by the Dominant Owner under the Voluntary Acquisition; and
- in Grant Samuel's opinion, based on the analysis of the merits (see section 9), the terms of the Proposed Transaction are fair and reasonable to the shareholders of Bethunes not associated with TIL and Global and the Proposed Transaction is in the best interests of Bethunes given the options reasonably available to Bethunes at the current time.

A detailed assessment of the merits of the Proposed Acquisition, Private Placement and TIL In-Specie Distribution is outlined in section 9 of this report.

2 Overview of the Proposed Acquisition of TIL's Business and Assets and Related Transactions

2.1 Background

Bethunes Investments Limited (**Bethunes**) is a shell company listed on the Main Board operated by NZX Limited (**NZX**) with net assets of approximately $482,000 as at 30 September 2017, with 115,060,279 shares on issue and net tangible assets per share of 0.4 cents.

Over the past six months Bethunes has explored options to use its listed status to generate additional value for shareholders. As a result of this process Bethunes has now entered into an agreement to acquire the transport and logistics business and assets of Transport Investments Limited (**TIL**) and all of the shares in TIL Logistics Group Limited (**Global**) (together referred to as the **Acquired Assets**) (**the Proposed Acquisition**). The Proposed Acquisition is to be voted on by Bethunes shareholders in December 2017.

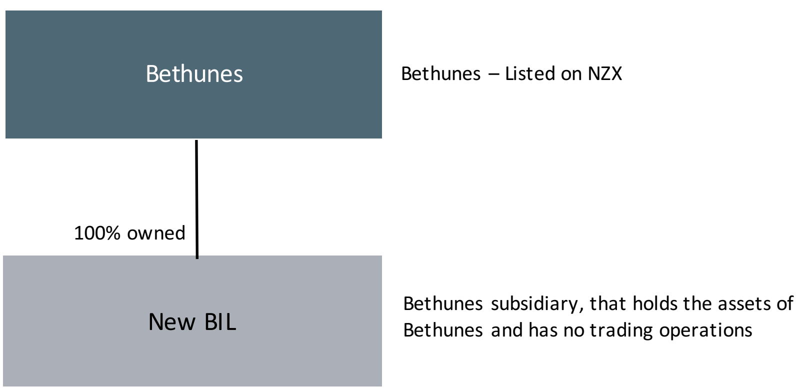
Bethunes will acquire the Acquired Assets for $200 million (subject to adjustments for net debt and movements in working capital), financed through the issue of new shares in Bethunes, a $11.5 million capital raising and a $90 million debt facility from ASB. Shareholders of Bethunes will retain a shareholding in the significantly expanded company. The net assets of Bethunes (other than a $75,000 NZX Bond) have been transferred to a company, BIL 2016 Limited (**New BIL**) which has plans to undertake a $10 million capital raise and be listed on the NZX. Immediately prior to the acquisition of the Acquired Assets, Bethunes will distribute all of the shares of New BIL to the existing shareholders of Bethunes on a pro rata basis.

If the transaction is approved by shareholders of Bethunes, they will own the same economic interest in New BIL as they did in Bethunes and, in addition, a shareholding in Bethunes (to be renamed TIL Logistics Group (**TIL Logistics**)).

The purchase price payable by Bethunes for the TIL business and the Global shares shall be satisfied partly in cash paid to TIL and partly by the issue of new shares in Bethunes to TIL and to Kern Group (Logistics) Pty Ltd and Catrina Daly (as trustee of the CGJ Daly Investment Trust) (together referred to as the **Kern Entities**).

Following the Proposed Acquisition, Bethunes intends for its investment strategy to be continued by New BIL, which intends to apply to compliance list New BIL on the NZX and then subsequently undertake a $10 million capital raise.

CURRENT BETHUNES COMPANY STRUCTURE



2.2 TIL, Global and Kern Entities

TIL is one of New Zealand's largest domestic freight and logistics platforms[1] with a nationwide network of branches, depots and warehouses. TIL is privately owned and it has approximately 1,700 employees and contractors and operates from 60 locations across New Zealand. TIL generated pro forma revenue of approximately $320 million in the financial year ended 30 June 2017. A detailed overview of TIL is provided in section 6 of this report.

In January 2017, TIL's directors established Global with a view to Global advising on an initial public offer (**IPO**) and listing of TIL and other transport industry operators (with Global being the resultant listed entity).

Global engaged Kern Group Pty Ltd (**Kern Group**) to provide financial advisory services to it and allotted a shareholding in Global to the Kern Entities to provide them with a carried interest in the IPO transaction if it proceeded. It was acknowledged that if an IPO and listing (or similar transaction) completed, the Kern Group would receive a success fee and carried interest in the listed entity for financial advisory services.

The IPO transaction was discontinued in mid-2017 as the advisors felt the market conditions were not conducive, in part because of the New Zealand general election and likely resulting market uncertainty. In August 2017, Global commenced discussions with Bethunes on the Proposed Acquisition.

In order for Bethunes to obtain access to the work undertaken by Kern Group and other advisers for Global on the IPO transaction (including due diligence reports on the TIL business), under the Proposed Acquisition Bethunes will acquire the shares in Global along with the business and assets of TIL. Global is a shell company with no assets or liabilities.

On successful completion of the Proposed Acquisition, and in consideration for the Kern Group providing financial advisory services to the discontinued IPO transaction, the Proposed Acquisition and Private Placement (defined below), Kern Group will be paid a cash fee of approximately $1.1 million from Global and the Kern Entities will receive approximately $9.7 million of Bethunes shares for their shares in Global under the Sale and Purchase Agreement between Bethunes, TIL and the Kern Entities.

TIL and the Kern Entities have a separate confidential agreement between themselves that allocates the purchase price under the Sale and Purchase Agreement for the TIL business and the Global Shares between the parties.

Kern Group and Kern Group (Logistics) Pty Ltd are controlled by Greg Kern (Greg Kern, together with Kern Group and the Kern Entities, (the **Kern Persons**)).

2.3 Details of the Proposed Acquisition and Related Transactions

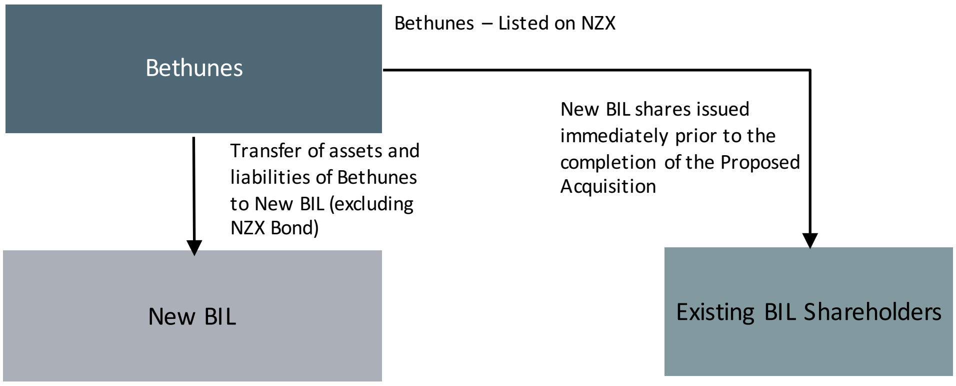
The Proposed Acquisition and related transactions are relatively complex, requiring a number of transactions, including:

- the acquisition of the business and assets of TIL and all of the Global shares for an enterprise value of $200 million (subject to adjustments for net debt and movements in working capital);
- payment for the TIL business and assets and all of the Global shares by issuing 73.33 million Bethunes shares to TIL and Global shareholders and $87.8 million in cash to TIL (subject to adjustments for net debt and movements in working capital);
- a $90 million acquisition facility from ASB to pay for the TIL business and assets and Global shares;
- a $11.5 million capital raising, of which $8.65 million will be used to reduce the debt facility (the **Private Placement**);
- an in specie distribution of New BIL shares to existing Bethunes shareholders to ensure the current shareholders continue to own the current assets and business of Bethunes; and
- a payment of $200,000 from Bethunes to New BIL as a contribution towards the costs of re-listing.

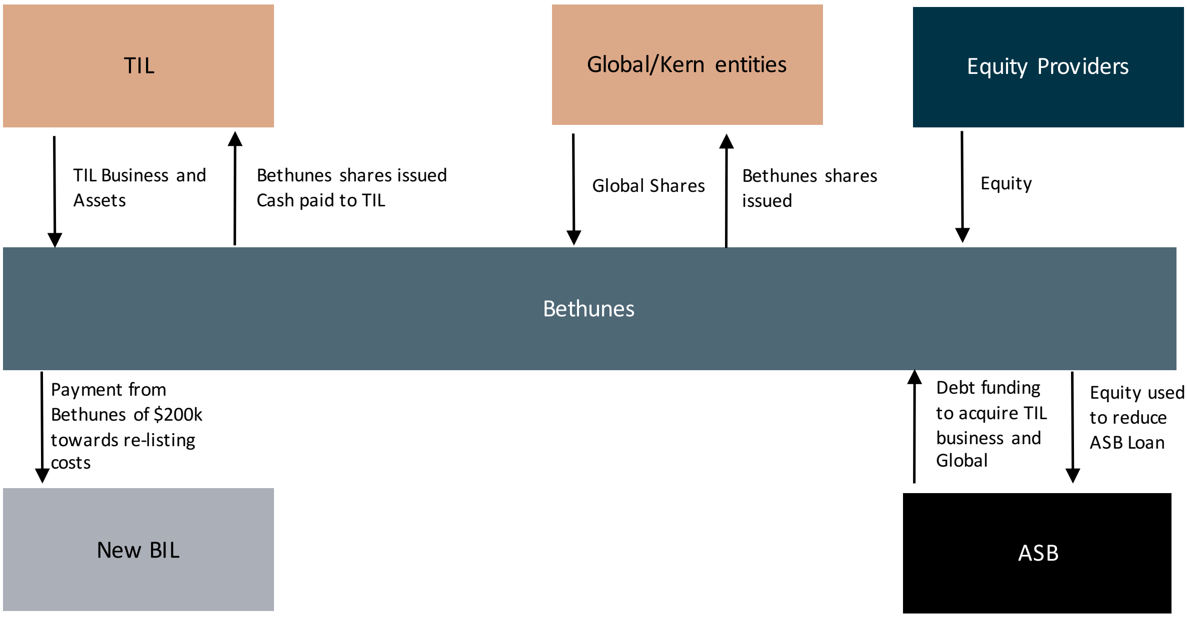
[1] By revenue

A summary of the Proposed Acquisition and related transactions is outlined in the diagrams below:

SUMMARY OF THE TRANSFER OF ASSETS TO NEW BIL AND THE NEW BIL IN SPECIE DISTRIBUTION



SUMMARY OF THE PROPOSED ACQUISTION AND RELATED TRANSACTIONS



The acquisition of the Acquired Assets involves a series of related transactions that require the approval of Bethunes shareholders including:

- by special resolution as a major transaction under s129 of the Companies Act 1993, and under Listing Rule 9.1 to:
  - acquire the transport and logistics business and assets of TIL and 100% of the shares on issue in Global;
  - enter into facilities and related security arrangements with ASB Bank Limited (**ASB**) for the purposes of that acquisition and ongoing working capital requirements; and
  - the issue of securities to wholesale investors who have elected to participate in the Private Placement;
- by special resolution that the constitution of Bethunes be revoked and Bethunes adopts the constitution described in the Notice of Meeting; and
- by ordinary resolution:
  - the issue of Bethunes shares to TIL, the Kern Entities and investors participating in the Private Placement, in terms of Rule 7(d) the Takeovers Code and Listing Rule 7.3.1(a);
  - an increase in the directors' fee pool and payment of one-off director's fees for services provided in relation to the transaction to existing Bethunes directors under Listing Rule 3.5.1; and

- the transfer of Bethunes shares to shareholders of TIL on the distribution of those Bethunes shares by TIL following the Proposed Acquisition, for the purpose of Rule 7(c) of the Takeovers Code.

As the Proposed Acquisition is a major transaction under section 129 of the Companies Act 1993, if existing Bethunes shareholders do not want to retain a shareholding in Bethunes, they may choose to vote all their shares against the Proposed Acquisition and elect for their shareholding to be acquired under the minority buy out rights provisions provided for under the Companies Act 1993 and the provisions of the NZX Listing Rules.

The Proposed Acquisition is conditional upon the resolutions being passed by Bethunes shareholders. If the resolutions are passed by Bethunes shareholders, the transaction is expected to be completed in December 2017 (**Completion**).

2.4 Financing of the Proposed Acquisition and Implied Valuation

The Proposed Acquisition will be funded by:

- a debt facility. On 18 October 2017, Bethunes signed a term sheet with ASB, which provides a three year $90 million committed cash advance facility, a $10 million overdraft facility and a guarantee/bond facility of $5.8 million to secure future obligations of TIL Logistics (**ASB Debt Facilities**). At Completion, $87.8 million of the $105.8 million of available funding under the ASB facilities will be drawn to finance the cash consideration to be paid to TIL shareholders;
- a Private Placement of $11.5 million, of which $8.65 million will be used to repay a portion of the ASB Debt Facilities. The participants in the Private Placement will be issued 7.67 million shares in Bethunes for $11.5 million of new equity; and
- the issue of Bethunes shares to TIL and Global shareholders. Prior to the shares being issued, Bethunes will consolidate the number of shares on issue. The existing Bethunes shareholders will receive 1 Bethunes share for every 254 shares on issue (subject to rounding of individual shareholdings up to a whole number of shares). The pre acquisition equity value of Bethunes under the Proposed Acquisition is $0.68 million. This represents the value TIL and Global shareholders place on the investment shell that will be utilised in the reverse listing. The implied share price following the consolidation of Bethunes shares is $1.50 per share. To pay for the Acquired Assets, 73.33 million Bethunes shares at $1.50 per share will be issued.

The implied equity value of Bethunes post acquisition is $122.2 million as summarised in the table below:

IMPLIED SHARE PRICE VALUATION OF BETHUNES POST ACQUISTION (NZ$ MILLIONS)[2]

Implied Bethunes value (pre acquisition)	0.7
Enterprise Value of the Acquired Assets	200.0
Implied Enterprise Value of Bethunes (post acquisition)	**200.7**
ASB Debt Facilities	(87.8)
Share of debt in Associates	(2.2)
Equity from Private Placement to repay portion of ASB debt and provide capital	11.5
Implied equity value of Bethunes	**122.2**
Number of shares on issue (millions)	81.5
Implied value per share	**$1.50**

[2] Excluding the transaction fees paid, which are included in the purchase price of $200 million.

2.5 Potential shareholding outcomes

2.5.1 Proposed Acquisition and Private Placement

The Proposed Acquisition and the Private Placement are a series of related transactions that will result in TIL and the existing TIL directors and founders (who will participate in the Private Placement either in their own name of through family trusts) (**TIL Principals**) owning 87.5%[3] of the shares in Bethunes following completion of those transactions.

The TIL Principals are:

- James Ramsay;
- Greg Whitham;
- Alan Terris;
- Kevin Smith; and
- Larry Stewart.

The major shareholders in TIL are Hooker Bros. Investments Limited and Hooker Bros. (1989) Limited (together the **Hooker entities**) and James Ramsay (and associated entities) (the **Hooker/Ramsay persons**).

TIL has advised that it proposes to distribute some or all of the Bethunes shares it will hold following the Proposed Acquisition to its shareholders (**TIL In-Specie Distribution**). The purpose of the TIL In Specie Distribution is to effect the distribution of shares from TIL to all of the TIL shareholders (including the Hooker/Ramsay persons). TIL proposes to undertake this distribution during the 12-month period following completion of the Proposed Acquisition.

The Private Placement will be separated into two or more separate tranches. Tranche 1 will issue 5.33 million shares to raise $8.0 million and take place concurrently with the Proposed Acquisition. Within 5 business days of the completion of the Proposed Acquisition a further 2.34 million shares will be issued in the remaining tranches.

The following table provides a summary of the shareholding outcomes based on the Proposed Acquisition and the Private Placement and after the TIL In-Specie Distribution. Following the TIL In-Specie Distribution, the major shareholders will be the Hooker/Ramsay persons. The table below provides a summary of the shareholding under the assumption the Hooker entities have been liquidated. This provides a more accurate description of the actual ownership of TIL Logistics after the Proposed Acquisition and the Private Placement:

[3] This assumes the Employee/Director-Designate Transfer has taken place.

POTENTIAL SHAREHOLDING OUTCOMES (THOUSANDS)

	STATUS	SHARES ISSUED AS CONSIDERATION	SHARES ISSUED IN PRIVATE PLACEMENT	TOTAL SHAREHOLDING	SHAREHOLDING %
Ramsay	TIL shareholder/Director	13,565	1,333	14,898	18.3%
Whitham	TIL shareholder /TIL CFO	11,350	1,333	12,683	15.6%
Terris	TIL shareholder/TIL Mgt	11,350	1,000	12,350	15.2%
Stewart	TIL shareholder	11,350	667	12,016	14.8%
Smith	TIL shareholder	11,350	667	12,016	14.8%
TIL Minorities	Minority shareholders	7,907	-	7,907	9.7%
Total TIL and TIL Principals		**66,870**	**5,000**	**71,870**	**88.2%**
Kern	Financial advisor/ TIL Director	6,464	333	6,797	8.3%
Shares issued to TIL and Global shareholders and Private Placement Participants (Tranche 1)		**73,333**	**5,333**	**78,667**	**96.6%**
Bethunes	Bethunes shareholders	453	-	453	0.6%
Shares on issue after the Proposed Acquisition and Private Placement (Tranche 1)		**73,786**	**5,333**	**79,119**	**97.1%**
Janes	TIL Chairman	-	667	667	0.8%
Chan	TIL Director	-	667	667	0.8%
Others		-	1,007	1,007	1.2%
Shares issued to Private Placement Participants – Remaining Tranches		**-**	**2,340**	**2,340**	**2.9%**
Total investors		**73,786**	**7,673**	**81,459**	**100%**

TIL also proposes to transfer approximately 620,000 Bethunes shares in aggregate immediately following the Proposed Acquisition and the Private Placement (and before the TIL In-Specie Distribution) to:

- Trevor Janes, Lorraine Witten and Danny Chan, who will be appointed to the Bethunes board following completion of the Proposed Acquisition, in consideration for the services provided by them to TIL in the period leading up to the Proposed Acquisition; and
- approximately 600 long-serving employees and owner-drivers of TIL and its subsidiaries (to be selected by TIL), by way of an ex-gratia bonus, to mark the coming to market of the TIL business on NZX,

(together the **Employee/Director-Designate Transfer**).

Following the Employee/Director-Designate Transfers and the TIL In-Specie Distribution and assuming (i) TIL does not acquire Bethunes shares under Voluntary Acquisition (defined in section 3.1.2 below) and (ii) TIL does not otherwise sell down any Bethunes shares but distributes all of them under the TIL In-Specie Distribution, the shareholding of Bethunes is expected to be as follows:

POTENTIAL SHAREHOLDING OUTCOMES (THOUSANDS)

	SHARES BEFORE THE EMPLOYEE/DIRECTOR-DESIGNATE TRANSFERS	EMPLOYEE/DIRECTOR - DESIGNATE TRANSFERS	FINAL SHAREHOLDING	%
TIL and TIL Principals	**71,870**	**(620)**	**71,250**	**87.5%**
Kern and associated entities	6,797	-	6,797	8.3%
Existing Bethunes shareholders	453	-	453	0.6%
Janes	667	300	967	1.2%
Chan	667	100	767	0.9%
Witten	-	100	100	0.1%
Others	1,007	120	1,127	1.4%
Total other investors	**9,590**	**620**	**10,210**	**12.5%**
Total investors	**81,459**	**-**	**81,459**	**100.0%**

The shareholding outcomes may be impacted by the number of Bethunes shares acquired under the Minority Buy Out Rights.

