



19 July 2017

ASX Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

**Royal Wolf Holdings Limited ACN 121 226 793 (ASX: RWH) – takeover
bid by GFN Asia Pacific Holdings Pty Ltd ACN 620 127 791
Target's Statement**

We attach, by way of service pursuant to item 14 of section 633(1) of the Corporations Act 2001 (Cth), a copy of the target's statement of Royal Wolf Holdings Limited ACN 121 226 793 (Royal Wolf) in response to the off market takeover bid by GFN Asia Pacific Holdings Pty Ltd for all the fully paid ordinary shares in Royal Wolf not held by it or its Related Body Corporate (as defined in the Corporations Act 2001 (Cth)).

Yours sincerely

Greg Baker
Company Secretary

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately. Information hotline: If you have any queries in relation to the Offer, please call the shareholder information line on: 1800 992 793 (within Australia) or +61 1800 992 793 (from outside Australia).

Royal Wolf Holdings Limited (ACN 121 226 793)

TARGET'S STATEMENT

This Target's Statement has been issued in response to the off-market takeover bid made by GFN Asia Pacific Holdings Pty Ltd (ACN 620 127 791), a wholly owned subsidiary of General Finance Corporation, a Delaware corporation (Organizational Identification Number 4042235), for all of your ordinary shares in Royal Wolf Holdings Limited (ACN 121 226 793).



The Royal Wolf Independent Directors unanimously recommend that you

ACCEPT

the takeover offer from GFN Asia Pacific Holdings Pty Ltd in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the offer is fair and reasonable.

FINANCIAL ADVISER

CREDIT SUISSE 

LEGAL ADVISER

 HERBERT
SMITH
FREEHILLS



IMPORTANT NOTICES

Nature of this document

This document is a Target's Statement issued by Royal Wolf Holdings Limited (ACN 121 226 793) (**Royal Wolf**) under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by GFN Asia Pacific Holdings Pty Ltd (ACN 620 127 791), a wholly-owned subsidiary of General Finance Corporation, a Delaware corporation, for all of Your Royal Wolf Shares.

A copy of this Target's Statement was lodged with ASIC and given to ASX on 19 July 2017. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

Royal Wolf Shareholder information line

Royal Wolf has established a shareholder information line which Royal Wolf Shareholders may call if they have any queries in relation to GFN Asia Pacific's Offer. The telephone number for the shareholder information line is 1800 992 793 (for calls made from within Australia) or +61 1800 992 793 (for calls made from outside Australia). Calls to the shareholder information line may be taped, recorded, indexed and stored.

Further information relating to GFN Asia Pacific's Offer can be obtained from Royal Wolf's website at <https://www.royalwolf.com.au/> and GFN Asia Pacific's Bidder's Statement dated 19 July 2017.

Defined terms

A number of terms used in this Target's Statement have defined meanings. These terms and abbreviations are capitalised and have the meanings as given to them in section 11 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, actual calculations may differ from the calculations set out in this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. The Board encourage you to seek independent financial, legal and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements in this Target's Statement can generally be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe the objectives, plans, goals or expectations of Royal Wolf or any member of the Royal Wolf Group may be forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Royal Wolf operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Royal Wolf, Royal Wolf's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any

forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement (including in the Independent Expert's Report) reflect views held only as at the date of this Target's Statement. To the maximum extent permitted by law, Royal Wolf and its directors, employees and agents disclaim liability for any loss or damage which may be suffered by any person (including by negligence or otherwise) through the use of (directly or indirectly) or reliance on anything contained in or omitted from this Target's Statement.

Disclaimer as to information

The information on GFN Asia Pacific, GFN and its Subsidiaries and securities of GFN and its Subsidiaries contained in this Target's Statement has been prepared by Royal Wolf using publicly available information. The information in the Target's Statement concerning GFN Asia Pacific and GFN and its Subsidiaries and the companies' assets and liabilities, financial position and performance, profits and losses and prospects, has not been independently verified by Royal Wolf. Accordingly, Royal Wolf does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Charts, maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

Websites

The Royal Wolf website is www.royalwolf.com.au. GFN Asia Pacific may also maintain a website that includes information in relation to the Offer. Information contained in, or otherwise accessible through, these internet sites is not a part of this Target's Statement. All references in this Target's Statement to these internet sites are inactive textual references to these internet sites and are for your information only.

