



## **MAINFREIGHT LIMITED**

# **NOTICE OF SPECIAL MEETING OF SHAREHOLDERS IN RELATION TO THE ACQUISITION OF WIM BOSMAN GROUP AND NEW LOAN FACILITIES**

Your directors unanimously recommend that you vote in favour of the special resolution to be considered at the meeting

This Notice of Meeting includes important information relating to the proposed acquisition by Mainfreight of the Wim Bosman Group and new loan facilities. Please read this Notice of Meeting carefully.

## IMPORTANT DATES

**9 March 2011**

Notice of Special Meeting sent to Mainfreight shareholders

**22 March 2011 – 2.00pm**

Proxies due for Special Meeting and record date for eligibility to vote at Special Meeting

**24 March 2011 – 2.00pm**

Special Meeting to be held at:

Great Northern Room, Ellerslie Convention Centre  
Ellerslie Race Course  
80-100 Ascot Avenue  
Greenlane, Auckland

**1 April 2011**

Indicative completion date for Wim Bosman Group acquisition

**Note**

Under sections 106(1)(b) and 110 of the Companies Act 1993 any shareholder who votes all of the shareholder's shares against the special resolution to be considered at the meeting has the right, if the special resolution is passed, to give a notice to the Company requiring the Company to purchase that shareholder's shares. Further information on these minority buy-out rights is set out in the section headed "Minority Buy Out Rights" on page 17.

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## PURPOSE OF SPECIAL MEETING OF SHAREHOLDERS

### Purpose of Special Meeting

The purpose of the Special Meeting is to seek shareholder approval of Mainfreight shareholders, by special resolution, to approve the acquisition of the Wim Bosman Group by Mainfreight Netherlands International BV and Mainfreight Netherlands Coöperatief UA, newly incorporated wholly-owned subsidiaries of Mainfreight (including the guarantee given by Mainfreight of Mainfreight Netherlands International BV and Mainfreight Netherlands Coöperatief UA's obligations under the Sale and Purchase Agreement) and the entry into New Loan Facilities in connection with the acquisition.

### Section 129 of the Companies Act

Shareholder approval is required under section 129 of the Companies Act. Under that section a company must not enter into a "major transaction" unless the transaction is approved by, or contingent on approval by, a special resolution of shareholders. A major transaction includes the acquisition of, or an agreement to acquire, assets the value of which is more than half the value of the company's assets before the acquisition. A major transaction also includes a transaction that has, or is likely to have, the effect of the company incurring obligations or liabilities the value of which is more than half of the value of the company's assets before the transaction.

The maximum purchase price payable for the acquisition of the Wim Bosman Group (including the maximum earn-out payment referred to on page 6 is 120 million Euro (€) (which equates to approximately NZ\$223.9 million at an exchange rate of NZ\$1.00 to €0.536). Mainfreight has guaranteed to the Sellers of the Wim Bosman Group under the Purchase Guarantee, the performance by Mainfreight's wholly-owned subsidiaries, Mainfreight Netherlands International BV and Mainfreight Netherlands Coöperatief UA, of their obligations under the Sale and Purchase Agreement (including their obligations to pay the purchase price).

In addition, Mainfreight has entered into multi-currency New Loan Facilities under which Mainfreight and certain other members of the Group may borrow up to approximately NZ\$415 million<sup>1</sup>, an increase of NZ\$223 million compared with the borrowing limits under Mainfreight's existing loan facilities. Under the terms applicable to the New Loan Facilities, Mainfreight, and each of the Guarantors, guarantees repayment of all amounts outstanding under the New Loan Facilities.

Under section 129 of the Companies Act, a major transaction is calculated on a company only basis (not consolidated basis). As at 31 December 2010 Mainfreight's total assets on a company only basis had a book value of NZ\$338.8 million for accounting purposes (compared with the book value of the Mainfreight Group's total assets on a consolidated basis of NZ\$578.2 million for accounting purposes as at that date). As a result both the value of Mainfreight's liabilities under the Purchase Guarantee (up to €120 million or approximately NZ\$223.9 million) and the value of the liabilities to be incurred under the New Loan Facilities (up to approximately NZ\$415 million) are both more than half the book value of Mainfreight's assets before those transactions.

<sup>1</sup> Mainfreight's new loan facilities are multi-currency, portions of which can be drawn in US dollars, Australian dollars, New Zealand dollars and Euro, and accordingly, the New Zealand dollar equivalent limit can change with movements in exchange rates. The NZ\$415 million equivalent reflects prevailing exchange rates as at the date this notice of meeting was prepared.

## PURPOSE OF SPECIAL MEETING OF SHAREHOLDERS (continued)

### NZSX Listing Rule 9.1

The NZSX Listing Rules also contain a separate test for major transactions requiring shareholder approval. Under NZSX Listing Rule 9.1 a listed issuer must obtain shareholder approval for an acquisition of assets in respect of which the gross value exceeds 50% of the issuer's Average Market Capitalisation. As at the date Mainfreight announced the proposed acquisition Mainfreight's Average Market Capitalisation was NZ\$802.5 million. As a result shareholder approval for the acquisition of the Wim Bosman Group is not required under NZSX Listing Rule 9.1 because the gross value of the assets being acquired is well below 50% of Mainfreight's Average Market Capitalisation.