3 Scope of the Report

3.1 Purpose and Scope of the Report

The Directors of Bethunes have engaged Grant Samuel & Associates Limited (**Grant Samuel**) to prepare an Independent Adviser's and Independent Appraisal Report to comply with the Takeovers Code and the NZX Listing Rules in respect of the Proposed Acquisition, the Private Placement and the TIL in-Specie Distribution to assist Bethunes shareholders that are not associated with TIL and the Kern Persons, the TIL Principals and Hooker/Ramsey persons (together the **TIL Associates**) with their assessment of the Proposed Acquisition prior to voting on the resolutions pertaining to them. Grant Samuel is independent of Bethunes, TIL and the TIL Associates and has no involvement with, or interest in, the outcome of the Proposed Acquisition, the Private Placement and the TIL In-Specie Distribution. Grant Samuel has also received the requisite approval of the Takeovers Panel and the NZX to prepare the required Independent Adviser's and Independent Appraisal Report.

A copy of this report will accompany the Notice of Meeting containing the necessary shareholder resolutions on the Proposed Acquisition, the Private Placement and the TIL In-Specie Distribution to be sent to all Bethunes shareholders. This report is for the benefit of the shareholders of Bethunes. The report should not be used for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Proposed Acquisition, the Private Placement and the TIL In-Specie Distribution and as to whether the consideration and the terms and conditions of the Proposed Acquisition, the Private Placement and the TIL In-Specie Distribution are fair to the shareholders of Bethunes. This report should be read in conjunction with the Qualifications, Declarations and Consents outlined at Appendix 5. Grant Samuel's opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary. For the avoidance of doubt, Appendices 1 to 5 form part of this report.

There are various legal requirements regarding this report contained in the Takeovers Code and the NZX Listing Rules which are outlined below:

3.1.1 Requirements of the Takeovers Code

The Takeovers Code seeks to ensure that all shareholders are treated equally and on the basis of proper disclosure are able to make informed decisions on shareholding transactions that may impact on their own holdings.

Bethunes is a 'code company' for the purposes of the Takeovers Code. Rule 6 of the Takeovers Code, the fundamental rule, states that a person (along with its associates) who holds or controls:

a) no voting rights, or less than 20% of the voting rights, in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company;

b) 20% or more of the voting rights in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company.

Rule 7 of the Takeovers Code sets out the exceptions to the fundamental rule. Rule 7 states that a person may become the holder or controller of an increased percentage of the voting rights in a code company under the following circumstances:

a) by an acquisition under a full offer;

b) by an acquisition under a partial offer;

c) by an acquisition by the person of voting securities in the code company or in any other body corporate from one or more other persons if the acquisition has been approved by an ordinary resolution of the code company in accordance with the code;

d) **by an allotment to the person of voting securities in the code company or in any other body corporate if the allotment has been approved by an ordinary resolution of the code company in accordance with the code;**

e) if: (i) the person holds or controls more than 50%, but less than 90%, of the voting rights in the code company; and

(ii) the resulting percentage held by the person does not exceed by more than 5 the lowest percentage of the total voting rights in the code company held or controlled by the person in the 12-month period ending on, and inclusive of, the date of the increase;

f) if the person already holds or controls 90% or more of the voting rights in the code company.

The Takeovers Code specifies the responsibilities and obligations for Bethunes. The allotment of Bethunes shares to TIL and TIL Associates under the Proposed Acquisition and the Private Placement fall under Rule 7(d) of the Takeovers Code. The transfer of Bethunes shares to the Hooker/Ramsay persons under the TIL In-Specie Distribution falls under Rule 7 (c) of the Takeovers Code.

Rule 18 of the Takeovers Code requires the Independent Adviser to report on the merits of any proposed allotment of shares under Rule 7 (d) or any proposed acquisition of shares under Rule 7 (c). The term "merits" has no definition either in the Takeovers Code itself or in any statute dealing with securities or commercial law in New Zealand. While the Takeovers Code does not prescribe a meaning of the term "merits", it suggests that "merits" include both positives and negatives in respect of a transaction. This report will include the merits of the Proposed Acquisition, the Private Placement and TIL In-Specie Distribution.

3.1.2 Requirements of the Takeovers Code – Rule 57

As part of the completion of the Proposed Acquisition and the Private Placement the following persons, acting jointly or in concert, will have become the holders or controllers of 90% or more of the shares in Bethunes:

- TIL;
- the TIL Principals; and
- the Kern Persons.

(together the **Dominant Owner**) and be required to comply with the obligations on a dominant owner under Part 7 of the Takeovers Code.

The Dominant Owner proposes to state in the acquisition notice to be sent under rule 54 (**Acquisition Notice**) that outstanding Bethunes shareholders have the right to sell their shares in Bethunes for $1.50 per share (after the share consolidation) to the Dominant Owner (with TIL or its nominee to acquire the Bethunes shares in respect of which that right is exercised as nominee for the Dominant Owner) (**Voluntary Acquisition**).

Rule 57 of the Takeovers Code relates to the compulsory acquisition where the Dominant Owner became the holder or controller of 90% or more of the voting rights by means other than a takeover offer. This is the situation, in this instance, when the Dominant Owner has become a dominant owner through the receipt of Bethunes shares as consideration for the business and assets of TIL and shares in Global and a subscription for Bethunes shares under the Private Placement.

In order to be able to comply with the obligations of Part 7 of the Code, TIL, on behalf of the Dominant Owner, has requested for Grant Samuel to prepare an independent adviser's certificate (**Independent Adviser's Certificate**) as required under Rule 57 (1) of the Takeovers Code to certify that the cash sum proposed as consideration for the acquisition of shares under the Voluntary Acquisition is fair and reasonable.

For the purposes of Rule 57, the fair and reasonable value of an equity security must be calculated by:

a) First assessing the value of all the equity securities in the class of equity securities of which the equity security forms part; and
b) Then allocating the value pro rata among all the security of that class.

The Rule 57 report should include a valuation of the Code company. This is important because outstanding security holders can object to the acquisition consideration. Accordingly, in order to exercise their objection rights in a considered manner, the outstanding security holders should have access to the financial analysis undertaken by the independent adviser.

The Dominant Owner will not enforce its rights under the Takeovers Code to acquire the Bethunes shares. In other words, the current shareholders in Bethunes will have an option to sell the shares they own in Bethunes for $1.50 or retain them. It is their decision. The total number of shares held in Bethunes following the consolidation and acquisition of the business and assets of TIL and tranche 1 of the Private Placement will be 452,652 out of a total 79,119,333[4] or less than 0.06% of the total shares on issue. The Takeovers Code provides for the shareholders under Voluntary Acquisition to object to the price if the holders of 10.0% or more of the outstanding securities object[5]. In this instance, the "outstanding securities" means the shares not held by the Dominant Owner being the 452,652 shares held by the original shareholders of Bethunes. In this instance, the Dominant Owner has stated that there will not be any compulsory acquisition, but shareholders may choose to sell their shares at the price offered.

Section 8 of this report titled Valuation Summary and Certification is for the purpose of Rule 57 of the Takeover Code.

3.2 Requirements of the NZX Listing Rules

3.2.1 Major transaction under the Companies Act, and under Listing Rule 9.1.

The Proposed Acquisition, the Private Placement and ASB Debt Facilities (together the **Proposed Transaction**) constitute a "major transaction" for Bethunes under section 129 of the Companies Act 1993 as they will involve the acquisition of assets, the Private Placement and the entry of financing and security arrangements with ASB, the value of which is more than half the market value of Bethunes' assets prior to the entry into these transactions.

Listing Rule 9.1.1 provides that, except with the prior approval of a special resolution, Bethunes may not enter into any transaction or series of linked or related transactions to acquire, sell, exchange, or otherwise dispose of assets in Bethunes:

a) which would change the essential nature of the business of the Company; or
b) in respect of which the gross value is in excess of 50% of the average market capitalisation of the Company.

In accordance with 9.1.2 and the NZX's Guidance Note on Backdoor and Reverse Listing Transactions, an Appraisal Report is required to accompany the Notice of Meeting to approve the required special resolution.

3.2.2 Appraisal Report Requirements

Pursuant to Listing Rule 1.7.2 this Appraisal Report is required to:

- be addressed to shareholders of Bethunes;
- be expressed to be for the benefit of the shareholders of Bethunes;
- state whether or not in the opinion of Grant Samuel the consideration and the terms and conditions of the Proposed Transaction are "fair" to Bethunes shareholders;

[4] This is the total number of shares at Completion and before the second tranche of the Private Placement.

[5] Bethunes has only one class of ordinary shares

- state whether or not in Grant Samuel's opinion the information to be provided by Bethunes to its shareholders is sufficient to enable holders to understand all the relevant factors, and make an informed decision;
- state whether Grant Samuel has obtained all information which it believes desirable for the purposes of preparing the report, including all relevant information which is or should have been known by any director of Bethunes and made available to the directors;
- state any material assumptions on which Grant Samuel's opinion is based;
- state any term of reference which may have materially restricted the scope of the report;
- in addition, the NZX's Guidance Note on Backdoor and Reverse Listing Transactions also requires:
    - a statement of whether there are any possible alternative courses for Bethunes other than the Proposed Transaction; and
    - state whether or not, in Grant Samuel's opinion, the terms of the Proposed Transaction are "fair and reasonable" to shareholders and "in the best interests" of Bethunes.

The term "fair" has no legal definition in New Zealand either in the NZX Listing Rules or in any other statutes dealing with securities or commercial law. However, guidance in interpreting and applying the rule can be gained both from regulatory interpretation in other jurisdictions and rulings made by the NZX.

The decision of each Bethunes shareholder as to whether or not to vote in favour of the Proposed Transaction is a matter for individual shareholders having considered all relevant factors and their own preference either in favour of or against the Proposed Transaction.

3.3 Basis of Evaluation

Grant Samuel has evaluated the Proposed Transaction and the TIL In-Specie Distribution by reviewing the following factors:

- the value attributed to TIL Logistics;
- the attraction of TIL Logistics and its future prospects;
- the risks associated with TIL Logistics;
- the intentions of TIL's existing shareholders in regard to future capital raisings;
- the likelihood of an alternative offer and alternative transactions that could realise fair value;
- the likely market price and liquidity of Bethunes shares in the absence of the Proposed Acquisition, the Private Placement and the TIL In-Specie Distribution;
- any advantages or disadvantages for Bethunes shareholders of approving or rejecting the Proposed Acquisition, the Private Placement and the TIL In-Specie Distribution;
- the timing and circumstances surrounding the Proposed Acquisition, the Private Placement and the TIL In-Specie Distribution;
- the extent of the Proposed Acquisition, the Private Placement and the TIL In-Specie Distribution in the context of Bethunes' existing shares on issue;
- the attractions of New BIL; and
- the risks associated with a shareholding in New BIL.

4 Profile of Bethunes

Bethunes is an NZX listed company which was previously named Mowbray Collectables Limited, a philatelic business that was listed by founder Mr. John Mowbray on the New Capital Market in April 2000 and ultimately listed on the NZX Main Board in December 2002. The performance of Mowbray Collectables has failed to reach expectations since listing.

In 2014, the Board initiated a divestment and capital raising programme to retire debt. This process culminated in the sale of the stamps, coins and notes business in 2015 and Peter Webb Galleries Limited (**Webbs**) to Australian based Auction House - Mossgreen on 31 January 2016.

As a result of the sale of Webbs and the capital raising programme, Bethunes has been in a net cash position since the financial year ended 31 March 2016. In August 2015, at the time of the capital raising, Bethunes stated its intentions were to acquire a portfolio of assets to generate high free cash flows. At the time, Bethunes stated its intention to raise additional capital when/if it has the opportunity to execute on a new investment.

During the financial year ended 31 March 2017, Bethunes reviewed investment opportunities across a range of sectors and made its first investment in ASX listed Pental Limited (**Pental**), an Australian manufacturer of household chemicals and cleaning products.

In March 2017 Bethunes announced to the market that it had signed a non-binding conditional term sheet with Westgate Power Centre Limited and NZ Retail Property Group Limited (together referred to as **NZRPG**). The announced transaction was similar in structure to the Proposed Transaction, whereby the business of NZRPG would be reverse listed into Bethunes through Bethunes issuing shares to NZRPG. Bethunes would then assume the name NZ Retail Property Group Limited.

The effect for Bethunes shareholders if the transaction had completed was that they would retain their current Bethunes shares which would become a small interest in NZRPG and also, for no consideration, receive shares in a new entity which would hold the assets and business plans that Bethunes presently had. In June 2017, Bethunes announced that it planned to raise $10 million in equity, increase the Pental investment and investigate further an Agriculture sector investment opportunity.

In July 2017 Bethunes was advised by NZRPG that the proposed reverse listing transaction was terminated. The decision followed a non-deal roadshow by NZRPG where market feedback indicated a capital raising in the current climate would not attach in the NZRPG Board’s view a fair and reasonable price to NZRPG’s portfolio of assets. Bethunes’ was reimbursed by NZRPG for its incurred costs from this transaction and also received a break fee. Bethunes shareholders were therefore no worse off after the proposed NZRPG transaction was terminated.

On 26 October 2017, Bethunes announced to the market the Proposed Transaction.

4.1 Financial Performance

The financial performance of Bethunes for the years ended 31 March 2016 and 2017 is shown below:

BETHUNES FINANCIAL PERFORMANCE (NZ$ 000)

YEAR ENDED 31 MARCH	2016	2017
Net interest income	3	51
Dividends received	-	4
Revaluation of financial assets	-	14
Other revenue	39	16
Total revenue	**43**	**85**
Employee expenses	(91)	-
Professional fees	(170)	(148)
Directors fees	(61)	(60)
FMA and NZX expenses	(48)	(45)
Other expenses	(83)	(20)
Total expenses	**(453)**	**(273)**
Net profit before tax	**(410)**	**(187)**
Taxation	-	(35)
Net profit from continued operations	**(410)**	**(222)**
Loss from discontinued operations	(1,613)	-
Net profit	**(2,023)**	**(222)**

Source: Bethunes 2017 Annual Report

The following points should be taken into consideration when reviewing the table above:

- Bethunes has no employees. All employees were transferred with the auction business when it was sold in the financial year ended 31 March 2016;
- the dividends and revaluation of financial assets relate to Bethunes' investment in ASX listed company Pental;
- the tax expense in the financial year ended 31 March 2017 is a provision for a tax refund as the Bethunes Directors cannot be certain of future taxable income to use the tax credit; and
- the loss from discontinued operations relates to the Webb business which was sold in January 2016.

4.2 Financial Position

The financial position of Bethunes as at 31 March 2016 and 2017 and 30 September 2017 is shown below:

BETHUNES FINANCIAL POSITION (NZ$ 000)

AS AT	31 MARCH 2016	31 MARCH 2017	30 SEPTEMBER 2017
Cash and NZX Bond	447	259	232
Listed company investments	-	120	127
Receivable from Mossgreen	355	242	179
Other assets	59	35	27
Total assets	**861**	**656**	**565**
Loan from NZRPG	-	(39)	(3)
Other liabilities	(150)	(128)	(80)
Total liabilities	**(150)**	**(167)**	**(83)**
Net assets	**711**	**489**	**482**

Source: Bethunes Annual Report 2017 and Interim Report at 30 September 2017

The following points should be taken into consideration when reviewing the table above:

- on 3 October 2015, Bethunes issued approximately 102.3 million shares at $0.15 per share to recapitalise the company. Of the $1.5 million raised, $1.4 million was received in cash with the balance coming from supplier payables settled in shares;
- the listed company investments relates to Bethunes' investment in Pental. Pental was valued using the quoted prices on the ASX as at 31 March 2017 and 30 September 2017;
- Webbs was sold to Mossgreen on 31 January 2016 for $800,000. On settlement $320,000 was paid, with the balance of the consideration being paid in 12 quarterly payments from 31 March 2016. As at 30 September 2017 the discounted balance of the consideration was $179,000;
- the loan from NZRPG relates to the proposed reverse listing which was terminated by NZRPG on 25 July 2017. NZRPG provided a loan of $75,000 to cover transactions costs, from which Bethunes expenses were paid. As a consequence of terminating the transaction, the NZRPG loan was satisfied in full and a break fee of $75,000 was paid to Bethunes; and
- the financial position as at 30 September 2017 reflects the company's status as an investment shell.

4.3 Ownership

As at 3 November 2017 Bethunes had 115,060,279 shares on issue held by approximately 335 shareholders. Bethunes' top 20 shareholders are shown below:

BETHUNES TOP 20 SHAREHOLDERS AS AT 3 NOVEMBER 2017

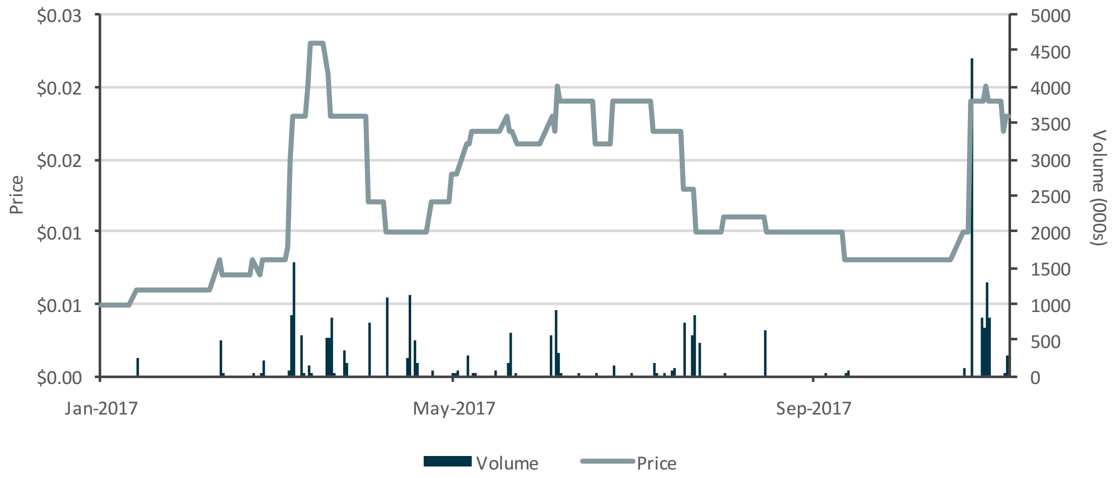
	SHARES (000)	%
Custodial Services Limited	12,183	10.6%
CAZNA (2904) Limited (Douglas Goodfellow charitable trust)	11,667	10.1%
Ronald Brierley	11,000	9.6%
Elevation Capital Management Limited	10,000	8.7%
Maryanne Owens & Mark Owens	10,000	8.7%
Ballynagarrick Investments Limited	5,367	4.7%
John Mowbray	5,134	4.5%
Solar Capital Limited	3,333	2.9%
Ross Harvey	2,449	2.1%
Nigel Fannin & Rosemary O'Brien & Kevin Harborne	2,015	1.8%
Andrew Harmos	2,000	1.7%
Christopher Swasbrook & Charlotte Swasbrook	2,000	1.7%
Pato Trading Limited	2,000	1.7%
Horton Corporation Limited	2,000	1.7%
David Dromer	1,899	1.7%
Bottom Drawer Limited	1,726	1.5%
Phillip Lindberg	1,500	1.3%
Adrian Barkla	1,500	1.3%
Craig Stobo & Gillian Stobo & Richard Johnston	1,500	1.3%
Marcus Stone	1,500	1.3%
Top 20 shareholders	**90,774**	**78.9%**
Other shareholders	24,287	21.1%
Total	**115,060**	**100.0%**

Source: NZX Company Research

Bethunes is tightly held, with the top twenty shareholders holding 78.9% of the company.