Privacy

Royal Wolf has collected your information from the Royal Wolf register of shareholders for the purpose of providing you with this Target's Statement. The type of information Royal Wolf has collected about you includes your name, contact details and information on your shareholding in Royal Wolf. Without this information, Royal Wolf would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders and option holders to be held in a public register. Your information may be disclosed as required by law, and also on a confidential basis to Royal Wolf's related bodies corporate and external service providers (such as the share registry of Royal Wolf and print and mail service providers) and may be required to be disclosed to regulators such as ASIC and the ASX. If you would like details of information about you held by Royal Wolf, please contact Royal Wolf at the address shown below. Royal Wolf's privacy policy is available at <https://www.royalwolf.com.au/>. The registered address of Royal Wolf is Suite 203, Level 2, 22-28 Edgeworth David Avenue, Hornsby NSW 2077.

KEY DATES

EVENT	DATE
Date of GFN Asia Pacific's Offer	24 July 2017
Date of this Target's Statement	19 July 2017
Close of GFN Asia Pacific's Offer Period (unless extended or withdrawn)	7:00pm Sydney time on 25 August 2017

CONTENTS

Chairman's Letter	2	7.0 Key features of GFN Asia Pacific's Offer	17
1.0 Frequently asked questions	4	7.1 Consideration payable to Royal Wolf Shareholders who accept the Offer	17
2.0 Why you should accept or not accept the Offer	7	7.2 Conditions to the Offer	17
2.1 Reasons to Accept the Offer	7	7.3 Notice of Status of Conditions	18
2.2 Reasons to you may choose not to accept the Offer	9	7.4 Offer Period	18
3.0 Independent Directors' recommendation	10	7.5 Extension of the Offer Period	18
3.1 Summary of Offer	10	7.6 Withdrawal of Offer	18
3.2 Board members of Royal Wolf	10	7.7 Effect of acceptance	18
3.3 Independent Directors' recommendation	10	7.8 Your ability to withdraw your acceptance	18
3.4 Reasons for the Independent Directors' recommendation	10	7.9 When you will receive your consideration if you accept the Offer	19
3.5 Intentions of your Independent Directors in relation to the Offer	10	7.10 Effect of an improvement in consideration on shareholders who have already accepted the Offer	19
4.0 Information on Royal Wolf	11	7.11 Lapse of Offer	19
4.1 Overview of Royal Wolf and its principal activities	11	7.12 Compulsory acquisition	19
4.2 Board and key management	11	8.0 Information relating to the Board	20
4.3 Ownership	11	8.1 Interests and dealings in Royal Wolf securities	20
4.4 Financial Information of Royal Wolf	12	8.2 Interests and dealings in securities of GFN Asia Pacific or its Related Body Corporates	20
4.5 Royal Wolf Shares and Royal Wolf Performance Rights	12	8.3 Benefits and agreements	21
4.6 Publicly available information about Royal Wolf	13	9.0 Taxation consequences	22
5.0 Important matters for Royal Wolf Shareholders to consider	14	10.0 Additional information	26
5.1 The GFN Asia Pacific Offer	14	10.1 Effect of Offer on Royal Wolf's material contracts	26
5.2 Independent Expert's Report	14	10.2 Material litigation	26
5.3 Risk factors	14	10.3 Effect of Offer on Royal Wolf's employee incentive schemes and securities issued under those schemes	26
5.4 Minority ownership consequences	15	10.4 Consents	27
5.5 Special Dividend issues for Royal Wolf Shareholders	15	10.5 No other material information	28
5.6 Other alternatives to the Offer	15	11.0 Glossary and interpretation	29
5.7 Royal Wolf share price absent the Offer	15	11.1 Glossary	29
6.0 Your choices as a Royal Wolf Shareholder	16	11.2 Interpretation	31
		12.0 Authorisation	32
		Appendix A Independent Expert's Report	33
		Corporate Directory	97

CHAIRMAN'S LETTER

19 July 2017

Dear Shareholders,

Off-market takeover bid by GFN Asia Pacific Holdings Pty Ltd

On 12 July 2017, GFN Asia Pacific Holdings Pty Ltd (**GFN Asia Pacific**) announced an off-market takeover bid for all of Your Royal Wolf Shares. GFN Asia Pacific is offering \$1.83 cash per Royal Wolf Share less the cash amount of the Special Dividend (**Offer Price**), subject to certain conditions as summarised in section 7.2 of this Target Statement (the **Offer**).