The New Loan Facilities are for maximum borrowings of up to approximately NZ\$415 million. Even though that amount marginally exceeds 50% of Mainfreight's Average Market Capitalisation, NZSX Listing Rule 9.1.3 contains an exception from the requirement to obtain shareholder approval for a transaction entered into by an issuer with a bank as principal on arm's length terms and in the ordinary course of its banking business. The New Loan Facilities come within that exception and therefore do not require shareholder approval under NZSX Listing Rule 9.1.

### NZX Limited

NZX Limited has reviewed and approved this Notice of Meeting under NZSX Listing Rule 6.1.

### Notes

1. This document contains a number of capitalised terms which are defined in the Glossary on pages 19 and 20.
2. For the purposes of this document an exchange rate of NZ\$1.00 to €0.536 has been used.

## NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Notice is given that a special meeting of shareholders of Mainfreight Limited will be held at The Great Northern Room, Ellerslie Convention Centre, Ellerslie Race Course, 80-100 Ascot Avenue, Greenlane, Auckland on Thursday 24 March 2011 at 2.00 pm.

### Business

To consider and, if thought fit, to pass the following resolution as a single special resolution:

***That the acquisition of the Wim Bosman Group (including the giving by Mainfreight of the Purchase Guarantee) and the entry into the New Loan Facilities (including the execution of the Facility Documents) as described in this Notice of Meeting, including the Explanatory Memorandum, are approved.***

### By Order of the Board



Carl Howard-Smith, Director  
9 March 2011

### Notes

1. Shareholders may vote by attending the meeting in person or appointing a proxy or, in the case of a corporate shareholder, a representative. A proxy need not be a shareholder of the Company. If you wish you may appoint as your proxy "The Chairman of the Meeting".
2. Proxy forms must be sent to the office of Mainfreight's share registrar, Computershare Investor Services Limited, either by fax to 64 9 488 8787, by delivery to Level 2, 159 Hurstmere Road, Takapuna, Auckland, New Zealand or by mail to Private Bag 92 119, Auckland 1142, New Zealand, so as to be received no later than 2.00 pm on 22 March 2011.
3. The resolution is to be considered as a special resolution and, to be passed, requires the approval of a majority of 75% or more of the votes cast on the resolution.
4. All shareholders are eligible to vote on the resolution.
5. The Companies Act may confer minority buy-out rights on shareholders who vote against the special resolution. For further information refer to the section headed "Minority Buy-out Rights" on page 17.

## EXPLANATORY MEMORANDUM

### Introduction

On 5 March 2011 Mainfreight Netherlands International BV and Mainfreight Netherlands Coöperatief UA (**Mainfreight Netherlands**), newly incorporated wholly-owned subsidiaries of Mainfreight entered into the Sale and Purchase Agreement to acquire the Wim Bosman Group from its founding owner Mr Wim Bosman and the other Sellers. The acquisition of the Wim Bosman Group and the availability of the New Loan Facilities are conditional on the approval of Mainfreight shareholders by special resolution.

This Explanatory Memorandum forms part of the Notice of Special Meeting at which the acquisition of the Wim Bosman Group and the entry into the New Loan Facilities will be put to Mainfreight shareholders for approval in accordance with section 129 of the Companies Act. It provides shareholders with information on the acquisition of the Wim Bosman business and the New Loan Facilities.

### Directors' Recommendation

The directors of Mainfreight consider that the acquisition of the Wim Bosman Group and the entry into the New Loan Facilities are in the best interests of Mainfreight and unanimously recommend that shareholders vote in favour of the resolution.

### Key Benefits

The key benefits of the acquisition of the Wim Bosman Group and the entry into the New Loan Facilities are:

- The establishment of a significant footprint within Europe with a well established, quality business, producing sound profits;
- The timing of the acquisition is favourable to Mainfreight's long term European strategic initiatives;
- The Wim Bosman Group provides opportunities to further expand Mainfreight's international global network enhancing European capability for its customers;
- The Wim Bosman Group has experience and expertise in supply chain logistics which will enhance the development of the Mainfreight Group's equivalent business;
- The structure and culture of the Wim Bosman Group is very similar to that of Mainfreight with an emphasis on customers, teamwork and quality;
- The new funding arrangements allow for expansion under more favourable terms and covenants, with additional headroom for future capital requirements.



## EXPLANATORY MEMORANDUM (continued)

### 1. Proposed Acquisition

Mainfreight has entered into the Sale and Purchase Agreement to purchase Netherlands-based Wim Bosman Group from its founding owner Mr Wim Bosman and the other Sellers.

The Wim Bosman Group is one of the largest privately owned integrated transport and logistics providers in the Netherlands and Belgium with 14 branches across 6 European countries, more than 1,000 transport units, more than 275,000m<sup>2</sup> of warehouse and cross docking facilities and 1,414 team members. The Wim Bosman Group provides a variety of services including consolidated transport of partial and full loads across Europe, road, sea and air transportation, warehousing and other value added services. The acquisition is a strong strategic fit for Mainfreight and will provide an excellent platform for Mainfreight to expand its service offering globally.

In 2010 the Wim Bosman Group's turnover was approximately €240 million and it generated Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) of €19.4 million<sup>2</sup> (unaudited).