4.4 Share Price Performance

BETHUNES SHARE PRICE PERFORMANCE FROM 1 JANUARY 2017 TO 9 NOVEMBER 2017



Source: NZX Company Research

Bethunes is thinly traded. The shares have traded between $0.005 and $0.023 since January 2017. The Bethunes share price increased on the announcement of the Proposed Acquisition. As at 9 November 2017 Bethunes has a market capitalisation is approximately $2.1 million. The Proposed Acquisition is complex and the current share price, in Grant Samuel's opinion, does not reflect the implied value of the Proposed Acquisition.

5 Overview of the New Zealand Freight and Logistics Industry

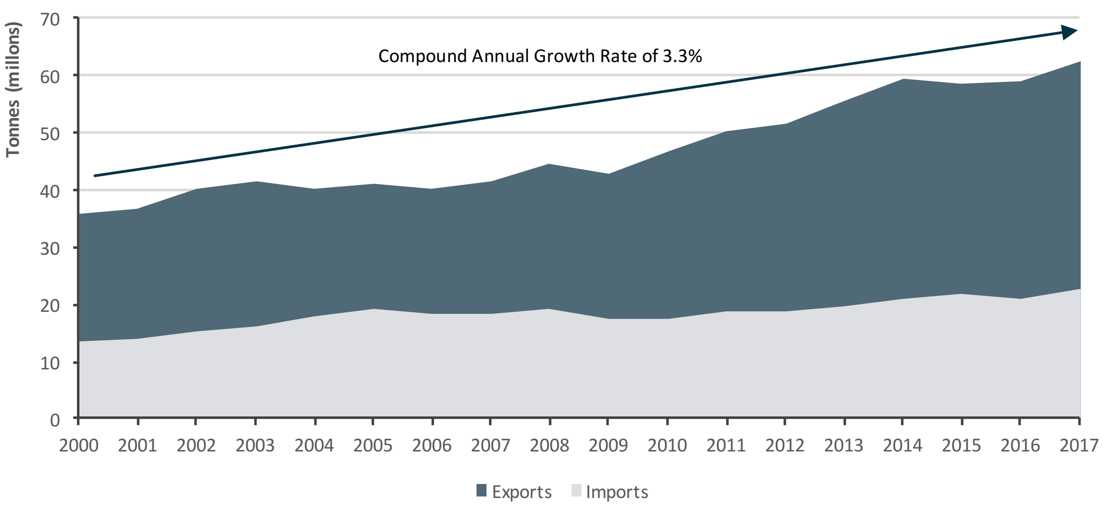
The New Zealand freight and logistics industry can be broadly categorised into the following sectors:

- **Domestic Freight** which encompasses the movement of domestic freight from business to business and business to consumer. The primary mode of transporting freight in New Zealand is by road. This is primarily due to the high proportion of inland freight movements that are not able to be serviced by the relatively limited coastal shipping or rail networks. A large proportion of domestic freight is related to the import and export of goods and involves the transport of goods to and from major ports. The domestic freight sector also generally includes the delivery of often smaller, time sensitive express packages which is typically undertaken by courier services;
- **Warehousing and Logistics** is the provision of warehousing and logistics services. Third party logistics (**3PL**) is a growing segment of the freight and logistics market largely due to the impact of technology and growth in ecommerce (business to business and business to consumer) over the past five years. The growth in ecommerce has shifted the trend from the provision of general warehousing space towards value added services and supply chain management (e.g. inventory management, packaging and freight forwarding). This trend has provided revenue growth opportunities for warehousing and logistics operators. Due to the increasing scale and sophistication of the service offerings, New Zealand businesses are shifting to outsourcing their warehousing and distribution activities; and
- **International Freight Forwarding** is the management of getting imports and exports from the pick up point to the final destination. This usually requires a forwarding agent to contract with one or more freight providers to transport the goods through the logistics network. The movement of goods across international borders also often includes customs processing and other documentation and performing activities pertaining to international shipments.

The freight and logistics industry has demonstrated steady growth since 2000 and is largely driven by:

- **Population growth** which drives consumption and demand for goods that require transport to reach consumers. The New Zealand population is forecast to grow by approximately 1.7% per annum during the course of the next 10 years adding another 1 million people[6];
- **Import and export volumes** which requires goods to be transported to and from the ports and airports. Import and export volumes have grown steadily since 2000 at approximately 3.3% per annum, with exports growing at a faster rate since 2009 due an increased demand for New Zealand products; and

NEW ZEALAND EXPORTS AND IMPORTS – ALL PORTS

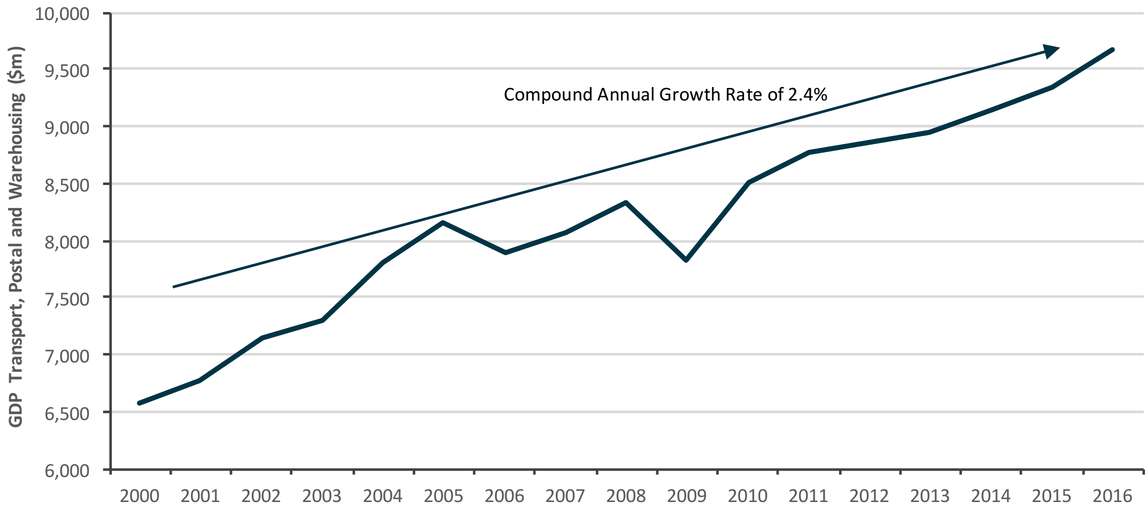


Source: Statistics New Zealand

[6] Statistics New Zealand - National Population Projections: 2016 (base)–2068 – Media Release

- **Economic growth.** As freight and logistics is a critical component of most economies, the industry growth broadly reflects the underlying trends of the New Zealand economy.

GROSS DOMESTIC PRODUCT BY INDUSTRY - TRANSPORT, POSTAL AND WAREHOUSING[7]



Source: Statistics New Zealand

Road freight is typically characterised as:

- less than container load or less than a full truck load (**LTL**) brings the aggregation of smaller freight consignments, including palletised product, within a full container load; and
- full container load or full truck load (**FTL**) which specialises in bulk freight transport and includes the movement of large consignments including:
  - palletised product;
  - containerised product;
  - bulk liquid management; and
  - flat-deck and over dimensional transport specialists.

FTL freight has a higher degree of commoditisation than LTL freight and largely operates on point to point inter-regional (line haul) routes. LTL typically takes place across both interregional and metropolitan routes. TIL is focused on the national LTL market, while also servicing the FTL market, particularly within the provincial regions.

The freight and logistics industry in New Zealand is characterised by low market share concentration, with over 4,500 private operators with the five largest freight operators accounting for approximately 25% of the industry revenue. Market share concentration is tending to increase as some larger firms increase their market share, market consolidators like TIL acquire smaller operators and smaller, less efficient operators exit the industry [8]. While market share concentration is low in the industry, certain segments of the industry have a high degree of concentration as freight providers specialise in the transport of specific goods or materials. For example, Toll and TIL have a strong presence in the transport of oil and gas in New Zealand and Mainfreight has a leading market share of the New Zealand LTL market[9]. The highly fragmented industry presents an opportunity for TIL to acquire smaller competitors and consolidate the market.

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[7] 2009/2010 Pricing

[8] IBIS – Road Transport in New Zealand – April 2017.

[9] UBS – Mainfreight - Growth does not come cheap anymore - 3 March 1017

According to recent market research, the key success factors for freight and logistics operators in New Zealand are[10]:

- **having an integrated full service offering**. Road freight operators with integrated operations in air and sea freight and warehouse and logistics can often provide a superior customer offering due to a higher level of control across all aspects of the supply chain;
- **access to highly skilled workforce**. The labour market in New Zealand is tight and therefore the ability to retain and attract staff, management and drivers that are experienced in the industry can result in meaningful efficiency gains;
- **ability to compete and win tenders.** Companies that obtain long term contracts benefit from steady revenue streams which can be used to underwrite future growth opportunities; and
- **ability to compete on price.** Operators that can compete profitably at lower prices, can attract new business and achieve growth. The ability of operators to compete on price is partially linked to the specialty and size of their operations and in some cases greater service offerings.

[10] IBIS – Road Transport in New Zealand – April 2017.

6 Profile of TIL

6.1 Background

TIL is one of New Zealand's largest domestic freight and logistics platforms with a nationwide network of branches, depots and warehouses. TIL was established as an investment vehicle by private equity interests in 1992 and under the control of the partners of Hooker Bros (1989) Limited over the next 25 years TIL successfully acquired over 20 freight and logistics companies across New Zealand. A timeline of TIL's history is summarised below:

TIL HISTORY

YEAR	EVENT
1869	Hooker Bros founded (provincial regions of the North Island)
1988	Current management acquires Hookers
1993	Acquired NZ Express (Wanganui)
1995	Acquired South Pacific Transport (Palmerston North)
2002	Acquired 50% of TNL Group (Upper South Island)
2003	First fuel haulage contract won (Caltex)
2004	Acquired Bearsley Transport (Hawkes Bay)
2007	Acquired remaining 50% of TNL Group (South Island)
2009	Acquired Tulloch Transport (Otago/ Southland) Acquired 50% of ATL (Central Otago)
2013	Acquired Roadstar (Upper North Island) Formed Pacific Fuel Haul – New Zealand's single largest fuel delivery company
2014	Acquired McAuleys Transport (Lower North Island) Formed TIL Freight (Integration of 3 distinct freight operations)
2017	Acquired Move Logistics. Expansion in warehousing market Acquired NZL (Tauranga) Acquired Glassworks contract

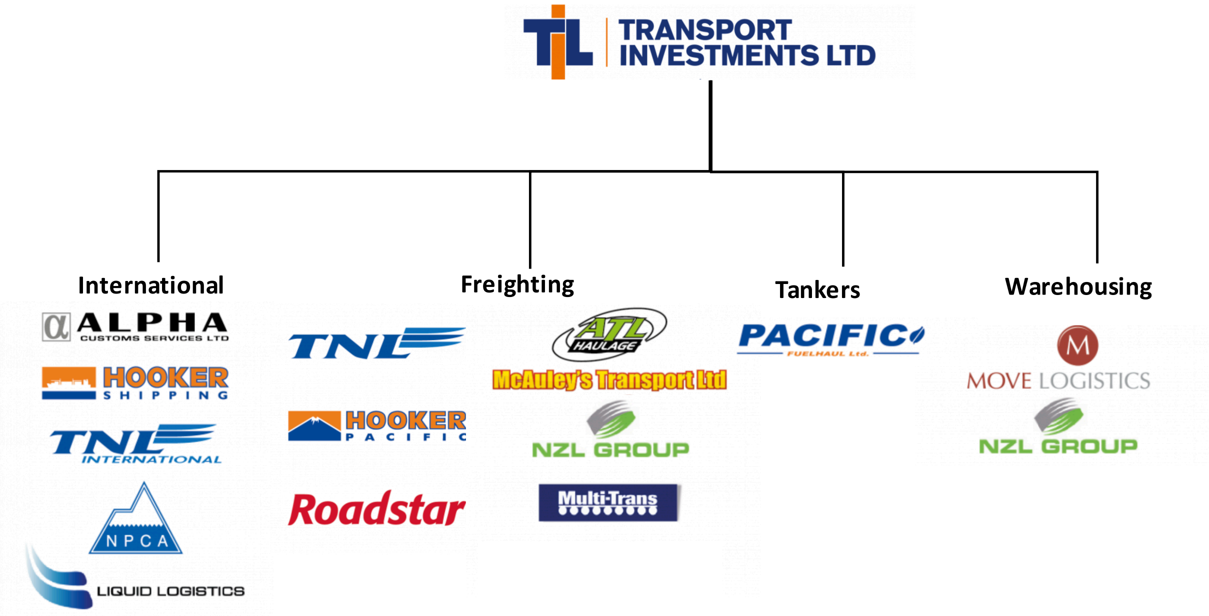
Historically, the companies under TIL operated separately and independently. In 2014, TIL restructured the organisation bringing the companies together under one group management structure supported by centralised corporate services and a single integrated IT system. This has enabled TIL to more effectively provide a seamless freight and logistics services to its customers, offering the following services:

- ***General freight/domestic transport***: Domestic freight via road, rail and coastal shipping with a specialised heavy haulage division;
- ***Dangerous Goods:*** Specialist distributors of petroleum products;
- ***Warehousing, inventory and supply chain services.*** Specialised warehousing and 3PL facilities; and
- ***International freight forwarding.*** Shipping, customs and agency services with a particular specialisation in oil and gas.

TIL currently has approximately 1,700 employees and owner drivers.

6.2 Business Overview

A summary of TIL's brand portfolio and its divisions is outlined below.



6.2.1 TIL International

TIL International is a freight forwarder with offices in New Zealand and Australia arranging the transportation of customers' freight both domestically and internationally. The international connections are made via a network of alliances and domestic connections are routed through TIL's network.

TIL International also provides New Zealand customs clearance work, port services, ship husbandry, crew matters, tank clearing and a range of other services for importers/exporters. TIL International is sector agnostic, but it has particular expertise in oil and gas logistics. Its customers range from large multinational companies through to smaller sole traders.

6.2.2 TIL Freighting

TIL Freighting is one of the largest freight carriers in New Zealand providing both LTL and FTL consignment transport, with the majority being time-specific.

TIL Freighting operates in the general freight industry servicing a broad range of customers throughout New Zealand. TIL Freighting operates multiple brands throughout the country with each brand having a particular geographical area of strength and there is a high degree of co-operation across the different entities to maximise line haul utilisation. The brands, infrastructure and network provide nationwide coverage enabling TIL Freighting to compete for large nationwide contracts.

On 1 July 2014 Roadstar, TNL and Hooker Pacific were amalgamated into TIL Freighting. This process was challenging and the disruption resulted in a temporary decline in earnings in the 2014 and 2015 financial years. Over the last two financial years the operational benefits of all brands working off the same software systems and the synergy benefits have resulted in an improvement in earnings and operational performance. The synergy benefits have included fleet rationalisation, increased utilisation and a reduction in back office costs.

6.2.3 TIL Tankers

TIL Tankers currently operates one of the largest dangerous goods fleets in New Zealand. TIL also transports bitumen, crude oil and condensate. TIL Tankers provides the following services:

- bulk delivery of petroleum to service stations and commercial customers;
- petroleum delivery to farms and commercial premises;
- fuel and build chemical transportation; and
- dispatch and distribution for LPG customers across New Zealand, including line haul and local deliveries.

TIL Tankers has 10-20 year relationships with its key customers. TIL's market position and the stable nature of petroleum consumption provides relatively stable and consistent earnings. TIL Tankers' market position is protected to some extent by the relatively high barriers to entry including the expertise required to comply with the health and safety regimes and the significant capital required to acquire the assets necessary to service significant volumes across a large geographic area.

6.2.4 TIL Warehousing

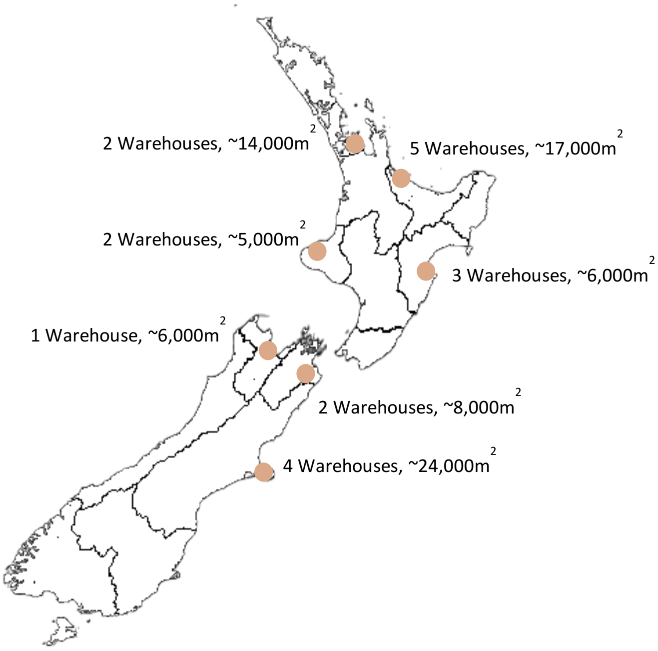
TIL manages over 150,000m^2 of warehousing space spread throughout New Zealand and in close proximity to TIL Freighting operations.

Up until the acquisition of MOVE Logistics in 2017, TIL had modest warehouse operations with only four warehouses located in Nelson, Blenheim, New Plymouth and Christchurch. The acquisition of MOVE Logistics was strategically important as customers are seeking to simplify their supply chain by using a single provider. The recent acquisition of MOVE Logistics and to a lesser extent, NZL has enabled TIL to become an end to end freight and logistics provider and it has enhanced TIL's access to the Auckland market.

To minimise integration risk, MOVE Logistics will operate as a stand alone business. Over time the business will be slowly integrated into the TIL Group's systems and management will seek to extract available synergies including fleet and warehouse utilisation and the cross selling of services.

TIL also owns 50% of UNITE Logistics, an Auckland based metropolitan delivery business servicing Placemakers with approximately 30 trucks and 40 staff.

TIL WAREHOUSING LOCATIONS



6.2.5 Group Management

The Group Management division, which is primarily located in New Plymouth incorporates:

- an executive management team which oversees the strategic direction of TIL. The customer facing business units have varying degrees of autonomy, taking into consideration the ownership structure and the length of time the business has been under TIL's ownership (e.g. MOVE Logistics was acquired in May 2017 and, at this stage, it is currently operating as a stand alone entity with partial back office integration); and
- back office, treasury and finance functions including management account reporting, payroll, accounts payable, insurance, information technology and fleet procurement.