The Offer Price values the total equity of Royal Wolf at approximately \$184 million and represents:

- a 40.8% premium to the ASX closing share price of \$1.30 on 11 July 2017, being the last trading day prior to announcement of the Offer;¹
- a 45.0% premium to the 1-month VWAP to 11 July 2017 of \$1.26;
- a 39.1% premium to the 3-month VWAP to 11 July 2017 of \$1.32; and
- a 37.7% premium to the 6-month VWAP to 11 July 2017 of \$1.33.

GFN Asia Pacific is a wholly-owned subsidiary of General Finance Corporation (**GFN**). GFN currently controls approximately 51.0% of Royal Wolf Shares through its wholly owned subsidiary GFN U.S. Australasia Holdings, Inc.

Royal Wolf has appointed Deloitte Corporate Finance Pty Limited (**Deloitte**) as the Independent Expert to opine on whether the Offer is fair and reasonable. The Independent Expert has concluded that the Offer is fair and reasonable.

The Independent Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable. The prospects of a Superior Proposal emerging from a third party are limited given that GFN already has a controlling interest in Royal Wolf. As at the date of this Target's Statement, no competing proposal has been received by Royal Wolf.

The reasons for the Independent Directors' recommendation are set out below.

1. The Offer Price represents a significant premium to the trading price of Royal Wolf Shares in the period leading up to the Offer.
2. The Independent Expert has concluded that the Offer is fair and reasonable.
3. The Independent Directors are not aware of any Superior Proposal.
4. If the Offer does not result in the compulsory acquisition of all Royal Wolf Shares but GFN Asia Pacific and its Associates increase their shareholding in Royal Wolf, GFN Asia Pacific and its Associates may have increased influence over Royal Wolf.
5. The all-cash Offer provides an opportunity for you to receive a certain cash amount for Your Royal Wolf Shares.
6. Royal Wolf's share price may fall if the Offer does not proceed and no Superior Proposal emerges.
7. You will not pay any brokerage fees on disposal of Your Royal Wolf Shares if done by accepting the Offer.

If you are considering selling Your Royal Wolf Shares on market as opposed to accepting the Offer, please refer to section 6 of this Target's Statement.

1. The last date that Royal Wolf Shares traded on the ASX prior to the announcement of the Offer was 6 July 2017 at \$1.30 per Royal Wolf Share.

Each of the Independent Directors who hold Royal Wolf Shares has agreed (as set out in the Bid Implementation Agreement) to accept the Offer in respect of all of the Royal Wolf Shares controlled by them no later than five Business Days before the end of the Offer Period, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.

In addition to the Offer, Royal Wolf has announced that it will pay a fully franked² Special Dividend of \$0.0265 cash per Royal Wolf Share on 2 August 2017. Whilst the Special Dividend is not conditional on the Offer, the Offer Price of \$1.83 per Royal Wolf Share, which is payable by GFN Asia Pacific, will be reduced by the cash amount of the Special Dividend. If you qualify to receive the Special Dividend, the overall consideration you receive from accepting the Offer and receiving the Special Dividend will not be less than \$1.83 for each of Your Royal Wolf Shares.

Together with this Target's Statement, you should have received a Bidder's Statement from GFN Asia Pacific, which provides information on the Offer. Instructions on how to accept the Offer are contained in section 1 of the Bidder's Statement. The terms of the Offer are described in more detail in section 7 of this Target's Statement and section 9 of the Bidder's Statement.

The Offer is scheduled to close at 7:00 pm on 25 August 2017 (unless extended or withdrawn). Your Board will keep you informed of any further material developments in relation to the Offer as they occur. If you have any queries in relation to the Offer, please contact the Royal Wolf Shareholder information line on 1800 992 793 (for calls made from within Australia) or +61 1800 992 793 (for calls made from outside Australia).