#### *Purchase Price*

The initial purchase price for the Wim Bosman Group is €110 million (approximately NZ\$205 million), subject to adjustment for any movement in Wim Bosman Group's working capital position at settlement. A further earn-out payment of up to a maximum of €10 million will be payable if the Wim Bosman Group achieves EBITDA of at least €20 million for the year ending 31 December 2011<sup>3</sup>. Accordingly, the maximum purchase price for the Wim Bosman Group is €120 million.

Further details of the terms of the acquisition are set out under the heading "Summary of Sale and Purchase Agreement" on page 15.

#### *Funding the Acquisition – New Loan Facilities*

The acquisition of the Wim Bosman Group will be funded by bank borrowings. In addition to raising the additional debt required to fund the acquisition, Mainfreight has taken this opportunity to refinance its existing bank debt facilities on more favourable terms by entering into the New Loan Facilities. The New Loan Facilities are for a 5 year term and the amount available to be borrowed under the New Loan Facilities will total approximately NZ\$415 million. The agreed interest margins and line fees are more favourable than those applicable under Mainfreight's existing banking arrangements and the covenant package will be less restrictive, reflecting Mainfreight's strong credit quality.

Mainfreight has elected to debt fund the acquisition in preference to an equity-raising due to the significant balance sheet capacity for debt funding available and the lower cost of debt relative to the cost of equity.

Following the acquisition Mainfreight will have a gearing ratio of net debt to net debt plus equity of approximately 48%. Mainfreight's pre-acquisition gearing ratio was 17.5%. The post acquisition ratio of 48% is considered a prudent level of gearing and Mainfreight is confident that the cash flows generated by the combined group will be sufficient to service the interest costs on the debt and repay the debt over time.

Further information on the New Loan Facilities is set out under the heading "Details of New Loan Facilities" on page 16.

#### *Approval of shareholders required*

The purchase of the Wim Bosman Group and the availability of the New Loan Facilities are conditional on the approval of Mainfreight shareholders by way of special resolution.

The acquisition is not conditional on any regulatory approvals being obtained.

<sup>2</sup> After adjusting for the sale of certain real estate assets to interests associated with Mr Wim Bosman personally.

<sup>3</sup> Calculated as 6.0 times the EBITDA of the Wim Bosman Group for the year ending 31 December 2011 less the initial purchase price.

## EXPLANATORY MEMORANDUM (continued)

The acquisition of the Wim Bosman Group represents an important step in securing Mainfreight's position as a global transport and logistics business. As a Mainfreight shareholder you are strongly encouraged to read the contents of this explanatory memorandum and vote in favour of the special resolution approving the acquisition and the entry into the New Loan Facilities.

Please note that under the Sale and Purchase Agreement there are mutual provisions relating to the reimbursement of transaction costs in certain circumstances (as outlined on page 15). Under those provisions the Purchaser will be required to pay the Sellers €2.5 million if the transaction does not proceed because Mainfreight shareholder approval is not obtained.

### *What the acquisition means for Mainfreight*

Mainfreight already has significant overseas operations in Australia, the USA and Asia. The proposed acquisition of the Wim Bosman Group will establish Mainfreight's presence in Europe. Mainfreight has evaluated a number of potential acquisitions in this region. The Netherlands and Belgium each have a multi-lingual workforce and stable economies that are centrally located in Western Europe. The German economy is Europe's strongest economy and both the Netherlands and Belgium have historically been boosted by economic growth in Germany.

The acquisition of the Wim Bosman Group provides Mainfreight with direct access to this region and a robust wider European network, including exposure to the developing Eastern European logistics market. Mainfreight's expansion into Europe is another significant step in achieving Mainfreight's ambition to become a global transport and logistics business.

The Wim Bosman Group has a significant European presence which will give rise to opportunities to extend the customer relationships within the Wim Bosman Group to Mainfreight's wider global network in Asia and the United States. Similarly, the acquisition of an established European business will allow Mainfreight to extend its product offering to its existing customer base. Mainfreight's international network continues to expand in the USA and Asia which has resulted in a significant increase in freight to and from Europe.

### *Managing the European business*

Mainfreight has appointed Mark Newman to take on the role of European Manager. Mark is currently Mainfreight's National Manager, Transport New Zealand and has been with Mainfreight for more than 20 years. Mark will be supported by a very capable and experienced senior executive team from within the Wim Bosman Group.

Mainfreight has a well-established track record of acquiring and integrating international entities in the United States, Asia and Australia into the wider Mainfreight Group and the Board and management are confident that this acquisition will be managed and integrated in a similar manner.

### *Financial implications of the acquisition*

The Wim Bosman Group has a strong history of producing stable earnings and has generated EBITDA of €19.4 million for the year ended 31 December 2010 (unaudited). The full purchase price of up to €120 million that Mainfreight may pay is dependent on the Wim Bosman Group achieving EBITDA of at least €20 million in the year to 31 December 2011.

Mainfreight intends to grow the Wim Bosman Group's business over time by leveraging its international freight network and customer base, and continuing to develop the already established quality freight and logistics network within the European region. Section 4 below sets out unaudited pro forma financial statements that provide an indication of the financial performance and position of the combined Mainfreight and Wim Bosman group had the acquisition been undertaken on 1 January 2010. This effectively combines the historical results of the two entities for the most recent 12 month period for which information is available, that is, the year from 1 January 2010 to 31 December 2010.