6.3 TIL's Fleet

TIL owns the majority of its fleet which has a current market value of approximately $125 million. A summary of TIL's fleet is provided below:

TIL FLEET SUMMARY AS AT 31 OCTOBER 2017

	TRUCKS	TRAILERS	FORKLIFTS	LIGHT VEHICLES
Owned	630	920	190	150
Leased	120	70	80	30
Owner driver	160	160	-	-
Total	**910**	**1,150**	**270**	**180**

6.4 Growth Strategy

TIL's growth strategy includes:

- **Cross selling services to the existing customer base.** Prior to the acquisition of MOVE Logistics, TIL was considered a general and specialised freight provider and international freight forwarder. Since the acquisition TIL has been selling warehousing space to its 4,000 freight customers. MOVE Logistics also has ten large customers which do not currently use TIL for its distribution requirements;
- **Improved utilisation of existing and new networks.** TIL's management believe that its logistics platform has the capacity to support materially higher levels of volume than currently handled with minimal marginal capital investment;
- **Intermodal expansion.** Road transportation is currently TIL's primary mode of freight distribution in New Zealand. TIL's increase in scale has made rail and coastal shipping opportunities more relevant. TIL believes it can achieve margin benefits from using these alternative modes of transport for time insensitive consignments;
- **A reduction in capital intensity.** Historically, TIL has preferred to own its fleet. In the future TIL will consider a shift to an owner-driver model (or a mixed model) to decrease the future capital requirements of the business and to provide funds for future acquisition opportunities; and
- **Acquisitions of smaller competitors**. Through its history, TIL has made over 20 business acquisitions and management believe it has the requisite skills to identify, acquire and integrate businesses and to realise synergies. TIL's management has identified a number of targets and are currently investigating these possibilities.

6.5 Financial Performance

The table below shows the historical and forecast pro forma financial performance of TIL for the financial years ended 30 June 2015 (**FY15**), 2016 (**FY16**) and 2017 (**FY17**) and the financial years ending 30 June 2018 (**FY18**) and 2019 (**FY19**):

TIL HISTORICAL AND FORECAST PRO FORMA FINANCIAL PERFORMANCE ($MILLIONS)

	ACTUAL			FORECAST	
YEAR ENDED 30 JUNE	**2015**	**2016**	**2017**	**2018**	**2019**
Freight revenue	297.2	282.0	284.8	287.6	294.0
Warehousing	17.8	19.9	27.0	29.3	30.0
Trading and other income	15.1	11.4	11.7	11.9	11.5
Total Revenue	**330.1**	**313.3**	**323.5**	**328.8**	**335.5**
Salaries & wages	(80.4)	(82.0)	(88.6)	(90.8)	(92.6)
Owner driver and subcontractor costs	(91.1)	(77.3)	(72.6)	(72.4)	(73.4)
Road user charges/licences	(22.7)	(22.4)	(22.4)	(22.7)	(23.3)
Fuel & oil	(22.2)	(16.9)	(18.2)	(18.4)	(18.8)
Repairs & maintenance	(22.7)	(22.2)	(22.2)	(22.8)	(23.3)
Equipment hire/lease	(10.4)	(9.3)	(10.7)	(10.5)	(10.4)
Other direct costs	(10.5)	(9.1)	(10.1)	(10.5)	(10.3)
Total direct costs	**(260.1)**	**(239.2)**	**(244.8)**	**(248.1)**	**(252.0)**
Gross margin	**70.0**	**74.1**	**78.7**	**80.7**	**83.5**
Gross margin %	*21.2%*	*23.7%*	*24.3%*	*24.5%*	*24.9%*
Property costs	(17.6)	(18.7)	(19.6)	(19.6)	(19.3)
Salaries & wages	(22.2)	(20.2)	(20.5)	(20.1)	(20.2)
Other overheads	(14.9)	(13.8)	(14.0)	(12.8)	(12.8)
Total expenses	**(54.7)**	**(52.7)**	**(54.1)**	**(52.4)**	**(52.3)**
Normalised EBITDA before associate contribution	**15.3**	**21.4**	**24.6**	**28.2**	**31.2**
EBITDA %	***4.6%***	***6.8%***	***7.6%***	***8.6%***	***9.3%***
Associate EBITDA	0.6	1.0	1.0	1.1	1.2
Normalised EBITDA including associates	**15.9**	**22.4**	**25.6**	**29.4**	**32.3**
Depreciation and amortisation	(14.5)	(15.2)	(14.7)	(13.4)	(12.9)
Normalised EBIT including associates	**1.4**	**7.2**	**10.9**	**15.9**	**19.4**

Source: TIL Pro Forma Accounts and Forecast

The following points should be taken into consideration when reviewing the table above:

- the financial information is presented on a pro forma basis. The pro forma adjustments include:
  - the inclusion of the financial performance of recent acquisitions, MOVE Logistics, the Glassworks business, McAuley's Transport and NZL, into the historical periods prior to the time when they were acquired; and
  - removing the financial performance of Actus Transport Limited which was sold in FY15 and TIL Properties which is not part of the Proposed Acquisition;
- the FY18 information includes two months of actual results for the period ended 31 August 2017 and ten months of forecast information for the period ended 30 June 2018;
- TIL achieved pro forma EBIT growth of $9.5 million between FY15 and FY17. The increase in EBIT was driven by an improvement in gross margins, largely due to growth in warehousing revenue which is more profitable than freight revenue and a reduction in indirect salaries and wages;
- EBIT is forecast to increase by a further $8.5 million over the next two years. TIL expects EBIT to increase due to forecast revenue increases and the continued impact of operational efficiency initiatives arising from continued expansion, implementation of a new warehouse management system, use of own fleet and integration of the recently acquired companies;
- the key factors that TIL believes will impact the forecast financial performance in FY18 include:

- general freighting revenue growth of 1.4% is forecast due to expected increases in services from existing and new customers, small incremental price increases on negotiation of contracts and the ability to utilise TIL's own fleet where it was previously outsourced under MOVE and NZL;
- fuel haulage revenue is forecast to decrease by 0.9% due to the loss of one customer. This decrease has been lessened by redeploying the fleet to new methanol and biodiesel cartage contracts and rate increases that became effective towards the end of FY17; and
- warehousing revenue is forecast to grow by 9.0% driven by additional work for existing customers and improved group wide synergies from bringing together TIL and MOVE (i.e. MOVE and TIL will be undertaking work for each other that was previously performed by external providers);

- the forecast increase in EBIT is also due to cost savings that management expect to achieve as a result of integrating MOVE Logistics and NZL with TIL. Cost savings include a reduction in insurance premiums, fuel costs and truck leases due to TIL's purchasing power, a reduction in back offices salaries and consolidation of certain depots. The identified forecast synergy benefits are outlined below:

TIL FORECAST SYNERGIES ($MILLIONS)

	FORECAST	
YEAR ENDED 30 JUNE	**2018**	**2019**
Truck lease	0.3	0.4
Fuel and oil	0.2	0.2
Other direct costs	0.1	0.2
Direct costs synergies	**0.5**	**0.7**
Insurance	0.6	0.6
Rent	-	0.3
Other overheads	0.3	0.6
Overhead synergies	**0.9**	**1.5**
Total synergies	**1.4**	**2.2**

Source: TIL Pro Forma Accounts and Forecast

- EBITDA has been normalised in FY18 to account for the $19.3 million of transaction costs that will be incurred by TIL, which includes $2.2 million for employee share based payments and $9.7 million of share based payments to Kern Group. The overheads have also been adjusted to reflect the expected increase in governance costs due to TIL becoming a listed company;
- the pro forma historical depreciation charges are an aggregation of the actual depreciation charges recognised in each of the respective entities in the relevant periods. The acquired assets were being depreciated more rapidly under previous ownership than they will be under TIL ownership. This largely explains the decline in depreciation and amortisation in FY18; and
- Associate EBITDA relates to the 50% joint venture in ATL Limited (**ATL**) and UNITE Logistics Limited (**UNITE**) and a 25% shareholding in TNL International Christchurch Limited (**TNL Christchurch**).

6.6 Financial Position

The table below shows the historical pro forma financial position of TIL as at 30 June 2016 and 2017:

TIL HISTORICAL PRO FORMA FINANCIAL POSITION ($MILLIONS)

AS AT 30 JUNE	2016	2017
Accounts receivable	39.8	39.9
Other current assets	1.8	1.5
Current assets	**41.6**	**41.4**
Accounts payable	(16.8)	(18.7)
Sundry payables & accruals	(8.3)	(14.7)
Other current liabilities	(9.4)	(9.8)
Current liabilities	**(34.5)**	**(43.2)**
Working capital	**7.1**	**(1.9)**
Fixed assets	75.0	81.2
Investments in associates	1.1	2.1
Advances to associates	0.6	0.5
Deferred tax liability	(2.9)	(3.8)
Other operating assets	**73.7**	**80.0**
Net operating assets	**80.8**	**78.2**

Source: TIL Pro Forma Accounts

The following points should be taken into consideration when reviewing the table above:

- the financial position is presented on a pro forma basis that is consistent with the adjustments made to the financial performance table outlined in section 6.5;
- working capital decreased by approximately $9.0 million in the 12 months to 30 June 2017. This decline is largely due to:
  - an increase in accounts payable due to stretching creditors at a time where cash flow was constrained due to tax and loan payments;
  - an increase in sundry payables and accruals relating to $2.2 million of accruals associated with the acquisitions of MOVE Logistics and NZL and $1.2 million relating to the sale of fleet assets to TR Group; and
- fixed assets increased by $6.2 million from June 2016 to June 2017, primarily due to the revaluation of MOVE Logistics and NZL fixed assets to fair value on acquisition.

6.7 Cash flow

The table below shows the pro forma cash flow for FY15, FY16 and FY17 and forecast for FY18 and FY19:

TIL HISTORICAL AND FORECAST PRO FORMA CASH FLOW ($MILLIONS)

	ACTUAL			FORECAST	
YEAR ENDED 30 JUNE	**2015**	**2016**	**2017**	**2018**	**2019**
Receipts from customers	320.6	318.0	319.0	327.9	334.5
Normalised payments to suppliers and employees	(311.0)	(306.6)	(292.0)	(299.5)[12]	(303.6)
Income taxes paid	(0.2)	(0.1)	(2.7)	(3.9)	(4.3)
Net cash flow from operating activities before interest	**9.4**	**11.3**	**24.3**	**24.4**	**26.6**
Purchases of fixed assets	(19.9)	(10.8)	(16.9)	(10.2)	(7.7)
Proceeds from sale of fixed assets	3.2	1.8	8.1	-	-
Investment in JV	(0.1)	0.2	0.2	-	-
Acquisition of McAuley's Transport (net of cash)	(3.7)	-	-	-	-
Free cash flow before financing activities	**(11.2)**	**2.6**	**15.7**	**14.2**	**19.0**

Source: TIL Pro Forma Accounts and Forecast

The following points should be taken into consideration when reviewing the table above:

- historical capital expenditure is high due to the upgrade of the fleet for heavier loads (50 tonne fleet). Due to the capital intensity from FY15 and FY17, forecast capital expenditure is lower than depreciation in FY18 and FY19; and
- the purchase and proceeds of fixed assets includes the purchase and subsequent sale of fleet assets with TR Group under a sale and lease back arrangement.

[12] Payment to suppliers and employees has been adjusted to reflect the normalisations in FY18

7 Implied Valuation of TIL

Under the Proposed Acquisition, Bethunes will acquire the Acquired Assets at an Enterprise Value of $200 million (which is the value on an ungeared basis). This implies the following multiples:

TIL LOGISTICS IMPLIED MULTIPLES

Multiple of EBITDA – year ended 30 June 2017	7.6
Multiple of EBITDA – year ending 30 June 2018	6.8
Multiple of EBIT – year ended 30 June 2017	17.4
Multiple of EBIT – year ending 30 June 2018	12.6

The historical EBIT multiple is high relative to the forecast EBIT multiple due to the forecast growth in earnings and the change in accounting treatment of depreciation and amortisation in the forecast period (see section 6.5). If the historical EBIT was adjusted to be consistent with the treatment of depreciation and amortisation in the forecast period the historical EBIT multiple would decrease to approximately 15.6 times. An explanation regarding interpreting the above multiples is included at Appendix 4.

7.1 Adjusted Earnings for Implied Multiples

The following table summarises the adjusted earnings for the year ended 30 June 2017, together with the forecast for the year ending 30 June 2018:

TIL LOGISTICS EBITDA AND EBIT FOR IMPLIED MULTIPLES ($MILLIONS)

AS AT 30 JUNE	2017	2018
EBITDA including associates	**25.6**	**29.4**
Shareholder costs	0.3	-
Acquisition costs	0.6	-
NZL restructure costs	0.5	-
NZL management fees	0.2	-
Other NZL costs	0.2	-
Interest received	(0.1)	(0.1)
Profit on the sale of assets	(1.0)	-
Adjusted EBITDA	**26.2**	**29.2**
Depreciation and amortisation	(14.7)	(13.4)
Adjusted EBIT	**11.5**	**15.8**

Source: TIL Pro Forma Accounts and Forecast and PWC Due Diligence Reports

Grant Samuel has adjusted the historical and forecast EBITDA and EBIT by:

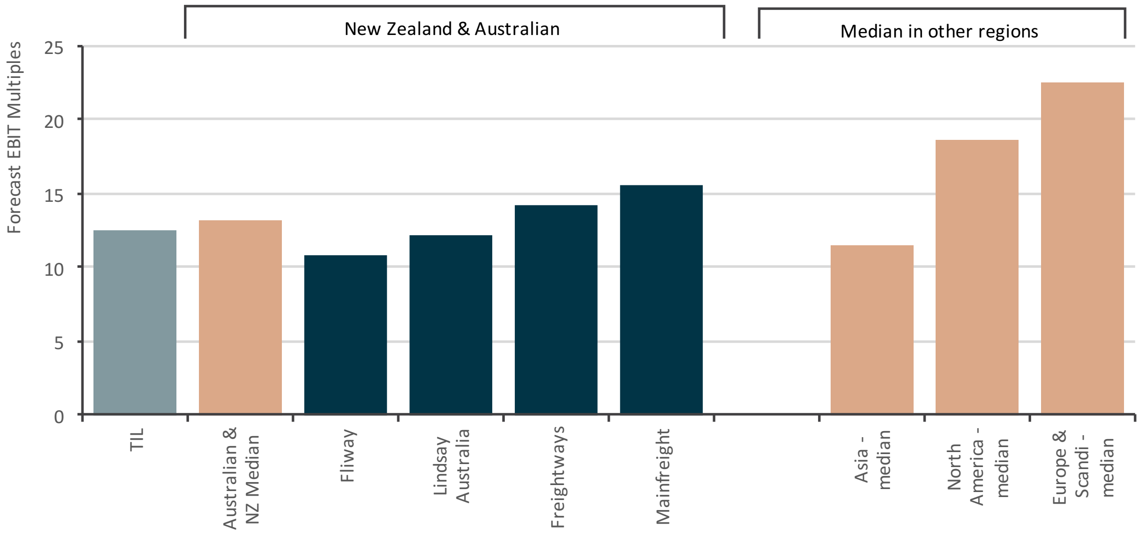
- normalising historical shareholder costs to reflect the costs that will be incurred by the listed company;
- excluding the costs associated with the acquisitions of MOVE and NZL as these costs are considered to be abnormal expenses that are not associated with the ongoing operations of the business;
- excluding NZL restructuring costs that were incurred in late 2016. The adjustment to earnings reflects the redundancy costs and a normalised view of salaries as a result of the restructure;
- excluding management fees charged to NZL under its former ownership. Prior to being acquired by TIL, NZL operated under a company structure whereby it incurred management fees that were charged by another entity that operated within the group. The management fee did not reflect the costs of the corporate services that were being provided. The earnings have been adjusted to reflect the cost of the functions that were being provided at the time;
- excluding interest received that was included in other income;
- excluding other NZL costs that will not be incurred by TIL and are considered to be abnormal, including rental of accommodation for employees operating outside of NZL; and
- excluding profit from the sale of assets and the sale and leaseback of fleet assets.

7.2 Earnings Multiple Analysis

7.2.1 Share Market Evidence

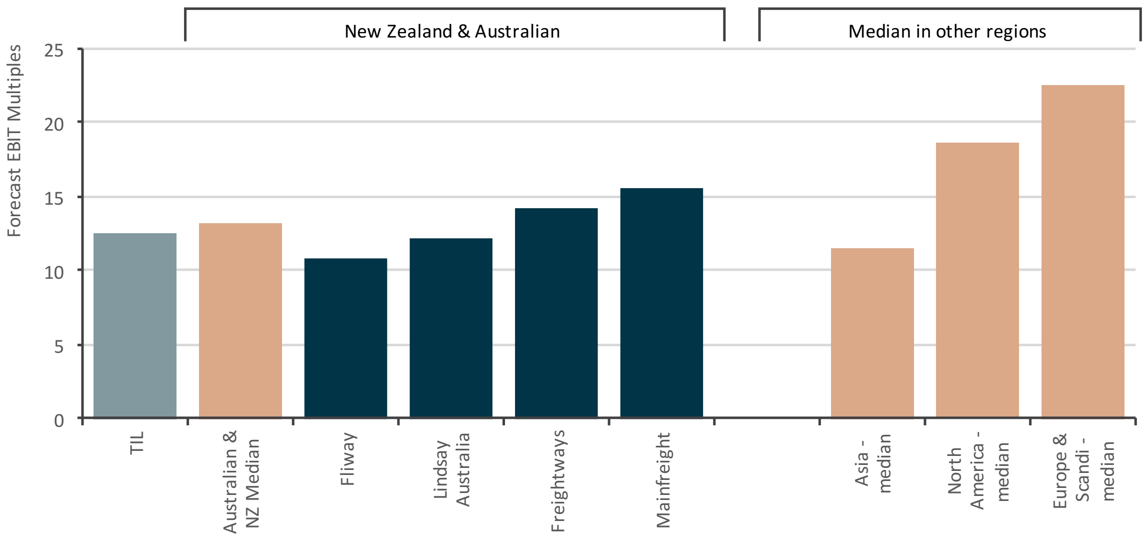
The multiples implied by the pricing of the Proposed Acquisition can be considered having regard to the earnings multiples implied by the share market prices of listed international companies with operations in the freight and logistics industry. While none of these companies are directly comparable to TIL Logistics, the share market data provides a framework within which to assess the Proposed Acquisition price:

SHARE MARKET RATINGS OF LISTED FREIGHT AND LOGISTICS COMPANIES – FORECAST EBTIDA MULTIPLE



Source: Grant Samuel analysis and Capital IQ

SHARE MARKET RATINGS OF LISTED FREIGHT AND LOGISTICS COMPANIES – FORECAST EBIT MULTIPLE



Source: Grant Samuel analysis and Capital IQ

A description of each of the listed comparable companies and a detailed table of the comparable company analysis is set out in Appendix 1.

Most of the listed transport and logistics companies are large international companies with diverse operations spanning multiple services and geographies. By comparison, TIL Logistics is:

- relatively small with an equity value of NZ$122.2 million implied by the terms of the Proposed Acquisition. This compares to an average equity value across the listed companies of nearly NZ$6.8

billion[13]. Larger companies tend to trade at higher multiples than smaller companies reflecting greater diversification and economies of scale; and

- primarily focused on the New Zealand domestic freight and bulk-haul market. Many of the comparable listed companies have diversified service offerings across multiple geographies or have substantial market share in their primary market segments and geographies. Grant Samuel would expect TIL Logistics to trade at a discount to the large international companies due to its focus on the New Zealand market.

The following companies are smaller than or of proximate size to TIL Logistics:

- Fliway Group Limited (**Fliway**), which generates approximately two thirds of its earnings from domestic freight transport in New Zealand and one third from international freight. Fliway has a fleet of over 150 vehicles, 12 branches and 5 warehouses employing 400 people. Fliway recently announced that it had entered into a Scheme Implementation Agreement with Yang Kee Logistics Pte Limited (**Yang Kee**). Fliway's current trading multiple reflects the takeover offer (see section 7.2.2 for more details). Fliway's financial performance has recently been impacted by the loss of a major customer, the Kaikoura earthquake and higher freight costs;
- CTI Logistics Limited (**CTI**), a Perth based provider of transport and logistics services. CTI is trading at a multiple of 8.6 times historical EBITDA. CTI's historical EBIT multiple is high (20.2 times) and not considered meaningful for comparison. The company is not covered by any brokers and forecast multiples are therefore not calculable;
- Lindsay Australia Limited (**Lindsay Australia**) an integrated transport, logistics and rural supply company with a specific focus on the fresh produce sector on the Eastern seaboard of Australia. The company is trading at multiples of 5.4 times forecast EBITDA and 12.2 times forecast EBIT; and
- K&S Corporation Limited (**K&S**) provides transport services in Australia and New Zealand and bulk haulage of fuel, with the Australian transport business contributing approximately 80% of EBITDA. The company is trading at a multiple of 5.8 times historical EBITDA. K&S's historical EBIT multiple is very high (19.9 times) and not meaningful for comparison purposes.

The two other notable listed transport and logistics companies in Australasia trade at higher multiples, although at the lower end for companies with global operations, reflecting their large size and more dominant positions in their primary segments of the market:

- Freightways Limited (**Freightways**), which generates nearly three quarters of its earnings from express package and business mail deliveries and the remaining one quarter from information management services (such as document storage and destruction). Freightways is trading at multiples of 12.3 times forecast EBITDA and 14.2 times forecast EBIT; and
- Mainfreight Limited (**Mainfreight**), which provides end-to-end freight services in Australasia, North America, Europe and Asia. Nearly three quarters of its EBITDA is generated by domestic activities (in continent) and the remaining third from air and ocean services. Mainfreight is trading at multiples of 12.3 times forecast EBITDA and 15.6 times forecast EBIT.

The following points should also be noted when reviewing the graphs above:

- the median forecast EBITDA and EBIT multiples for all companies not headquartered in either New Zealand or Australia are 12.6 times and 18.9 times respectively. The trading multiples of the Europe/UK/Scandinavian based companies are high (at a median of 18.3 times forecast EBITDA and 22.6 times forecast EBIT). Companies involved in international freight typically trade at higher multiples than domestic freight businesses. The Europe/UK/Scandinavian companies are primarily air & ocean freight businesses which may account for why the multiples are consistently higher. All companies included in the analysis are forecast to achieve strong earnings growth according to broker forecasts;
- the multiples are based on closing share prices as at 7 November 2017. The share prices, and therefore the multiples, do not include a premium for control. Shares in a listed company normally trade at a discount to the underlying value of the company as a whole;
- the companies selected have varying financial year ends. The data presented above is the most recent annual historical result plus the subsequent forecast year based on the median broker estimates; and

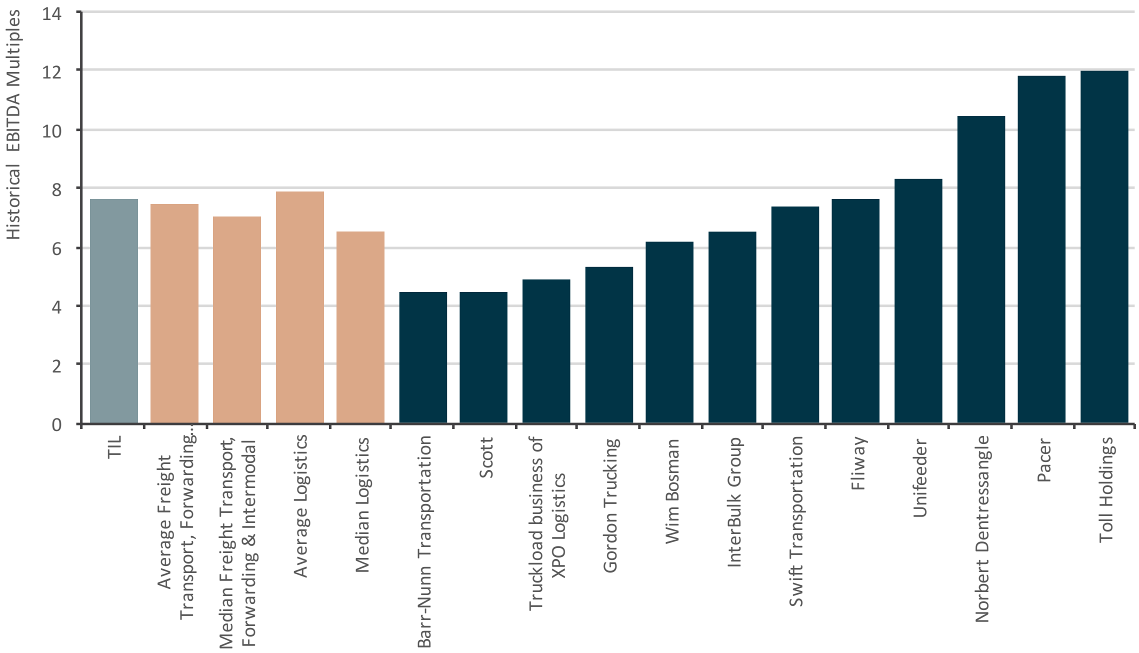
[13] Excludes DSV which has a market capitalisation of $124 billion.

- there are considerable differences between the operations and scale of the comparable companies when compared with TIL Logistics. Differences in regulatory environments, share market and broader economic conditions, taxation systems and accounting standards hinder comparisons.

7.2.2 Transactions in the Freight and Logistics Industry

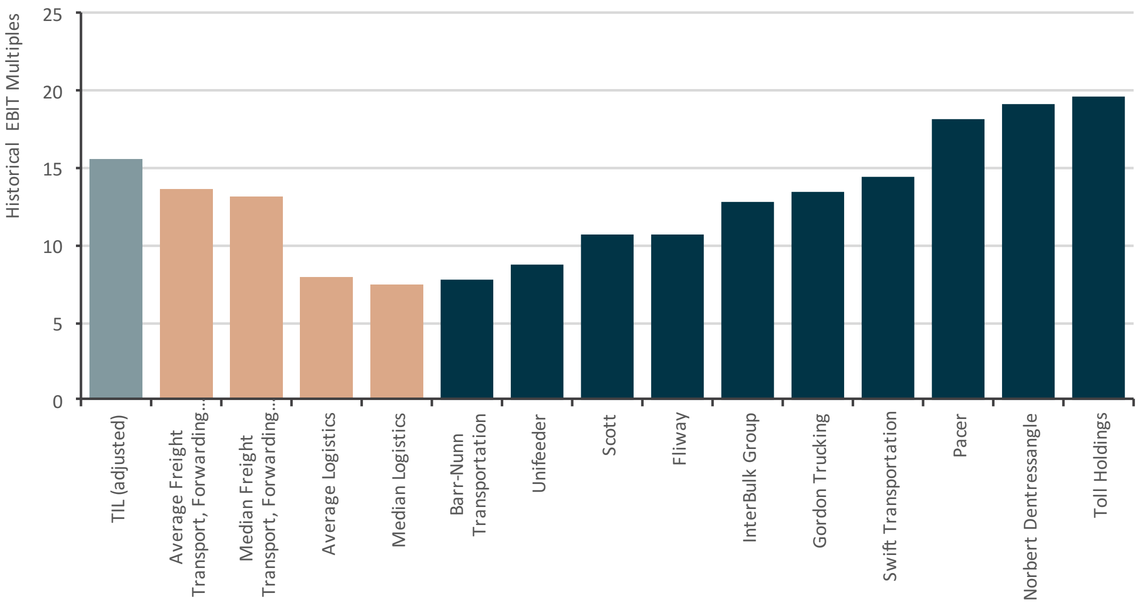
The multiples implied by the pricing of the Proposed Acquisition can be considered having regard to the earnings multiples implied by the price at which broadly comparable companies and businesses have changed hands. A selection of recent transactions involving freight and logistics businesses is set out below:

RECENT TRANSACTION EVIDENCE – HISTORICAL EBITDA MULTIPLE



Source: Grant Samuel analysis and Capital IQ

RECENT TRANSACTION EVIDENCE – HISTORICAL EBIT MULTIPLE[14]



Source: Grant Samuel analysis and Capital IQ

[14] The TIL historical EBIT multiple has been adjusted to reflect the depreciation and amortisation that would be incurred under the change of ownership.

The following points are relevant when reviewing the graphs above:

- the implied EBITDA and EBIT multiples of the transaction evidence varies significantly depending on the size and nature of the target business and the growth characteristic and the synergies available to purchasers. The implied multiples, particularly EBIT multiples, can vary due to differing degrees of capital intensity and whether depreciation is a good proxy for ongoing capital expenditure. Care therefore needs to be exercised when interpreting the multiples implied by the transaction evidence;
- Grant Samuel has categorised the target companies based on whether their primary activities are in domestic freight transport/forwarding and logistics. Due to the nature of TIL Logistics, Grant Samuel has primarily focused on the former two categories, with a higher degree of focus on freight transport, domestic forwarding and intermodal businesses as this represents the larger proportion of TIL Logistics' revenue;

Transactions involving freight transport, domestic forwarding and intermodal businesses

- on 25 October 2017 Fliway announced that it had entered into a Scheme Implementation Agreement with Yang Kee, one of Singapore's largest privately owned logistics companies with operations in Australia, the United States, China and South East Asia. Under the scheme, Yang Kee will acquire all of the shares for NZ$1.22 cash per share. The purchase price implies multiples of 7.6 times historical EBITDA and 7.8 times forecast EBITDA (broker consensus) and multiples of 10.7 times historical EBIT and 11.1 times forecast EBIT (broker consensus);
- transactions involving large target companies have tended to transact at higher multiples than smaller companies reflecting a range of factors including their attractiveness to the acquirer, the strategic nature of these transactions and the strong market positions of these targets in their primary business segments. Recent notable transactions involving large transport businesses include:
  - the merger of Swift Transportation Company and Knight Transportation Inc. at a combined enterprise value of approximately US$6 billion (implied multiple of 14.4 times historical EBIT). This transaction created the largest truckload transport company in North America;
  - the acquisition by XPO Logistics Inc. (**XPO**) of Norbert Dentressangle S.A. for an enterprise value of US$3.6 billion (implied multiple of 15.4 times forecast EBIT). The transaction represented a significant expansion of XPO into the European market; and
  - the acquisition by Japan Post Bank Co Ltd (**Japan Post**) of Toll Holdings Limited (**Toll**) for an enterprise value of approximately A$8.1 billion (implied multiple of 17.8 times EBIT). The acquisition represented a key step for Japan Post in its strategy to become a global logistics player;
- the average implied historical EBITDA multiple for all transactions involving freight transport, domestic forwarding and intermodal businesses was 7.4 times. The average decreases to 5.8 times excluding the three larger transactions described above. Grant Samuel has placed only limited reliance on the average implied multiple of forecast EBITDA of 10.1 times as it only includes three transactions (including both the Norbert Dentressangle and Toll transactions). The average implied historical EBIT multiple was 13.9 times, however the range of multiples is wide, ranging from ~8 to ~20 times EBIT;

Transactions involving logistics businesses

- transactions involving targets that are primarily logistics businesses span a wide range of implied multiples with an average historical EBITDA multiple of 8.3 times;
- the transactions include a number of logistics businesses that are primarily focused on one (or a limited number) of sectors. Examples include the acquisition by electronics conglomerate LG International of Pantos Logistics Co Ltd (**Pantos**), Pantos' acquisition of Hi Logistics, a logistics business previously owned by LG International, and Shinhung Delta Tech's acquisition of Shinhung Global – all of these companies were headquartered in South Korea. The average implied multiples for these three transactions was 5.9 times historical EBITDA and 6.9 times historical EBIT; and
- a large recent transaction in the US logistics sector was XPO's acquisition of Con-way Inc. for an enterprise value of US$3.1 billion. Con-way operates a large number of warehouses throughout North America plus a transport fleet. The purchase price implied multiples of 5.5 times forecast EBITDA and 9.7 times forecast EBIT.

Brief descriptions of the transactions and a detailed table of the comparable transaction evidence summaries above is provided in Appendix 2.

7.3 Conclusion

The multiples implied by the pricing of the Proposed Acquisition are consistent with market evidence.

8 Valuation Summary and Certification

8.1 Valuation for the Purpose of Rule 57

As outlined in section 3.1.2 under Rule 57 (1) of the Takeovers Code an Independent Adviser's Certificate is required to certify that the cash sum proposed as consideration for the acquisition of shares under the Voluntary Acquisition is fair and reasonable.

The Bethunes assets and liabilities (excluding the NZX Bond) as at 30 September 2017 have been transferred into New BIL. Therefore, the valuation for the purposes of Rule 57 relates to the value of the Acquired Assets, which is the value of TIL Logistics (the renamed Bethunes listed entity).

Grant Samuel has valued TIL Logistics in the range of $110.0 million to $126.0 million which corresponds to a value of $1.39 to $1.59 per share. The valuation is summarised below:

TIL LOGISTICS VALUATION SUMMARY

$ MILLION EXCEPT WHERE OTHERWISE STATED	LOW	HIGH
Enterprise Value of TIL Logistics	**192.0**	**208.0**
Net debt for valuation purposes	(82.0)	(82.0)
Equity Value	**110.0**	**126.0**
Fully diluted shares on issue after first tranche of the Private Placement (million)	79.1	79.1
Value per share	**$1.39**	**$1.59**

Rule 57 of the Code specifies that the fair and reasonable value of an equity security (in this case the ordinary shares of TIL Logistics is to be calculated by assessing the value of all securities in that class in the relevant company and then pro-rating that value across those securities). The impact of this provision of the Code is that there is no minority discount to be attributed to the value of the TIL Logistics shares offered to be acquired under the Acquisition Notice.

Grant Samuel has adopted net debt for valuation purposes at $82.0 million as summarised below:

TIL LOGISTICS NET DEBT ($MILLIONS)[15]

Debt drawn down on settlement	87.8
Share of debt in Associates	2.2
First tranche of the Private Placement	(8.0)
Net debt for valuation purposes	**82.0**

8.2 Preferred Methodology

Grant Samuel's valuation of TIL Logistics has been estimated on the basis of fair market value as a going concern, defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information. The valuation of TIL Logistics is appropriate for the acquisition of the company as a whole and accordingly, incorporates a premium for control. The value is in excess of the level at which, under current market conditions, shares in TIL Logistics could be expected to trade on the share market. Shares in a listed company normally trade at a discount of 15% - 25% to the underlying value of the company as a whole, but the extent of the discount (if any) depends on the specific circumstances of each company.

[15] Estimated at the date of Completion.

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence.

There are four primary valuation methodologies commonly used for valuing business:

- Capitalisation of earnings or cash flow,
- Discounting of projected cash flows,
- Industry rule of thumb; and
- Estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved. A detailed description of each of these methodologies is outlined in Appendix 3.

Preferred Approach

Grant Samuel has placed primary reliance on the capitalisation of earnings approach to value TIL Logistics. The capitalisation of earnings approach is appropriate for valuing TIL Logistics because the company has relatively stable cash flows, and a predictable capital expenditure profile.

8.3 Earnings Multiples Analysis:

Grant Samuel has valued TIL Logistics on an un-geared basis in the range of $192 - $208 million. This range implies the following multiples:

TIL LOGISTICS IMPLIED MULTIPLES

	EARNINGS FOR VALUATION (NZ$ MILLIONS)	LOW MULTIPLES	HIGH MULTIPLES
Multiple of EBITDA – year ended 30 June 2017	26.2	7.3	7.9
Multiple of EBITDA – year ending 30 June 2018	29.2	6.6	7.1
Multiple of EBIT – year ended 30 June 2017	11.5	16.7	18.1
Multiple of EBIT – year ending 30 June 2018	15.8	12.1	13.1

The valuation of TIL Logistics has been considered fair in regard to the earnings multiples implied by the price at which businesses in the transport and logistics sector have changed hands and the share market ratings of the listed transported logistics companies. An analysis of the comparable transactions and companies are shown in section 7.2 of this report. Please see section 7.1 for a summary of the adjusted earnings for valuation.

8.4 Certification of Fairness and Reasonableness

The Dominant Owner has advised that it will specify under the Acquisition Notice that the cash sum proposed as consideration for the acquisition of shares under the Voluntary Acquisition is $1.50 per share.

The consideration offered is within Grant Samuel's valuation range of $1.39 to $1.59 per share. Grant Samuel certifies that, for the purposes of Rule 57 of the Takeovers Code, the consideration is fair and reasonable.

9 Assessment of the Merits of The Proposed Acquisition, Private Placement and TIL In-Specie Distribution

9.1 Summary

Bethunes shareholders are being asked to vote on a number of resolutions related to transactions involving the Proposed Acquisition, the Private Placement and the TIL In-Specie Distribution. Bethunes shareholders have four main options in regard to their voting and subsequent actions. They can either:

- vote in favour of the resolutions approving the Proposed Acquisition, the Private Placement and TIL In-Specie Distribution in which case Bethunes will become the listing vehicle for TIL and their existing investment in Bethunes will become an investment in TIL Logistics. Existing shareholders of Bethunes will hold only 0.56% of the shares of TIL Logistics. However, existing Bethunes shareholders will also become shareholders in New BIL. New BIL holds the existing assets and liabilities of Bethunes (other than a $75,000 NZX Bond). If Bethunes shareholders vote in favour of the Proposed Acquisition, the Private Placement and TIL In-Specie Distribution they will retain a shareholding in TIL Logistics and retain their proportionate ownership of Bethunes (before the Proposed Acquisition excluding the $75,000 NZX Bond) via a shareholding in New BIL; or
- vote against the resolutions regarding the Proposed Acquisition, the Private Placement and TIL In-Specie distribution in which case, if the resolutions are not approved, Bethunes will continue to be a very small listed company seeking new investments. There is no certainty regarding if or when new investment opportunities will arise. Bethunes will continue to incur the costs of operating as a listed company (including listing fees, audit fees and directors' fees) and searching and evaluating potential investment opportunities. In addition, Bethunes will incur approximately $200,000 of transaction costs (almost half of Bethunes' net assets) arising from the Proposed Acquisition; or
- vote in favour of the resolutions approving the Proposed Acquisition, the Private Placement and TIL In-Specie distribution and then elect to be acquired by the Dominant Owner under the Voluntary Acquisition at $1.50 per share (on a consolidated basis). Under this alternative, existing shareholders of Bethunes will receive $1.50 per share under the Voluntary Acquisition and retain their proportionate ownership of Bethunes (before the Proposed Acquisition excluding the $75,000 NZX Bond) via a shareholding in New BIL; or
- vote against the resolutions regarding the Proposed Acquisition and the Private Placement and elect for their individual shareholding to be acquired by Bethunes under the minority buy out rights provisions provided for under the Companies Act. Under this alternative, if the resolutions are approved, existing shareholders of Bethunes will retain their proportionate ownership of Bethunes (before the Proposed Acquisition excluding the $75,000 NZX Bond) via a shareholding in New BIL and receive the proportionate ownership of the NZX bond which equates to be $0.0007 per share (pre consolidation) or $0.17 per share on a consolidated basis.