**EXPLANATORY MEMORANDUM (continued)****2. Overview of Wim Bosman Group<sup>4</sup>**

The Wim Bosman Group is one of the leading privately owned logistics groups in the Netherlands and Belgium regions. The Wim Bosman Group provides an array of logistics services including consolidated transport of partial and full loads across Europe, road, sea and air transportation, warehousing and other value added services. The Wim Bosman Group has a large, diverse customer base ranging from multinationals to small companies. The Wim Bosman Group is also the owner of a modern fleet of transportation equipment.

The group was founded by Mr Wim Bosman in 1963 with a single truck transporting various types of cargo throughout the Netherlands.

The Wim Bosman Group has a strong geographical spread operating out of facilities in the Netherlands, Belgium, France, Romania, Poland and Russia.

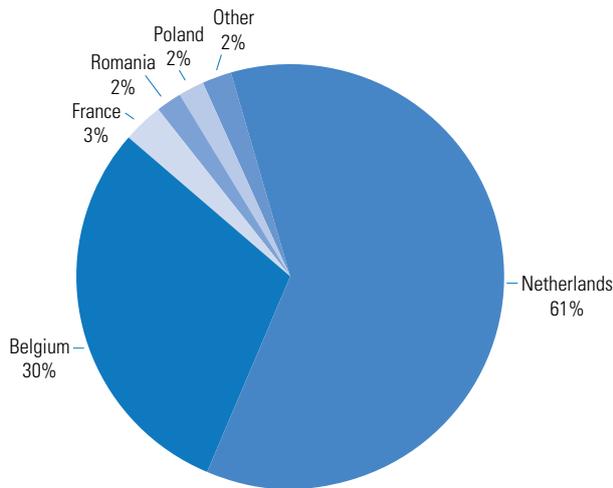


<sup>4</sup> The following information has been extracted from material provided to Mainfreight by the Wim Bosman Group. Mainfreight is not aware of any inaccuracy in that information but is unable to, and does not, warrant the accuracy or completeness of that information.

## EXPLANATORY MEMORANDUM (continued)

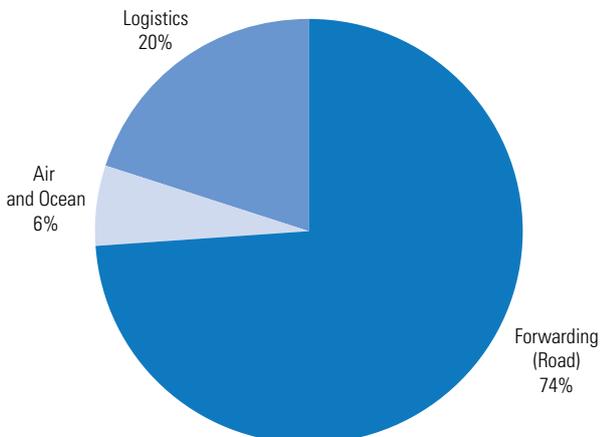
The group provides warehousing, distribution and value-added services with a focus on Northwestern Europe and the emerging markets of Eastern Europe. As illustrated in the graph below the Wim Bosman Group's revenues are primarily generated in the Netherlands and Belgium. The group focuses on Northwestern Europe but has recently expanded into Eastern European markets.

**Wim Bosman Group Revenue by Country**  
for the year to 31 December 2009



The Wim Bosman Group's revenue is predominantly generated through freight forwarding, specifically road forwarding. The group also generates revenue through the German based System Plus network (for which it is the franchisee in the Netherlands and Belgium) and through the French based Volupal network (for which it is the franchisee in Paris, France).

**Wim Bosman Group Revenue by Service**  
for the year to 31 December 2009



**EXPLANATORY MEMORANDUM (continued)***Freight forwarding*

The Wim Bosman Group has an extensive domestic distribution network in the Netherlands and Belgium. The domestic freight forwarding business specialises in the daily collection of goods and in making deliveries within 24 hours. In 2008 the group established a domestic distribution business in Romania.

The group cooperates with a network of agents and offers forwarding services to 22 European countries. It is a member of two significant network groups – SystemPlus and Volupal. Western Europe and the United Kingdom are serviced by daily shipments with Central and Eastern European countries receiving multiple shipments per week. The group also offers transport and storage of hazardous materials, courier services and express delivery.

*Air and ocean freight*

The Wim Bosman Group offers a world-wide network of sea and air freight services including full container load, less than container load and special projects cargo, value added services, customs clearance, purchase order and vendor management using a worldwide network of agencies. Asian imports to the Netherlands represents a large percentage of this revenue.

*Logistics services*

The Wim Bosman Group also offers warehousing, value added services and supply chain solutions from locations in both Western and Eastern Europe. The group offers additional warehousing services including virtual warehousing, spare parts logistics and in-house warehousing.

The Wim Bosman Group has 240,000m<sup>2</sup> of storage capacity and a further 6,700m<sup>2</sup> at the group's 's-Heerenberg branch for the storage of hazardous materials. Additional storage capacity is rented when needed.