If the resolutions are not passed, it is likely that Bethunes will need to raise further capital to enable it to cover its operating expenses, the costs associated with being a listed entity and to research and evaluate acquisition opportunities, or the company will need to be liquidated. The Bethunes Directors have stated their intention to raise $10 million of new capital to fund its investment programme and existing Bethunes shareholders will have the right to participate in this capital raising. If existing Bethunes shareholders do not participate in the future capital raising, their shareholding in Bethunes will be significantly diluted.

9.2 Merits of the Proposed Acquisition

9.2.1 The Valuation of the Proposed Acquisition

Grant Samuel has assessed the price being paid for TIL Logistics by reference to the multiples implied by comparable market evidence.

The multiples implied by the pricing of the Proposed Acquisition is consistent with market evidence.

9.2.2 The Rationale of the Proposed Acquisition

Since becoming a listed shell, Bethunes has considered reverse listing opportunities to present to its shareholders while seeking investment opportunities. The Proposed Acquisition and related transactions, in the opinion of Bethunes Directors, will provide a number of benefits to existing Bethunes shareholders including:

- the introduction of substantial assets and business operations into the NZX listed company shell with a focus on the transport and freight services sector;
- enabling shareholders to, without dilution, continue to own the current business and assets of Bethunes through their distributed shareholding in New BIL, as well as holding a shareholding in TIL Logistics at no cost;
- the opportunity for New BIL shareholders to participate in the planned capital raise following completion of the Proposed Acquisition, which would include a rights offering to shareholders to raise up to $10 million in capital. If the capital raise is successful, this will provide New BIL with the additional capital needed to fund its investment programme; and
- TIL Logistics is contributing towards New BIL's third party costs. If the Proposed Acquisition completes New BIL will receive $200,000 as a contribution towards the transaction costs and costs to relist New BIL.

Shareholders have the option of either approving the Proposed Acquisition or rejecting the Proposed Acquisition in favour of the status quo. Under the status quo, existing shareholders will not have a shareholding in TIL Logistics and are likely to be asked to participate in a capital raising process to raise $10 million to fund the planned investment programme.

9.2.3 Merits of Approving the Proposed Acquisition

The Proposed Acquisition constitutes a major transaction under section 129 of the Companies Act and the NZX Listing Rules as, together with the Private Placement and the ASB Debt Facilities, it involves a range of transactions, all of which are more than half the market value of Bethunes' assets prior to the these transactions, which include:

- the acquisition of the business and assets of TIL and shares in Global which has a value of $200 million (subject to adjustments for net debt and movements in working capital);
- entering into the ASB Debt Facilities for the purposes of the Proposed Acquisition and ongoing working capital requirements, and entering into a cross-guarantee in respect of these facilities; and
- the Private Placement.

The Proposed Acquisition also requires approval under the NZX Listing Rules as it will change the essential nature of Bethunes. The Proposed Acquisition therefore requires shareholder approval by way of a special resolution of Bethunes shareholders requiring approval by 75% of those shareholders eligible to vote and voting. Current Directors of Bethunes and their associated entities hold approximately 10.9% of the Bethunes shares on issue and unanimously recommended that shareholders vote in favour of the Proposed Acquisition and related transactions. If shareholders pass a special resolution approving the Proposed Acquisition, an investment in Bethunes will effectively become an investment in TIL Logistics.

TIL and new investors will hold or control approximately 99.4% of Bethunes following completion of the Proposed Transaction. The market value of Bethunes will substantially increase from its current $1.1 million market capitalisation[16]. New BIL also does not have any liability to ASB or any other party under the ASB Debt Facilities. The Proposed Acquisition does provide upside to Bethunes shareholders in the form of a shareholding in TIL Logistics and for the short term ensures the continuity of Bethunes in the new form of New BIL.

9.2.4 Merits of not Approving the Proposed Acquisition

If shareholders do not vote in favour of the Proposed Acquisition neither the Proposed Acquisition nor the Private Placement will proceed and Bethunes will remain a listed shell company seeking suitable investment opportunities. As at 30 September 2017, Bethunes had approximately $482,000 of net assets and average monthly expenditure of approximately $20,000 (excluding one-off transaction costs associated with the Proposed Acquisition). Bethunes will continue to incur operating expenses in the absence of the Proposed Acquisition. Bethunes will also incur significant expenses associated with progressing the Proposed Acquisition if shareholders vote against the Proposed Acquisition. The quantum of the costs of the transaction is estimated to be approximately $200,000, representing almost half of the Bethunes' net assets. These costs include the costs of preparing the Profile of TIL Logistics, NZX fees, the costs of convening and holding the shareholders' meeting, directors' fees and legal fees. In the event the shareholders do not vote in favour of the Proposed Acquisition, the value of Bethunes will decrease materially due to the transaction costs that will become payable. Ultimately, it is likely that Bethunes will need to raise further capital to enable it to cover its operating expenses, the costs associated with being a listed entity and to research and evaluate acquisition opportunities, or the company will need to be liquidated. If the Proposed Acquisition does not proceed, shares in Bethunes are likely to trade below the current share price until another suitable investment is identified. Bethunes shareholders will also be asked to participate in the proposed $10 million capital raising to fund an investment programme. If existing shareholders elect to not participate in the proposed capital raising then their existing shareholding will be significantly diluted.

If the Proposed Acquisition is not approved, it is unlikely that Bethunes will seek to participate in a reverse listing again.

Shareholders who vote against the Proposed Acquisition will, in the event the Proposed Acquisition proceeds, be entitled to exercise their minority buy-out rights under the provisions of the Companies Act by providing written notice to Bethunes within 10 working days of the passing of the special resolution requiring Bethunes to purchase their shares.

9.2.5 Other Merits of the Proposed Acquisition

The other merits of the Proposed Acquisition include:

- the consideration paid for the Acquired Assets is summarised below:

ACQUIRED ASSETS CONSIDERATION SUMMARY (NZ$ MILLIONS)

Value of new Bethunes shares issued as consideration to TIL	100.3
Cash consideration, financing via the ASB debt facility	81.0
Price paid to TIL	**181.3**
Net debt in associates	2.2
Value of new Bethunes shares issued to the Kern Entities	9.7
Cash paid to settle professional fees and transaction costs	6.8
Implied Enterprise Value of TIL Logistics	**200.0**

As shown above, the fees and costs associated with the Proposed Acquisition as a percentage of the enterprise value are approximately 8.3% of the implied enterprise value and 14.8% of the equity raised[17]. These fees are being paid, or have been paid and are being reimbursed, to professional

[16] As at 26 October 2017, the date of the market price of Bethunes shares prior to the announcement of the Proposed Acquisition.

[17] The value of the entity is based on the value of new Bethunes shares issued as consideration to TIL plus the capital raised in the Private Placement.

advisors and service providers, a large portion of which would have been incurred in preparation for the discontinued IPO and to the principal advisor Kern Group. If the fees and costs are excluded from the value ascribed to TIL Logistics, the value per share decreases to $1.37. However, as the existing Bethune's shareholders shareholding in TIL Logistics will only be 0.56%, the transaction costs are effectively being paid by the existing shareholders in TIL Logistics;

EQUITY VALUE IMPLIED BY PURCHASE PRICE POST ACQUSITION (EXCLUDING TRANSACTION COSTS) (NZ$ MILLIONS)

Total consideration paid for the Acquired Assets and value ascribed to Bethunes	200.7
Less value ascribed to Bethunes	(0.7)
Less professional fees and transaction costs	(6.8)
Less value of new Bethunes shares issued to the Kern Entities	(9.7)
Less cash consideration, financing via the ASB debt facility	(81.0)
Less net debt in associates	(2.2)
Plus capital raised via the Private Placement	11.5
Equity value of TIL Logistics	**111.8**
Shares on issue (millions)	81.5
Value per share	**$1.37**

- the price at which the shares will ultimately trade on-market after the completion date will depend on a range of factors, including New Zealand and global equity market conditions; and
- at Completion, and prior to the Employee/Director-Designate Transfer, TIL Logistics will be tightly held with TIL and the TIL Principals holding approximately 88.2% of the company. The Kern Group and the Kern Entities, will hold approximately 8.3% of the listed company. The shareholding by entities associated with the Kern Group (being the Kern Entities) were allotted a shareholding in Global to provide the Kern Entities with an interest in the IPO transaction if it proceeded. The Kern Group will also receive a fee for the financial services if the Proposed Acquisition is completed. The Kern Group and Kern Entities believes there is further value creation to be achieved through industry consolidation and therefore it is unlikely that it will sell its shareholding in the short to medium term. Given the limited free float and the stated intentions of the Kern Group and Kern Entities, the liquidity of the TIL Logistics shares on the NZX will be limited in the short term. TIL has stated that it plans to transfer (for no consideration) shares to approximately 600 employees and owner drivers. This will increase the number of shareholders and may marginally improve the liquidity of TIL Logistics shares.

9.3 Merits of the Private Placement

Of the $200 million purchase price for the Proposed Acquisition, $11.5 million will effectively be funded via the Private Placement. The Private Placement requires the approval by 75% of shareholders of Bethunes that are entitled to vote and voting under the Companies Act and NZX Listing Rules and by way of an ordinary resolution requiring approval by 50% of shareholders that are entitled to vote and voting under the Takeovers Code.

9.3.1 The Price of the Private Placement

The shares issued in consideration of the $11.5 million of capital raised from participating investors (see section 2.5) are being issued at $1.50 per share. In evaluating the fairness of this issue price, Grant Samuel has had regard to:

- the market price of Bethunes shares prior to the announcement of the Proposed Acquisition on 26 October 2017 (adjusted for the 254 for 1 share consolidation), $2.54; and
- the price of the shares being issued under the Private Placement, $1.50.

The market price of Bethunes shares prior to the announcement of the Proposed Acquisition is irrelevant under the structure of the Proposed Acquisition and related transactions. If the Proposed Acquisition is approved by shareholders Bethunes will distribute the shares in New BIL, to which Bethunes has transferred it net assets (other than its $75,000 NZX Bond), to existing Bethunes shareholders prior to Completion.

Therefore, the current listed market value of Bethunes is not relevant to the entity for which the shares are being issued in as this value will be retained by the existing Bethunes shareholders in New BIL. The valuation of the shares being issued represents the value TIL and Global shareholders place on the company as an investment shell that will be utilised in the reverse listing. The share price set is a negotiated outcome between TIL, Global shareholders and Bethunes' directors and there is limited comparable information to assess a market value of a listed shell entity. It is also the same price at which Bethunes shareholders can sell their shares to the Dominant Owner.

This issue price is consistent with the share valuation being applied to all shares issued in the transaction.

9.3.2 Other Merits of the Private Placement

The other merits of the Private Placement include:

- $8.65 million of the funds raised by the Private Placement will be used to repay a portion of ASB Debt Facilities. After the Private Placement, TIL Logistics' net debt will be approximately $78.5 million. A lower level of gearing in TIL due to the Private Placement, reduces the risk for all shareholders including existing Bethunes shareholders; and
- the majority of the investors participating in the Private Placement have an existing business or professional relationship with TIL, the large majority of which are shareholders in TIL or the Kern Entities. The potential shareholding outcomes of the Proposed Acquisition and Private Placement are outlined in section 2.5.

9.4 Fairness of the Proposed Transaction for the purposes of the NZX Listing Rules

In Grant Samuel's opinion, based on the analysis of the merits outlined above, the terms of the Proposed Transaction are fair and reasonable to the shareholders of Bethunes not associated with TIL and Global and the Proposed Transaction is in the best interests of Bethunes given the options reasonably available to Bethunes at the current time. In Grant Samuel's opinion, the information provided by Bethunes to its shareholders is sufficient to enable holders to understand all the relevant factors, and make an informed decision. Grant Samuel has obtained all information which it believes desirable for the purposes of preparing the report, including all relevant information which is or should have been known by any director of Bethunes and made available to the directors.

9.5 Merits of the TIL In-Specie Distribution

The TIL In-Specie Distribution is the first step, in potentially a series of steps, that is proposed and involves the shares that TIL will own on completion of the Proposed Acquisition being distributed to its direct and indirect shareholders. After the Proposed Acquisition and Private Placement, Bethunes shareholders will hold 0.56% of TIL Logistics shares. The proportion of Bethunes shareholders' ownership of TIL Logistics is not impacted by the TIL In-Specie Distribution. The TIL In-Specie Distribution has no major impact on Bethunes shareholders.

9.6 Merits of the Voluntary Acquisition

The Dominant Owner (being TIL, TIL Principals and Kern Persons) will hold 96.6%[18] of TIL Logistics after the Proposed Acquisition, Private Placement and before the TIL In-Specie Distribution. Under the Takeovers Code, the Dominant Owner must offer Bethunes shareholders the right to sell their shares in Bethunes to the Dominant Owner. The value the Dominant Owner has determined to acquire the shares in Bethunes is $1.50 per share (on a consolidated basis). Grant Samuel certifies that, for the purposes of Rule 57 of the Takeovers Code, the consideration is fair and reasonable. If Bethunes shareholders do not want to participate in the Proposed Acquisition, they should, in Grant Samuel's opinion, not exercise their minority buy-out rights and elect to be acquired by the Dominant Owner under the Voluntary Acquisition.

[18] This assumes the Employee/Director-Designate Transfer has not taken place.

9.7 The Minority Buy Out Rights

Section 112 (2) of the Companies Act states the value of the buy out rights must be a fair and reasonable price (as at the close of business on the day before the date on which the resolution was passed) for the shares held by the shareholder. Bethunes has declared a pro rata in-specie distribution of the New BIL shares to existing Bethunes shareholders, conditional on Bethunes' shareholders approving the resolutions set out in the Notice of Meeting. The record date for that distribution is two business days before the resolutions are due to be passed, meaning that the Bethunes shares will be ex-dividend on the day before the date on which the resolution will be passed. Accordingly, the Bethunes shares will no longer carry an entitlement to the New BIL shares distribution on the date of the valuation and the only asset Bethunes will have at the date of valuation for the purposes of the minority buy out provisions is the $75,000 NZX bond (i.e. after the record date for the New BIL shares distribution and before the acquisition of the business and assets of TIL and Global shares).

A Bethunes shareholder who elects to be acquired under the minority buy out provisions would receive their proportionate ownership of the NZX bond which equates to be $0.0007 per share (pre consolidation) or $0.17 per share on a consolidated basis and retain ownership of the New BIL share which they will receive.

If Bethunes shareholders do not want to participate in the Proposed Acquisition, they should not, in Grant Samuel's opinion exercise the minority buy-out rights as they will lose the right for their Bethunes shares to be acquired by the Dominant Owner for $1.50 per share (on a consolidated basis) and therefore their proportion of the TIL Logistics value under the Proposed Acquisition. Bethunes shareholders that do not want to participate in the Proposed Acquisition are better off exercising the right to be acquired by the Dominant Owner under the Voluntary Acquisition and retain their proportionate shareholding in New BIL.

9.8 An investment in Bethunes

As with any equity investment there are risks associated with the market in which the company operates. The risks associated with an investment in Bethunes include:

- Bethunes is currently a listed shell company seeking an appropriate investment opportunity. If the Proposed Acquisition does not proceed Bethunes will continue to operate as a listed shell company incurring an average of $20,000 in operating costs per month and diminishing net assets. It is likely that shareholders will be asked to participate in a $10 million capital raising to fund the planned investment programme. There is no certainty that suitable alternative investment opportunities will be found and ultimately Bethunes will run out of cash to fund its operations;
- If the Proposed Acquisition proceeds, existing Bethunes shareholders will have a shareholding in TIL Logistics which has its own inherent risks including:
    - loss of key customers. Many of TIL Logistics' contracts with customers are subject to tender and renewal processes and there is a risk that TIL Logistics may not be successful in tender or contract renewal processes or will be unable to renew any contract on the same or better terms;
    - reduction in revenue due to the customer's underlying business performance and general economic conditions;
    - integration risks associated with the recent acquisition of MOVE Logistics and NZL; and
    - the reliance on New Zealand's transport infrastructure. TIL Logistics depends on the ongoing fitness and availability of New Zealand's transport infrastructure such as roads and ferries. As evidenced by the impact of the recent Kaikoura earthquake, events causing significant disruption to New Zealand's transport infrastructure can occur and do impact on the performance of companies operating in the sector.

The benefits and opportunities associated with an investment in Bethunes include:

- the benefit of investing in Bethunes in its current form is the potential of securing a shareholding in a future reverse listing opportunity and to secure rights to the planned capital raising by New BIL. As there is no certainty such an investment will be forthcoming (if the Proposed Acquisition is not approved), this benefit has limited value;
- if the Proposed Acquisition proceeds, existing Bethunes shareholders will have a shareholding in TIL Logistics which has its own inherent benefits and opportunities including:

- TIL is one of New Zealand's largest domestic freight and logistics platform with a nationwide network of branches, depots and warehouses which, until now, has been privately owned. The Proposed Acquisition provides Bethunes shareholders with the opportunity to have a shareholding in TIL Logistics;
- TIL Logistics' (the renamed listed entity) proposed Board have stated that the dividend will be between 50% and 70% of net profit after tax. The current forecast assumes the first dividend will be paid in September 2018;
- TIL has a history of successful business acquisitions. TIL's management has identified a number of targets and are currently investigating these possibilities. If TIL management can acquire smaller competitors at favourable valuations and integrate these businesses successfully this will be value accretive to shareholders in Bethunes;
- there is the possibility of offshore expansion, either organically or via acquisition; and
- the attractiveness of Bethunes as a takeover target will be enhanced.

9.9 Acceptance or Rejection of the Proposed Acquisition and the Private Placement

Acceptance or rejection of the Proposed Acquisition and the Private Placement is a matter for individual shareholders based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser(s).

GRANT SAMUEL & ASSOCIATES LIMITED

17 November 2017

APPENDIX 1: Comparable Listed Companies

The multiples implied by the pricing of the Proposed Acquisition can be considered having regard to the earnings multiples implied by the share market prices of listed international companies with operations in the freight and logistics industry. While none of these companies are precisely comparable to TIL Logistics, the share market data provides some framework within which to assess the Proposed Acquisition price:

SHARE MARKET RATINGS OF LISTED FREIGHT AND LOGISTICS COMPANIES

		EBITDA MULTIPLE (TIMES)		EBIT MULTIPLE (TIMES)	
DATE	MARKET CAPITALISATION (NZ$ MILLIONS)	HISTORICAL	FORECAST	HISTORICAL	FORECAST
Australia and New Zealand					
CTI Logistics	85	8.6	n.a.	20.2	n.a.
Freightways	1,195	13.5	12.3	15.5	14.2
Fliway Group	54	7.5	7.6	10.4	10.9
K&S Corporation	237	5.8	n.a.	19.9*	n.a.
Lindsay Australia	137	6.2	5.4	16.5	12.2
Mainfreight	2,482	13.6	12.3	17.4	15.6
Group average		**9.2**	**9.4**	**16.9**	**13.2**
Group median		**8.0**	**10.0**	**16.7**	**13.2**
North America					
CH Robinson	16,380	13.7	14.7	14.9	16.5
Expeditors	16,259	14.2	14.5	15.2	14.9
J.B. Hunt Transport	16,972	12.0	12.3	18.1	19.2
Old Dominion	14,482	14.8	12.9	20.7	17.4
Landstar	6,003	15.4	14.2	17.9	16.5
Knight-Swift	9,934	nm	10.5	nm	25.0
Werner Enterprises	3,666	7.7	7.2	20.6	18.0
Heartland Express	2,568	9.0	9.8	20.1	24.9
Hub Group	2,196	10.4	12.6	14.0	20.4
Universal Logistics	883	10.0	10.2	17.9	22.3
Group average		**11.9**	**11.9**	**20.8**	**19.5**
Group median		**12.0**	**12.5**	**18.0**	**18.6**
Europe, UK and Scandinavia					
Kuehne + Nagel	29,964	17.9	17.2	21.7	20.9
Bollore	19,896	15.9	15.2	25.9	24.3
DSV	132,297	23.0	17.7	28.1	20.6
Panalpina	4,761	18.8	19.9	27.2	28.0
Group average		**18.9**	**17.5**	**25.7**	**23.4**
Group median		**18.3**	**17.4**	**26.6**	**22.6**
Asia					
Kerry Logistics	3,513	10.6	9.1	13.7	11.5
Sinotrans	3,501	9.4	8.9	13.2	11.2
Kinetsu	1,867	10.4	9.2	18.9	16.4
Group average		**10.1**	**9.1**	**15.3**	**13.0**
Group median		**10.4**	**9.1**	**13.7**	**11.5**
Average - All		**12.2**	**12.1**	**19.9**	**18.1**
Median - All		**11.3**	**12.3**	**18.1**	**17.4**

Source: Grant Samuel analysis

* denotes outliers. n.a. means not available. nm means not meaningful.

Australia and New Zealand:

CTI Logistics Limited

CTI Logistics Limited (**CTI**) provides transport and logistics services in Australia. It operates through three segments: Transport, Logistics, and Property. The services provided by the Transport segment include freight forwarding, heavy haulage and warehousing and distribution. CTI is headquartered in Perth, Australia.

Freightways

Freightways Limited's (**Freightways**) main business is the provision of express package and business mail services primarily in New Zealand and Australia. It also provides information management services such as document destruction. The company provides network courier services, point-to-point courier services, a secure service for valuables and various postal services. Services are offered through its network as well as through alliances with international express package operators. The company is headquartered in Auckland, New Zealand.

Fliway Group

Fliway Group Limited (**Fliway**) operates as a transport and logistics company in New Zealand. The company offers domestic supply chain, and international air and ocean freight services. Fliway's activities include transporting and warehousing freight; and coordinating the movement of freight, including arranging customs clearance and associated border clearance activities. The company operates a fleet of approximately 170 vehicles and provides services through 11 branches and 5 warehouses. Fliway is based in Auckland, New Zealand.

K&S Corporation

K&S Corporation Limited (**K&S**) provides transportation and logistics, contract management, warehousing, distribution and fuel distribution services primarily in Australia and New Zealand. The company conducts its operations through three divisions, Australian Transport, Fuels, and New Zealand Transport. K&S generates approximately 80% of its EBITDA from its Australian Transport operations. The company is headquartered in Victoria, Australia.

Lindsay Australia

Lindsay Australia Limited (**Lindsay Australia**) provides transport, logistics, and rural supply services to the food processing, food services, fresh produce, rural, and horticultural sectors in Australia. It operates through Transport and Rural segments. The Transport segment is involved in the cartage of general and refrigerated products, and ancillary sales. The Rural segment sells and distributes a range of agricultural supply products. The company is headquartered in Brisbane, Australia.

Mainfreight

Mainfreight Limited (**Mainfreight**) provides supply chain logistics solutions in New Zealand, Australia, the Americas, Europe and Asia. It offers a range of logistics services, including warehousing and supply chain management, domestic distribution and international air and ocean freight operations. Its divisions include Domestic Freight, International Freight and Forwarding (including customs brokerage), Logistics (including warehousing and inventory management) and Supply Chain Technology (including mainchain portals and freight management). Mainfreight generates approximately three quarters of its EBITDA from domestic (in continent) services and the remaining quarter from air and ocean services.

North America:

CH Robinson

C.H. Robinson Worldwide, Inc. (**CH Robinson**), a third party logistics company, provides freight transportation services and logistics solutions to companies in various industries worldwide. It is present in 38 countries and has over 11,520 employees. CH Robinson offers services including truckload (time-definite and expedited) transportation services, less than truckload services, intermodal transportation and non-vessel ocean common carrier or freight forwarding services as well as organising air shipments and providing door-to-door services. The company is headquartered in Minnesota, USA.

Expeditors

Expeditors International of Washington, Inc. (**Expeditors**) is a global freight forwarding and logistics company. The company's operations include air freight services, ocean freight services and other logistical solutions. It operates in North America, Latin America, the Asia Pacific, Europe, Africa, the Middle East and India. Expeditors is headquartered in Washington, USA.

J.B. Hunt Transport

J.B. Hunt Transport Services, Inc. (**JB Hunt**) provides transportation and delivery services in the United States, Canada and Mexico. The company's primary division is Intermodal Transport which accounts for approximately two thirds of revenue. Other divisions are Contract Services, Integrated Capacity Solutions and Full-Load Dry-Van. JB Hunt is headquartered in Arkansas, USA.

Old Dominion

Old Dominion Freight Line, Inc. (**Old Dominion**) operates as a less-than-truckload motor carrier in North America. The company provides regional, inter-regional and national less-than-truckload services, including ground and air expedited transportation and consumer household pickup and delivery. The company also offers various value added services including international freight forwarding, container drayage, truckload brokerage, supply chain consulting and warehousing. Old Dominion is headquartered in North Carolina, USA.

Landstar

Landstar System, Inc. (**Landstar**) provides integrated transportation management solutions in the United States and internationally. The company operates through two divisions, Transportation Logistics and Insurance. Transportation Logistics provides transportation services, including truckload and less-than-truckload transportation, rail intermodal, air cargo, ocean cargo, expedited ground and air delivery and customs brokerage. Landstar offers truck services through dry and specialty vans, unsided/platform trailers, temperature-controlled vans and containers. Insurance reinsures certain risks of the company's independent contractors. Landstar is headquartered in Florida, USA.

Knight-Swift Transportation Holdings Inc.

Knight-Swift Transportation Holdings Inc. (**Knight-Swift**) provides truckload transportation and logistics services in North America. Knight-Swift derives approximately 80% of its revenues from trucking services and 20% from logistics services. Following the US$6 billion merger of Knight Transportation and Swift Transportation in April 2017 Knight-Swift is the largest trucking company in North America with 23,000 tractor units and 77,000 trailer units. Knight-Swift is headquartered in Arizona, USA.

Werner Enterprises

Werner Enterprises, Inc. (**Werner Enterprises**) is a transportation and logistics company that hauls truckload shipments of general commodities interstate and intrastate in the United States, Mexico, Canada, China and Australia. The company operates through two divisions, Truckload Transportation Services, which accounts for approximately 80% of revenue and Value Added Services, which accounts for approximately 20% of revenue. Werner is headquartered in Nebraska, USA.

Heartland Express

Heartland Express, Inc. (**Heartland Express**) operates as a short-to-medium-haul truckload carrier of general commodities in the United States and Canada. The company provides dry van truckload services through its regional terminals and transports freight for shippers using owned and leased equipment and independent contractor tractors. It also provides temperature-controlled truckload, dedicated truckload and freight brokerage services. Heartland Express primarily serves retailers and manufacturers. Heartland Express is headquartered in Iowa, USA.

Hub Group

Hub Group, Inc. (**Hub Group**) is an asset-light freight transportation management company that provides intermodal, truck brokerage and logistics services in North America. The company operates through two divisions, Hub, which contributes three quarters of total revenue and Mode, which contributes the remaining one quarter of total revenue. Hub Group is headquartered in Illinois, USA.

Universal Logistics

Universal Logistics Holdings Inc. (**Universal Logistics**) provides transport and logistics solutions in the United States, Mexico, and Canada. It offers transportation services (including dry van, flatbed, heavy haul, dedicated, refrigerated, shuttle and switching operations), domestic and international freight forwarding, customs brokerage, final mile and ground expedited services and brokerage. Universal Logistics is headquartered in Michigan, USA.

Europe, UK and Scandinavia:

DSV

DSV A/S (**DSV**) provides transport and logistics services worldwide. It operates through three divisions, Road Transport Services (approximately 50% of total revenue) Air & Sea Freight Services (approximately 40% of total revenue) and Solutions (approximately 10% of revenue). DSV is headquartered in Denmark.

Kuehne & Nagel

Kuehne & Nagel International AG (**Kuehne & Nagel**) provides freight transportation, forwarding and logistics services. The company operates through three primary segments, Seafreight, which accounts for approximately half of EBIT, Airfreight, which accounts for approximately 30% of EBIT and Contract Logistics, which accounts for approximately 20% of EBIT. The company operates in Europe, the Americas, the Asia-Pacific, the Middle East, Central Asia and Africa. Kuehne & Nagel is headquartered in Switzerland.

Bolloré

Bolloré Group (**Bolloré**) is engaged in transportation and logistics (greater than one half of total revenue), oil logistics (approximately one quarter of total revenue) and other services (approximately 20% of total revenue). The company is headquartered in France.

Panalpina

Panalpina World Transport (Holding) Ltd. (**Panalpina**) provides air and ocean freight and logistics services in Europe, the Middle East, Africa, Russia, the Americas and the Asia Pacific. Its air freight services include general, special, express and intermodal services as well as charter and emergency services. The company is headquartered in Switzerland.

Asia:

Kerry Logistics

Kerry Logistics Network Limited (**Kerry Logistics**) provides logistics services in Asia and internationally. The services provided include integrated logistics (storage and value-added services), trucking and distribution services, returns management services and various ancillary services primarily in Asia. Kerry's freight forwarding business contributes approximately 60% of total of revenue. The company is headquartered in Hong Kong.

Sinotrans

Sinotrans Limited (**Sinotrans**) provides logistics services primarily in the People's Republic of China. The company offers freight forwarding services by sea, rail, air and road, integrated supply chain logistics solutions, warehousing services, express services and terminal value-added services (berthing, stevedoring, stack-up and delivery, forwarding, hauling and depot services). It also provides shipping agency services, container lines and coastal feeder services and long haul transportation services (such as cross-regional long haulage services, intra-regional distribution services, just in time transport, reverse logistics and supply transportation). Sinotrans is headquartered in Beijing, China.

Kintetsu

Kintetsu World Express, Inc. (**Kintetsu**) provides air freight forwarding, sea freight forwarding, logistics and other services. The company offers packaging, customs clearance, project management, less-than-container load/full-container load, booking, crafting and break bulk services as well as logistics services including vendor managed inventory, just in time operation, reverse logistics, consultation, assembly works and product inspection services. Kintetsu also provides warehousing, packing, temporary staffing, property management, insurance agency and trucking services. The company operates primarily in the computer/IT/electronics, communication and automotive industries. Kintetsu is headquartered in Tokyo, Japan.

APPENDIX 2: Recent Transaction Evidence

The multiples implied by the pricing of the Proposed Acquisition can be considered having regard to the earnings multiples implied by the price at which broadly comparable companies and businesses have changed hands. A selection of recent transactions involving freight and logistics businesses is set out below:

RECENT TRANSACTION EVIDENCE

DATE	TARGET	ACQUIRER	IMPLIED ENTERPRISE VALUE (MILLIONS)	EBITDA MULTIPLE (TIMES)		EBIT MULTIPLE (TIMES)	
				HISTORICAL	FORECAST	HISTORICAL	FORECAST
Freight Transport, Domestic Forwarding and Intermodal							
Pending	Fliway	Yang Kee	$64	7.6	7.8	10.7	11.1
Apr 17	Swift Transportation	Knight Transportation	US$2,952	7.4	na	14.4	na
Oct 16	Truckload business of XPO Logistics	TransForce	US$558	4.9	na	na	na
Dec 15	InterBulk Group	XPO Logistics Europe	£95	6.5	na	12.8	na
Apr 15	Norbert Dentressangle	XPO Logistics Inc.	US$3,595	10.5	9.1	19.1	15.4
Feb 15	Toll Holdings	Japan Post Bank	A$8,107	12.0	11.0	19.6	17.8
Oct 14	Barr-Nunn Transportation	Knight Transportation	US$116	4.5	na	7.8	na
Jan 14	Pacer	XPO Logistics	US$335	11.8	10.1	18.2	13.4
Dec 13	Scott	K&S	A$48	4.5	na	10.7	na
Nov 13	Gordon Trucking	Heartland Express	US$300	5.3	na	13.5	na
Apr 13	Unifeeder	Nordic Capital	€400	8.3	na	8.7	na
Mar 11	Wim Bosman	Mainfreight	€120	6.2	na	na	na
Median				**7.0**	**9.5**	**13.6**	**14.4**
Average				**7.5**	**9.6**	**13.2**	**14.4**
Logistics							
Oct 15	Hi Logistics	Pantos Logistics	KRW105,400	5.8	na	7.4	na
Sep 15	Con-way	XPO Logistics	US$3057	6.2	5.5	11.6	9.7
Feb 15	APL Logistics	Kintetsu	US$1,200	15.0	na	nc	na
Feb 15	Shinhung Global	Shinsung Delta Tech	KRW24,790	5.7	na	6.3	na
Jun 15	GMK Logistics	CTI Logistics	A$27	4.5	na	na	na
May 15	Bridge Terminal Transport	XPO Logistics	US$100	8.1	na	na	na
Jan 15	Pantos Logistics	LG International	604,808	6.1	na	7.1	na
Jul 14	Jacobsen	Norbert Denressangle	US$750	9.9	na	nc	na
Jul 14	New Breed	XPO Logistics	US$615	8.0	na	na	na
Jul 13	3PD	XPO Logistics	US$365	12.8	na	26.3*	na
Jul 12	LINC Logistics	Universal Truckload Services	US$335	6.8	na	7.8	na
Median				**6.8**	**5.5**	**7.4**	**9.7**
Average				**8.1**	**5.5**	**8.0**	**9.7**

Source: Grant Samuel analysis

Freight Transport, Domestic Forwarding and Intermodal:

Fliway Group Limited / Yang Kee Logistics Pte Limited

On 25 October 2017 Fliway Group Limited (**Fliway**) announced that it had entered into a Scheme Implementation Agreement with Yang Kee Logistics Pte Limited (**Yang Kee**), one of Singapore's largest privately owned logistics companies with operations in Australia, the United States, China and South East Asia. Under the scheme, Yang Kee will acquire all of the shares for NZ$1.22 cash per share. Fliway is New Zealand based transport and logistics company with a fleet of over 150 vehicles, 12 branches and 5 warehouses employing 400 people. The purchase price implies multiples of 7.6 times historical EBITDA and 7.8 times forecast EBITDA (broker consensus) and multiples of 10.7 times historical EBIT and 11.1 times forecast EBIT (broker consensus).

Swift Transportation Company / Knight Transportation Inc.

On 10 April 2017 Swift Transportation Company and Knight Transportation Inc. announced an all stock merger transaction at a combined enterprise value of approximately US$6 billion. The merger created North America's largest truckload company with approximately 23,070 tractors, 76,810 trailers and 21,340 drivers operating from 70 locations in 30 states and 3 locations in Mexico. The combined revenue of the two companies upon the merger was US$5.225 billion and combined EBITDA and EBIT was US$806 million and US$416 million respectively. The merger value implied multiples of 7.4 combined historical EBITDA and 14.4 times combined historical EBIT.

XPO Logistics / Transforce Inc.

On 27 October 2016 XPO Logistics announced that it had completed the sale of its North American truckload business to Transforce Inc. for approximately US$558 million in cash. The business consisted of approximately 3,000 tractor units, 7,500 trailers and 29 operating locations that were part of the October 2015 acquisition of Con-Way Inc. the purchase price implied a multiple of 4.9 times historical EBITDA. The implied EBIT multiple was not calculable.

XPO Logistics Europe SA / InterBulk Group Plc

On 22 December 2015 XPO Logistics Europe SA entered into an agreement to acquire InterBulk Group Plc (**InterBulk**) for an enterprise value of approximately £95 million. InterBulk provides intermodal logistics solutions primarily in Europe, the Americas and the Asia Pacific. Its primary business segments are Liquid Bulk and Dry Bulk transport. XPO Logistics Europe provides transport, logistics and supply chain solutions primarily in Europe. The purchase price implied multiples of 6.5 times historical EBITDA and 12.8 times historical EBIT.

XPO Logistics / Norbert Dentressangle

On 28 April 2015 XPO Logistics entered into an agreement to acquire a 67% stake in Norbert Dentressangle SA for US$1.5 billion in cash. Following the purchase of shares Norbert Dentressangle was renamed XPO Logistics Europe SA and listed on the French stock exchange. The purchase price implied multiples of 9.1 times forecast EBITDA and 15.4 times forecast EBIT.

Toll Holdings Limited / Japan Post Bank Co Ltd

On 18 February 2015 Toll Holdings Limited (**Toll**) announced a proposal for Japan Post Bank Co Ltd (**Japan Post**) to acquire Toll under a Scheme of Arrangement for A$9.04 per share, implying a market capitalisation of A$6.49 billion and an enterprise value of A$8.02 billion. Toll is a leading provider of transport and logistics across the Asia Pacific region employing approximately 40,000 people across approximately 1,200 locations in more than 50 countries. For its financial year ended 30 June 2014 Toll generated EBITDA of A$709.5 million and EBIT of A$433.0 million on revenues of A$8.81 billion. The purchase price implied multiples of 12.0 times historical EBITDA and 11.0 times forecast (broker consensus) EBITDA. Toll was identified by Japan Post as a key growth platform in its strategy to become a leading global logistics player.

Barr-Nunn Transportation Inc. /Knight Transportation Inc.

On 1 October 2014, Knight Transportation acquired Barr-Nunn Transportation Inc. (**BNT**) for US$116 million. BNT is based in Iowa, United States and provides truckload and shipping services to manufacturers and users of consumer products throughout the United States. Knight operates short-to-medium haul truckload carriers of general commodities primarily in the United States. It operates through two segments, Trucking and Logistics. The purchase price implied multiples of 4.5 times historical EBITDA and 7.8 times historical EBIT.

Pacer International, Inc. / XPO Logistics, Inc.