's-Heerenberg Breede Steeg facility

**EXPLANATORY MEMORANDUM (continued)**



*'s-Heerenberg facility*



*Full warehouse, Romania*

## EXPLANATORY MEMORANDUM (continued)

### 3. Market Overview

The transport and logistics industry closely follows the economic cycle with increases in economic growth driving an increase in the need for transport and logistics services.

More than 70% of the goods transported throughout Europe are transported by road. The reliability and quality of service provided by European railways falls short of the demands of freight customers and supply chain logistic requirements.

Air and sea transport are preferred alternatives due to the availability of scheduled services that are reliable. The Netherlands is often described as the “gateway to Europe” from which all major economic centres in Western Europe can be reached in less than 24 hours. The Netherlands is home to the Port of Rotterdam, the largest port in Europe, and Amsterdam Airport Schiphol, Europe’s fourth largest civil aviation hub. The Netherlands also maintains an extensive network of road, rail, waterways and pipelines (for the transport of oil and chemical products). In addition, the Netherlands accounts for about 10% of all inland waterways in Europe. For this reason the Netherlands is an attractive centre for distribution and logistics. Road haulage accounts for 75% of total domestic transport volume in the Netherlands.

### 4. Pro Forma Historical Information for Mainfreight and Wim Bosman Group Combined

The unaudited pro forma financial statements below have been prepared based on information contained in the unaudited consolidated financial statements for the Wim Bosman Group for the year to 31 December 2010, combined with the unaudited consolidated financial statements of Mainfreight for the 12 months to 31 December 2010.

The pro forma financial information has been prepared to provide Mainfreight shareholders with information about the impact of the proposed transaction using historical information and should not be regarded as an indication of the future performance of the enlarged Mainfreight Group following the acquisition. The unaudited pro forma statements of financial performance and position have been prepared as if the transaction had taken place on 1 January 2010. The pro forma financial statements have been prepared based on the following assumptions:

- the acquisition of 100% of the Wim Bosman Group for a total of €110 million (approximately NZ\$208.6 million including estimated transaction costs of NZ\$3.4 million). A further payment of €10 million is conditional upon the performance of the Wim Bosman Group for the year to 31 December 2011 and has been accounted for as a separate non-current liability;
- additional borrowings of NZ\$208.6 million from new longer term debt facilities;
- acquisition-related goodwill of NZ\$100.9 million;
- fixed assets are recognised at their fair value of NZ\$106.2 million;
- an effective tax rate of 30% being applicable;
- an exchange rate of NZ\$1.00 to €0.536;
- no adjustments have been made to take account of any synergy benefits that may arise as a result of the acquisition; and
- the value of any potential intangible assets yet to be valued and recognised relating to Wim Bosman Group’s customer base, brand and other intangible assets have not been included.

Importantly the pro forma financial information is based on currently available information and estimates and assumptions. The actual transaction may differ from the pro forma adjustments. The unaudited pro forma financial information presented is not necessarily indicative of the financial performance or financial position that would have occurred had the transaction actually taken place on 1 January 2010 or that may be expected to occur in future.

## EXPLANATORY MEMORANDUM (continued)

### Pro Forma Statement of Financial Performance (unaudited)

Pro Forma Statement of Financial Performance (NZ\$ million)				
Year ended 31 December 2010	Mainfreight	Wim Bosman	Pro Forma Adjustments	Pro Forma
Net revenue	1,301.8	444.6	-	1,746.4
Transport costs	(888.7)	(197.2)	-	(1,085.9)
Labour expenses	(220.8)	(138.3)	-	(359.1)
Occupancy expenses	(25.9)	(20.8)	-	(46.7)
Other	(79.3)	(52.1)	-	(131.4)
<b>Total expenses</b>	<b>(1,214.7)</b>	<b>(408.4)</b>	<b>-</b>	<b>(1,623.1)</b>
<b>EBITDA</b>	<b>87.1</b>	<b>36.2</b>	<b>-</b>	<b>123.3</b>
Depreciation and amortisation	(15.8)	(13.7)	-	(29.5)
<b>EBIT</b>	<b>71.3</b>	<b>22.5</b>	<b>-</b>	<b>93.8</b>
Finance costs	(5.8)	-	(8.3)	(14.1)
Movement in fair value of derivatives	0.3	-	-	0.3
Non-cash share based payments	(1.0)	-	-	(1.0)
<b>Profit before non-recurring expenses and taxation</b>	<b>64.8</b>	<b>22.5</b>	<b>(8.3)</b>	<b>79.0</b>
Taxation	(18.9)	(6.8)	2.5	(23.2)
Non-recurring expenses	(0.8)	0.4	(3.4)	(3.8)
<b>Earnings after Taxation</b>	<b>45.1</b>	<b>16.1</b>	<b>(9.2)</b>	<b>52.0</b>