On 26 February 2014, XPO Logistics (**XPO**) announced that it had entered into an agreement to acquire Pacer International, Inc. (**Pacer**) for US$335 million. Pacer is the third largest provider of intermodal services in North America, facilitating 10% of all domestic intermodal freight movements and is the largest provider of intermodal services between the United States and Mexico. The acquisition provided XPO with increased market share in intermodal services, which had been identified as a fast-growing market segment by XPO. The multiples implied by the transaction (10.1 times forecast EBITDA and 13.4 times forecast EBIT) reflects the expected upside associated with increased market share in a growth market.

Scott / K&S Corporation Limited

On 13 November 2013, K&S Corporation Limited (**K&S**) and Scott Corporation Limited (**Scott**) announced an agreed merger by way of a takeover offer by K&S for all of the shares in Scott. The offer consideration was either A$0.59 cash or 0.345 K&S shares for each Scott shares, plus a fully franked special dividend to be paid by Scott of A$0.05 per share. Scott is a national carrier (in Australia) with expertise in the transport of bulk solids, liquids and explosives by road, rail and sea. Scott operates in different functional and geographic markets to K&S and offered K&S the opportunity to diversify its business. The purchase price implied multiples of 4.5 times historical EBITDA and 10.7 times historical EBIT.

Gordon Trucking / Heartland Express

On 11 November 2013 Heartland Express, Inc. (**Heartland**) acquired all of the shares in Gordon Trucking, Inc. (**Gordon Trucking**) for US$413.7 million in cash and Heartland stock. Heartland also assumed US$150 million of Gordon Trucking debt. Gordon Trucking is primarily focused on the dry van market with some operations in refrigerated transport and freight brokerage. The acquisition provided Heartland with substantial geographic diversity along with synergies through increased in-house maintenance, optimisation of staffing and locations and purchasing economies. The purchase price implied a multiple of 5.3 times historical EBITDA and 13.5 times historical EBIT.

Unifeeder / Nordic Capital

On 5 April 2013, Nordic Capital announced that it had agreed to acquire Unifeeder A/S (**Unifeeder**) from Montagu Private Equity for €400 million. Unifeeder is a market leader in Northern Europe's largest feeder and short sea network for international container transportation, with a particular focus on intra-Europe container freight for large industrial companies, and has operations in the world's key container hubs. Unifeeder had invested in new markets and enhanced its networks, logistical operations and management structures, as a result of which it was expected to generate further organic and acquisition growth and benefit from increasing global trade volumes and an increase in demand for short sea container shipping as road transport costs increased.

Wim Bosman / Mainfreight

On 3 April 2011, Mainfreight Limited (**Mainfreight**) acquired Netherlands-based Wim Bosman Holding B.V. (**Wim Bosman**) for upfront consideration of €120 million (plus a €10 million earnout). Wim Bosman operates 14 branches across six European countries, with more than 1,000 transport units and 275,000 square metres of warehouse facilities. Wim Bosman provides transportation and logistics services across Europe utilising road, sea and air transportation along with third party warehousing services. Mainfreight provides supply chain logistics solutions in New Zealand, Australia, the Americas, Asia, and Europe. It offers warehousing, domestic distribution and international air and ocean freight services, as well as supply chain management services. The acquisition was identified as a strong strategic fit for Mainfreight to provide a platform to expand its business and service in the European market.

Logistics:

Hi Logistics Co. Ltd. / Pantos Logistics Co., Ltd

On 29 October 2015, Pantos Logistics Co., Ltd. (**Pantos**) agreed to acquire Hi Logistics Co. Ltd. (**Hi Logistics**) from LG Electronics Inc. for approximately KRW 105,400 million (equivalent to approximately NZ$146 million). Hi Logistics provides logistics services, offering storage, unloading, distribution processing and transportation/delivery. Hi Logistics was founded in 2004 and is based in Seoul, South Korea. Pantos is also based in Seoul and provides sea, rail, road and air freight services. Pantos is owned by LG International Corp.

XPO Logistics / Con-way Inc.

On 9 September 2015 XPO Logistics entered into an agreement to acquire Con-way Inc. for approximately US$2.8 billion. Con-way provides transportation, logistics and supply chain management services primarily in North America. XPO Logistics provides transportation and logistics services in North America, Europe, UK and Asia.

APL Logistics / Kintetsu

On 17 February 2015 Kintetsu completed the acquisition of APL Logistics Ltd (**APL Logistics**) for US$1,200 million in cash. APL Logistics designs and operates globally integrated supply chains, including supply chain services, international hub management, freight management, warehousing and distribution management and technology services. It focuses on value-added services for companies in the automobile and retail industries, with operations in North America and Asia. The high implied EBITDA multiple reflects the complementary nature of APL's logistics and service platform with Kintetsu's existing freight forwarding operations, which will allow expansion of both the commodities handled and the regions covered. The acquisition was expected to generate synergy benefits and create value for Kintetsu through providing a broader range of logistics services to customers.

Shinhung Global / Shinsung Delta Tech

In March 2015, Shinsung Delta Tech Co., Ltd (**SDT**) acquired Shinhung Global Co. Ltd (**SGC**) for KRW24,790 (equivalent to approximately NZ$63 million). SGC engages in third party logistics, packing and forwarding businesses in South Korea and internationally. It offers air and sea freight, trucking, warehousing, overseas shipping, and logistics services. SDT provides various parts and components for home appliances, automobiles, mobile phones, and LCD televisions in South Korea and internationally.

CTI Logistics Limited / GMK Logistics

On 10 June 2015 CTI Logistics Limited (**CTI**) announced the acquisition of GMK Logistics (**GMK**) for an enterprise value of A$27.6 million. GMK operates as a full-service logistics company in Australia offering outsourced warehousing and storage services third party logistics and other value added services. CTI provides transport and logistics services in Australia.

XPO Logistics / Bridge Terminal Transport Inc.

On 4 May 2015 XPO Logistics entered into an agreement to acquire Bridge Terminal Transport Inc. (**BTT**) from Platinum Equity LLC for US$100 million. The purchase price implied a multiple of 8.1 times EBITDA. BTT generated EBITDA of US$12.4 million on revenue of US$232 million for the 12 months ended 31 March 2015.

Pantos Logistics / LG International Corp.

On 2 March 2015, LG International Corp. (**LGI**) agreed to acquire a 51% stake in Pantos for KRW 604,808 million (equivalent to approximately NZ$450 million). LGI is a large South Korean conglomerate founded in 1953 and based in Seoul. LGI operates 80 business hubs globally, including Asia, Europe, and North America is currently conducting approximately 30 projects in fields including coal, petroleum, non-ferrous metals, electronics machinery, petrochemicals, and steel. A description of Pantos is outlined in the Hi Logistics acquisition above.

Jacobsen / Norbert Dentressangle

On 29 August 2014, Norbert Dentressangle SA (**Norbert Dentressangle**) announced that it had acquired The Jacobson Companies (**Jacobson**) from Oak Hill Capital Partners for US$750 million in cash. Jacobson is one of the largest value-added warehousing and third party logistics providers in North America with integrated domestic transport management capabilities. It provides warehousing and logistics services including distribution, packaging, freight management, contract carriage and road shipping. The acquisition increased Norbert Dentressangle's scale globally and in particular provided a scalable base in the United States logistics and transport market. This strategic expansion was consistent with Norbert Dentressangle's strategy to become a top-tier player in the global supply chain management market.

New Breed / XPO Logistics

On 2 September 2014, XPO Logistics, Inc. (**XPO Logistics**) announced that it had acquired New Breed Holding Company (**New Breed**) for US$615 million in cash. New Breed provides transport and logistics (truckload, less-than-truckload and intermodal brokerage) services, as well as domestic freight shipment, international freight forwarding and ocean transport and air charter shipment services. Its focus is on providing non-asset based, engineered contract logistics solutions to blue chip customers, with services concentrated on high-growth outsourcing opportunities, particularly in telecommunications/technology, retail/e- commerce, aerospace and defence, medical equipment and select areas of manufacturing. The acquisition expanded XPO Logistics' operations to include an additional 203 locations and approximately 10,400 employees. It was also in line with XPO Logistics' strategy to grow its contract logistics platform through complementary acquisitions.

3PD / XPO Logistics

On 15 July 2013, XPO Logistics announced that it would acquire all the common stock in 3PD, Inc. (**3PD**) for US$365 million, with the consideration to comprise US$357 million in cash and US$8 million in XPO Logistics restricted stock. 3PD provides last-mile logistics solutions to blue-chip customers in the United States and Canada, with a focus on customised solutions tailored to their supply chain needs. The services offered include assembly and installation services and solutions for manufacturers and retailers. The acquisition of 3PD was expected to be immediately accretive to XPO Logistics' earnings and advance its strategy for rapid, disciplined growth in non-asset transportation logistics in a fast growing division of the industry. The implied EBIT multiple reflects the capital intensive nature of 3PD's business.

LINC Logistics / Universal Truckload Services

On 1 October 2012, Universal Truckload Services, Inc. (**Universal Truckload Services**) announced that it had completed the acquisition of LINC Logistics Company (**LINC Logistics**) for US$182 million (plus the assumption of US$153 million of debt). The consideration was 0.70 new Universal Truckload Services shares for every LINC Logistics share held. LINC Logistics is an asset-light provider of custom-developed third-party logistics solutions, primarily providing value-added logistics services to the automotive and manufacturing industries. It also provides dedicated truckload, expedited and freight forwarding services in North America. Universal Truckload Services' trucking operations include flatbed and dry bed services, as well as rail-truck and steamship-truck intermodal support services. The combination of these businesses created a full-service, asset- light logistics platform that enabled delivery of a more comprehensive suite of services and provided a diversified business mix that was expected to enhance Universal Truckload Services' long-term growth profile.

APPENDIX 3: Valuation Methodology Descriptions

Capitalisation of Earnings

Capitalisation of earnings or cash flows is most appropriate for businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBITA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBITA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the share market. EBITDA, EBITA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer.

Where an ongoing business with relatively stable and predictable earnings is being valued Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point. Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between the parameters is usually not critical and should give a similar result. All are commonly used in the valuation of logistics businesses. EBITDA can be preferable if depreciation or non-cash charges distort earnings or make comparisons between companies difficult but care needs to be exercised to ensure that proper account is taken of factors such as the level of capital expenditure needed for the business and whether or not any amortisation costs also relate to ongoing cash costs. EBITA avoids the distortions of goodwill amortisation. EBIT can better adjust for differences in relative capital intensity.

Determination of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers, it is necessary to infer the appropriate multiple from other evidence.

The usual approach is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. However, each transaction will be the product of a unique combination of factors. A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. This range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings.

An alternative approach used in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the share market. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. Share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor.

The analysis of comparable transactions and share market prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

Discounted Cash Flow

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries and for the valuation of start-up projects where earnings during the first few years can be negative. DCF valuations involve calculating the net present value of projected cash flows. This methodology is able to explicitly capture the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate, which reflects the risk associated with the cash flow stream. Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long-term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessarily involve a substantial element of judgment. In addition, even where cash flow forecasts are available the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a "de facto" cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, DCF valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions need to be made as to the expected future performance of the business operations.

Realisation of Assets

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading. Such an approach is not appropriate in TIL Logistics' case.

Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used by a valuer as a "cross check" of the result determined by a capitalised earnings valuation or by discounting cash flows, but in some industries rules of thumb can be the primary basis on which buyers determine prices. Grant Samuel is not aware of any commonly used rules of thumb that would be appropriate to value TIL Logistics. In any case, it should be recognised that rules of thumb are usually relatively crude and prone to misinterpretation.

APPENDIX 4: Interpretation of Multiples

Earnings multiples are normally benchmarked against two primary sets of reference points:

- the multiples implied by the share prices of listed peer group companies; and
- the multiples implied by the prices paid in acquisitions of other companies in the same industry.

  In interpreting and evaluating such data it is necessary to recognise that:

- multiples based on listed company share prices do not include a premium for control and are therefore often (but not always) less than multiples that would apply to acquisitions of controlling interests in similar companies. However, while the premium paid to obtain control in takeovers is observable (typically in the range 20-35%) it is inappropriate to simply add a premium to listed multiples. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by share market investors;
- acquisition multiples from comparable transactions are therefore usually seen as a better guide when valuing 100% of a business but the data tends to be less transparent and information on forecast earnings is often unavailable;
- the analysis will give a range of outcomes from which averages or medians can be determined but it is not appropriate to simply apply such measures to the company being valued. The most important part of valuation is to evaluate the attributes of the specific company being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it belongs;
- acquisition multiples are a product of the economic and other circumstances at the time of the transaction. However, each transaction will be the product of a unique combination of factors, including:
  - economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
  - strategic attractions of the business – its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
  - the company's own performance and growth trajectory;
  - rationalisation or synergy benefits available to the acquirer;
  - the structural and regulatory framework;
  - investment and share market conditions at the time, and
  - the number of competing buyers for a business;
- acquisitions and listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall share market levels and rating between countries, economic factors (economic growth, inflation, interest rates), market structure (competition etc) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or share market levels;
- acquisition multiples are based on the target's earnings but the price paid normally reflects the fact that there were cost reduction opportunities or synergies available to the acquirer (at least if the acquirer is a "trade buyer" with existing businesses in the same or a related industry). If the target's earnings were adjusted for these cost reductions and/or synergies the effective multiple paid by the acquirer would be lower than that calculated on the target's earnings;
- while EBITDA multiples are commonly used benchmarks they are an incomplete measure of cash flow. The appropriate multiple is affected by, among other things, the level of capital expenditure (and working capital investment) relative to EBITDA. In this respect:
  - EBIT multiples can in some circumstances be a better guide because (assuming depreciation is a reasonable proxy for capital expenditure) they effectively adjust for relative capital intensity and present a better approximation of free cash flow. However, capital expenditure is lumpy and depreciation expense may not be a reliable guide. In addition, there can be differences between companies in the basis of calculation of depreciation; and
  - businesses that generate higher EBITDA margins than their peer group companies will, all other things being equal, warrant higher EBITDA multiples because free cash flow will, in relative terms, be higher (as capital expenditure is a smaller proportion of earnings).

APPENDIX 5: Qualifications, Declarations and Consents

Qualifications

The Grant Samuel group of companies provides corporate advisory services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of the primary activities of Grant Samuel is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 400 public expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Michael Lorimer, BCA, Christopher Smith, BCom, PGDipFin, MAppFin, and Jake Sheehan, BCom (Hons). Each has a significant number of years of experience in relevant corporate advisory matters.

Limitations and Reliance on Information

Grant Samuel's opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. The report is based upon financial and other information provided by the directors, management and advisers of Bethunes and TIL. Grant Samuel has considered and relied upon this information. Grant Samuel believes that the information provided was reliable, complete and not misleading and has no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion on the Proposed Acquisition. However in such assignments time is limited and Grant Samuel does not warrant that these inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose.

The time constraints imposed by the Takeovers Code are tight. This timeframe restricts the ability to undertake a detailed investigation of Bethunes and TIL. In any event, an analysis of the merits of the offer is in the nature of an overall opinion rather than an audit or detailed investigation. Grant Samuel has not undertaken a due diligence investigation of Bethunes or TIL. In addition, preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Bethunes or TIL. It is understood that, where appropriate, the accounting information provided to Grant Samuel was prepared in accordance with generally accepted accounting practice and in a manner consistent with methods of accounting used in previous years.

An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of the management of the relevant enterprise. That information was also evaluated through analysis, enquiry and review to the extent practicable. However, it must be recognised that such information is not always capable of external verification or validation.

The information provided to Grant Samuel included projections of future revenues, expenditures, profits and cash flows of Bethunes and TIL prepared by the management of Bethunes and TIL. Grant Samuel has used these projections for the purpose of its analysis. Grant Samuel has assumed that these projections were prepared accurately, fairly and honestly based on information available to management at the time and within the practical constraints and limitations of such projections. It is assumed that the projections do not reflect any material bias, either positive or negative. Grant Samuel has no reason to believe otherwise.

However, Grant Samuel in no way guarantees or otherwise warrants the achievability of the projections of future profits and cash flows for Bethunes or TIL. Projections are inherently uncertain. Projections are predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of management. The actual future results may be significantly more or less favourable.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue. In forming its opinion, Grant Samuel has assumed, except as specifically advised to it, that:

- the title to all such assets, properties, or business interests purportedly owned by Bethunes and TIL is good and marketable in all material respects, and there are no material adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all material liens, encumbrances or encroachments;
- there is compliance in all material respects with all applicable national and local regulations and laws, as well as the policies of all applicable regulators other than as publicly disclosed, and that all required licences, rights, consents, or legislative or administrative authorities from any government, private entity, regulatory agency or organisation have been or can be obtained or renewed for the operation of the business of Bethunes and TIL, other than as publicly disclosed;
- various contracts in place and their respective contractual terms will continue and will not be materially and adversely influenced by potential changes in control; and
- there are no material legal proceedings regarding the business, assets or affairs of Bethunes and TIL, other than as publicly disclosed.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Proposed Acquisition. Grant Samuel expressly disclaims any liability to any Bethunes security holder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Notice of Meeting issued by Bethunes and has not verified or approved any of the contents of the Notice of Meeting. Grant Samuel does not accept any responsibility for the contents of the Notice of Meeting (except for this report).

Independence

Grant Samuel and its related entities do not have any shareholding in or other relationship or conflict of interest with Bethunes or TIL that could affect its ability to provide an unbiased opinion in relation to the Proposed Acquisition. Grant Samuel had no part in the formulation of the Proposed Acquisition. Its only role has been the preparation of this report. Grant Samuel will receive a fixed fee for the preparation of this report. This fee is not contingent on the outcome of the Proposed Acquisition. Grant Samuel will receive no other benefit for the preparation of this report. Grant Samuel considers itself to be independent for the purposes of the Takeovers Code.

Information

Grant Samuel has obtained all the information that it believes is desirable for the purposes of preparing this report, including all relevant information which is or should have been known to any Director of Bethunes and made available to the Directors. Grant Samuel confirms that in its opinion the information provided by Bethunes and contained within this report is sufficient to enable Bethunes security holders to understand all relevant factors and make an informed decision in respect of the Proposed Acquisition. The following information was used and relied upon in preparing this report:

- Publicly Available Information
    - Bethunes Annual and Interim Reports;
    - Bethunes Investor Presentations;
    - NZX Company Research;
    - Capital IQ;

- National Freight Demand Study for 2006/07, Ministry of Transport analysis for 2012/13;
- Statistics New Zealand - National Population Projections: 2016 (base)–2068 – Media Release;
- Statistics New Zealand - New Zealand Exports and Imports – All Ports;
- Statistics New Zealand - Gross Domestic Product by industry - Transport, Postal and Warehousing;
- IBIS – Road Transport in New Zealand – April 2017; and
- Other Broker and Industry Research.

- Non Public Information
  - Draft Bethunes Notice of Meeting;
  - Draft profile of TIL Logistics;
  - TIL Information Memorandum;
  - KPMG Pro forma Financial Model;
  - KPMG Transaction Framework Model;
  - PwC Due Diligence Reports on TIL, MOVE Logistics and NZL; and
  - Sale and Purchase Agreement and Term Sheet between Bethunes, TIL and Global.

Declarations

Bethunes has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a Court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. Bethunes has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action. Any claims by Bethunes are limited to an amount equal to the fees paid to Grant Samuel.

Advance drafts of this report were provided to the directors and executive management of Bethunes. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Notice of Meeting to be sent to security holders of Bethunes. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.