### Pro Forma Statement of Financial Position (unaudited)

Pro Forma Statement of Financial Position (NZ\$ million)				
As at 31 December 2010	Mainfreight	Wim Bosman	Pro Forma Adjustments	Pro Forma
Cash	41.1	-	-	41.1
Trade debtors	178.1	72.5	-	250.6
Other debtors	11.2	-	-	11.2
Other current assets	1.6	1.2	-	2.8
<b>Current assets</b>	<b>232.0</b>	<b>73.7</b>	<b>-</b>	<b>305.7</b>
Goodwill	115.4	-	100.9	216.3
Fixed assets including software	219.3	106.2	-	325.5
Other non-current assets	11.5	5.4	-	16.9
<b>Non-current assets</b>	<b>346.2</b>	<b>111.6</b>	<b>100.9</b>	<b>558.7</b>
<b>Total Assets</b>	<b>578.2</b>	<b>185.3</b>	<b>100.9</b>	<b>864.4</b>
Trade creditors	127.4	55.3	-	182.7
Accruals and provisions	28.1	1.7	18.7	48.5
<b>Current liabilities</b>	<b>155.5</b>	<b>57.0</b>	<b>18.7</b>	<b>231.2</b>
Bank debt	106.6	-	208.6	315.2
Other non-current liabilities	4.5	5.3	-	9.8
<b>Non-current liabilities</b>	<b>111.1</b>	<b>5.3</b>	<b>208.6</b>	<b>325.0</b>
<b>Equity</b>	<b>311.6</b>	<b>123.0</b>	<b>(126.4)</b>	<b>308.2</b>
<b>Total Liabilities and Equity</b>	<b>578.2</b>	<b>185.3</b>	<b>100.9</b>	<b>864.4</b>

## EXPLANATORY MEMORANDUM (continued)

### 5. Notes to the Unaudited Pro Forma Financial Information

- Additional debt – Mainfreight has raised an additional NZ\$223 million of bank debt to fund the acquisition. It is expected that only NZ\$208.6 million of these additional facilities will be required to fund the acquisition. The actual NZ dollar equivalent is largely dependent on the exchange rate applicable at settlement.
- Interest costs – interest on the new debt component of NZ\$8.3 million has been included in the pro forma statement of financial performance. A tax benefit of NZ\$2.5 million has been recognised in relation to these interest costs at a tax rate of 30%.
- Other intangible assets – NZ IFRS requires the recognition of certain intangible assets such as trade names and customer lists to be recognised at fair value in the financial statements and amortised over their useful life. Mainfreight has not yet separately assessed the value of the other intangible assets pertaining to the Wim Bosman Group for the purposes of NZ IFRS. Accordingly, no adjustments have been made to the pro forma statement of financial performance or statement of financial position.
- Fixed assets – fixed assets have been recognised at their fair value of NZ\$106.2 million. No valuation adjustments have been made.
- Goodwill – acquisition related goodwill of NZ\$100.9 million has been recorded in the pro forma statement of financial position arising from the consolidation of the Wim Bosman Group. In addition an amount of NZ\$18.7 million (the NZ dollar equivalent of €10 million) has been recognised to allow for the contingent earn out payment. No amortisation has been charged to the pro forma statement of financial performance relating to the goodwill.
- Unusual items – transaction costs associated with the acquisition of Wim Bosman Group of NZ\$3.4 million have been accounted for as a pro forma adjustment to non-recurring expenses. The final transaction costs associated with the acquisition may be more or less than this figure.
- Synergies – it is expected that Mainfreight will be able to leverage its international network to enhance the earnings of the Wim Bosman Group. However, this has not been reflected in the pro forma financial statements.



## ADDITIONAL INFORMATION

### Summary of Sale and Purchase Agreement

The Sale and Purchase Agreement sets out, in addition to the purchase price, the other terms and conditions on which Mainfreight Netherlands will acquire the shares in the Companies from the Sellers including the terms summarised below.

#### *Conditions*

Completion of the Sale and Purchase Agreement is subject to a number of conditions including:

- Mainfreight shareholder approval by special resolution;
- the Sellers obtaining necessary consents or approvals to the restructuring (described below) or the acquisition from parties to various material arrangements. These include consents from certain lessors, alliance partners and fleet financiers;
- Wim Bosman entering a service agreement with the Wim Bosman Group until 31 December 2011;
- all amounts owing between the Wim Bosman Group and the Sellers and their related parties having been settled;
- encumbrances over the shares in the Companies and the assets of the Wim Bosman Group being released.

The Purchaser is able to waive any of those conditions that are capable of being waived.

#### *Restructuring*

The Sellers are to acquire certain properties and property owning companies from the Wim Bosman Group and ensure that those properties are leased back to the Wim Bosman Group on agreed arms' length terms. The pro forma historical financial information set out on pages 12 and 13 has been prepared on the basis that those transactions have occurred.

#### *Completion*

The intended completion date is 1 April 2011 unless a deferral is required, for example to enable all conditions to be satisfied. The long stop date by which the conditions must be satisfied (unless Mainfreight and the Sellers agree otherwise) is 30 April 2011.

#### *Warranties and Indemnities*

The Sellers provide relatively standard warranties and indemnities including as to title to the Shares and as to the affairs of the Companies and the group being acquired.

#### *Escrow*

€5 million of the purchase price is to be held in escrow for two years and is potentially available to be applied to satisfy losses suffered as a result of any breach of warranty by the Sellers.

#### *Transaction Costs Reimbursement*

There are mutual provisions requiring a party to make a payment of €2,500,000 to the other party if the transaction does not proceed because particular conditions are not satisfied. These are designed to compensate the party receiving the payment for the costs it has incurred in connection with the transaction, where the transaction does not proceed because of the non-satisfaction of a condition for which the other party was responsible.

That amount is payable by the Sellers to the Purchaser if the transaction does not proceed because the condition relating to the consents of Volupal and SystemPlus is not satisfied.

That amount is payable by the Purchaser to the Sellers if the transaction does not proceed because the Mainfreight shareholder approval condition is not satisfied.

**ADDITIONAL INFORMATION (continued)****Details of New Loan Facilities***Existing Facilities*

Mainfreight's existing debt facilities comprise:

- a long term revolving facility of NZ\$75 million plus US\$50 million with Westpac Banking Corporation which was established on 30 July 2009 for a term expiring on 30 June 2012;
- a further facility for NZ\$50 million which was renegotiated on 28 July 2009 with the Commonwealth Bank of Australia for a term expiring on 30 June 2012.

As at 31 December 2010 those facilities were drawn to NZ\$106.6 million.

The repayment of all amounts outstanding under the existing facilities is guaranteed by each of the Guarantors. Under the terms of the guarantee, the Guarantors have given various covenants to the lenders, including a covenant not to grant security to any other person (other than for certain specified exceptions).

*New Loan Facilities*

The New Loan Facilities will replace Mainfreight's existing debt facilities.

The New Loan Facilities comprise:

- A multi currency revolving facility of approximately NZ\$228 million with Westpac Banking Corporation which will be for a term of five years (renewable annually by mutual agreement).
- A multi currency revolving facility of approximately NZ\$187 million with Commonwealth Bank of Australia which will be for a term of five years (renewable annually by mutual agreement).

The Facilities are provided on usual terms and conditions for facilities of this nature and, as a general statement, reflect an improvement on the terms which were applicable to Mainfreight's existing debt facilities.

The terms of the Facilities are contained in the Facility Documents which comprise:

- a Common Terms Deed Poll
- a Facility Agreement with Westpac Banking Corporation
- a Facility Agreement with Commonwealth Bank of Australia



Paris Terminal

## ADDITIONAL INFORMATION (continued)

The Common Terms Deed Poll contains the general terms which will apply to all of Mainfreight's bank borrowings. This includes a cross guarantee, under which each Guarantor guarantees the repayment of all borrowings of the Mainfreight Group from lenders entitled to the benefit of the Common Terms Deed Poll, and specific financial and operational covenants. Following the acquisition of the Wim Bosman Group, it is intended to include as Guarantors certain members of the Wim Bosman Group incorporated in The Netherlands. Under the terms of the New Loan Facilities, Mainfreight has up to 90 days following completion of the acquisition to accede the new entities as Guarantors.

Mainfreight can extend the benefit of the Common Terms Deed Poll to any new lender with which it wishes to enter into financing arrangements in the future. Any such new lender would then be subject to the same terms as those which apply to the facilities provided by Westpac Banking Corporation and Commonwealth Bank of Australia (unless agreed otherwise by Mainfreight). Mainfreight does not have any current intention to enter into additional debt facilities, but will retain the flexibility to do so, provided it is in compliance with its financial covenants and other undertakings to its existing financiers.

The Facility Agreements referred to above allow for each of Mainfreight, Mainfreight Distribution Pty Limited, Mainfreight Finance Australia and Mainfreight USA Partnership to borrow amounts under the New Loan Facilities. All borrowings by these entities are guaranteed by the Guarantors under the Common Terms Deed Poll.

### *Minority Buy-out Rights*

Section 110 of the Companies Act 1993 may confer minority buy-out rights on shareholders who vote against the special resolution, if the special resolution is passed.

For a shareholder to exercise those minority buy-out rights, the shareholder must cast all the votes attached to shares registered in the shareholder's name and having the same beneficial owner against the special resolution. If the special resolution is nevertheless passed, to exercise minority buy-out rights such a shareholder must, within 10 working days of the passing of the special resolution, give written notice to Mainfreight that the shareholder requires Mainfreight to purchase the shareholder's shares.

Within 20 working days of receipt of the notice the Board of Mainfreight must:

- (a) agree to purchase the shares; or
- (b) arrange for some other person to agree to purchase the shares; or
- (c) apply to the court for an order exempting Mainfreight from the obligation to purchase the shares on the grounds that the purchase would be disproportionately damaging to Mainfreight or that Mainfreight cannot reasonably be required to finance the purchase or it would not be just and equitable to require Mainfreight to purchase the shares. A court may also exempt Mainfreight from the obligation to purchase the shares or may suspend that obligation if the Board has resolved that the purchase by Mainfreight of the relevant shares would result in it failing to satisfy the solvency test and Mainfreight has, having made reasonable efforts to do so, been unable to arrange for the shares to be purchased by any other person. If it exempted Mainfreight from the obligation to purchase the shares, the Court may make an order setting aside the special resolution of shareholders or directing Mainfreight to take or refrain from taking any action specified in the order, requiring Mainfreight to pay compensation to the shareholders affected or putting Mainfreight into liquidation; or
- (d) arrange for the special resolution to be rescinded by special resolution of shareholders, or decide in the appropriate manner not to take the action concerned, as the case may be.

## ADDITIONAL INFORMATION (continued)

Written notice of the Board's decision must be given to the relevant shareholder(s).

Where the Board agrees to the purchase of the shares by Mainfreight, it must give notice to the relevant shareholder(s), within 5 working days after the notice referred to in the preceding paragraph, setting out the price the Board offers to pay for those shares. That price must be a fair and reasonable price as at the close of business on the day before the resolution was passed calculated using a default methodology designed to achieve a pro rata portion of the fair and reasonable value of all shares in Mainfreight adjusted to exclude any fluctuation in the value of all shares that occurred and that was due to, or in expectation of the acquisition of Wim Bosman Group and the entry into of the New Loan Facilities. The Board may use a different methodology to calculate the fair and reasonable price if using the default methodology would be clearly unfair to the shareholder or Mainfreight (and in that case the Board must also state in the notice why calculating the price under the default methodology would be clearly unfair).

A shareholder may object to the price offered by the Board by giving written notice to Mainfreight no later than 10 working days after the date the Board gave notice of the price offered by the Board. If, within that 10 working day period, no objection to the price offered by the Board has been received by Mainfreight, it must, purchase the shares at the nominated price. If within that 10 working days an objection to the price has been received by Mainfreight the fair and reasonable price must be submitted to arbitration. Mainfreight must within 5 working days of receiving the objection pay on a provisional basis the price nominated by the Board. The arbitration is to be conducted in accordance with the Arbitration Act 1996. If the price determined by the arbitrator:

- (a) exceeds the provisional price paid by Mainfreight, then the arbitrator must order Mainfreight to pay the balance owing to the shareholder;
- (b) is less than the provisional price paid by Mainfreight, then the arbitrator must order the shareholder to pay the excess to Mainfreight.

The arbitrator must award interest on any balance payable or excess to be repaid except in exceptional circumstances. If a balance is owing to the shareholders the arbitrator may award, in addition to or instead of interest, damages for loss attributable to the shortfall in the initial payment.

If the Board arranges for some other person to agree to purchase the shares, the provisions set out in the preceding paragraphs will (with all appropriate modifications) apply to the purchase of shares by such person and, in addition, Mainfreight must indemnify the shareholder in respect of any losses suffered by the shareholder by reason of the failure by the person to purchase the shares at the price nominated or fixed by arbitration, as the case may be.

## GLOSSARY

The following terms have the following meanings where used in this Notice of Meeting unless the context otherwise requires:

**Average Market Capitalisation** has the meaning given to that term in the NZSX Listing Rules.

**Boma Vastgoed** means the limited partnership named Boma Vastgoed incorporated under the laws of Belgium.

**Boma Werk** means the limited partnership named Boma Werk incorporated under the laws of Belgium.

**Bosmans** means Mr Willem Petrus Bosman and Ms Johanna Berendina Josepha Klaassen.

**Companies** means Boma Werk and Boma Vastgoed.

**Companies Act** means the New Zealand Companies Act 1993.

**EBITDA** means earnings before interest, tax, depreciation and amortisation.

**Facility Documents** means each document entered into by Mainfreight and the Guarantors setting out the terms of the New Loan Facilities including:

- (a) a Common Terms Deed entered into by Mainfreight and each Guarantor in favour of the Mainfreight Group's Lenders;
- (b) a Facility Agreement entered into with Westpac Banking Corporation in relation to multi-currency facilities in an aggregate principal amount of approximately NZ\$228 million;
- (c) a Facility Agreement entered into with Commonwealth Bank of Australia in relation to multi-currency facilities in an aggregate principal amount of approximately NZ\$187 million; and
- (d) such other documents approved by Mainfreight as being necessary or desirable in connection with the documents referred to in (a)-(c) above.

**Guarantor** means each member of the Mainfreight Group which has agreed to guarantee repayment of all amounts outstanding under the Facility Documents.

**Mainfreight** means Mainfreight Limited.

**Mainfreight Group** means the group of companies comprising Mainfreight and its subsidiaries.

**GLOSSARY (continued)**

**Mainfreight Netherlands** or **Purchaser** means Mainfreight Netherlands International BV and Mainfreight Netherlands Coöperatief UA.

**New Loan Facilities** means the senior bank facilities provided to Mainfreight and certain of its subsidiaries, the proceeds of which will be used to refinance the Mainfreight Group's existing bank facilities and to fund the acquisition of the Wim Bosman Group.

**Notice of Meeting** means this notice of special meeting, including the explanatory memorandum.

**Purchase Guarantee** means the guarantee of Mainfreight Netherlands International BV and Mainfreight Netherlands Coöperatief UA's obligations under the Sale and Purchase Agreement given by Mainfreight to the Bosmans.

**Sale and Purchase Agreement** means the sale and purchase agreement dated 5 March 2011 between Mainfreight Netherlands International BV and Mainfreight Netherlands Coöperatief UA and the Sellers.

**Sellers** means the Bosmans and WIBO.

**Shares** means the shares in the Companies to be acquired by the Purchaser under the Sale and Purchase Agreement.

**Wim Bosman Group** means the Companies and their subsidiaries.

**WIBO** means WIBO C.V.B.A. a co-operative company incorporated under the laws of Belgium.



*Emmerich Container Operations*





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