I urge you to read this Target's Statement and the Bidder's Statement in their entirety and consider the Offer having regard to your own personal risk profile, investment strategy and tax position. If you are in any doubt as to the action you should take in relation to the Offer, I would recommend you consult a professional financial adviser.

Yours sincerely,



Peter Housden
Independent Chairman and Non-Executive Director

2. Whether a Royal Wolf Shareholder is entitled to the franking credit on the Special Dividend depends on their particular circumstances. Royal Wolf Shareholders should seek independent advice. Please also see section 9 of this Target's Statement for further information.

1.0 FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Royal Wolf Shareholders. This section should be read together with all other parts of this Target's Statement.

QUESTION	ANSWER
What is GFN Asia Pacific's Offer for my Royal Wolf Shares?	GFN Asia Pacific is offering \$1.83 cash less the cash amount of the Special Dividend, for each of Your Royal Wolf Shares.
What choices do I have as a Royal Wolf Shareholder?	<p>As a Royal Wolf Shareholder, you have the following choices in respect of your Shares:</p> <ul style="list-style-type: none"> • accept the Offer; • sell Your Royal Wolf Shares on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or • do nothing. <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in section 6 of this Target's Statement.</p>
What are the Independent Directors of Royal Wolf recommending?	<p>Each Independent Director recommends that you accept the Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.</p> <p>The Independent Directors' reasons for their recommendation are set out in section 2.1 of this Target's Statement.</p> <p>You are encouraged to read all of this Target's Statement (including section 5, which sets out various important matters for Royal Wolf Shareholders to consider).</p> <p>If there is a change in the Independent Directors' recommendation or any material developments in relation to the Offer, Royal Wolf will lodge a supplementary target's statement.</p>
What do the Independent Directors intend to do with their own Royal Wolf Shares?	Each of the Independent Directors who hold Royal Wolf Shares has agreed to accept the Offer in respect of all of the Royal Wolf Shares controlled by them no later than five Business Days before the end of the Offer Period, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.
What does the Independent Expert say?	<p>The Independent Expert has valued the Royal Wolf Shares at between \$1.69 and \$1.89 per Royal Wolf Share and concluded that the Offer is both fair and reasonable.</p> <p>The Independent Expert's Report is included in Appendix A of this Target's Statement. You should read the Independent Expert's Report carefully.</p>
How do I accept the Offer?	Details of how to accept the Offer are set out in section 1 of the Bidder's Statement.
What are the consequences of accepting the Offer now?	If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Shares on the ASX or otherwise deal with Your Royal Wolf Shares while the Offer remains open.
If I accept the Offer, can I withdraw my acceptance?	<p>You may withdraw your acceptance if GFN Asia Pacific varies the Offer in a way that postpones the time when GFN Asia Pacific is required to satisfy its obligations by more than one month.</p> <p>(See section 7.8 of this Target's Statement for further details.)</p>
When does the Offer close?	<p>The Offer is presently scheduled to close at 7:00pm (Sydney time) on 25 August 2017, but the Offer Period can be extended in certain circumstances.</p> <p>(See section 7.5 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.)</p>

QUESTION	ANSWER
What is the Special Dividend?	<p>Royal Wolf has announced that it will pay a fully franked³ Special Dividend of \$0.0265 cash per Royal Wolf Share. Whilst the Special Dividend is not conditional on the Offer, the Offer Price of \$1.83 per Royal Wolf Share, which is payable by GFN Asia Pacific, will be reduced by the cash amount of the Special Dividend.</p> <p>(See section 5.5 of this Target's Statement for details of the Special Dividend.)</p>
What happens if I purchase Royal Wolf Shares after the Special Dividend record date?	<p>If you become a Royal Wolf Shareholder after the record date for the Special Dividend (being 18 July 2017), you will not receive the Special Dividend but you will still receive \$1.8035 cash per Royal Wolf Share (being the Offer Price of \$1.83 per Royal Wolf Share less the cash amount of the Special Dividend).</p> <p>(See section 5.5 of this Target's Statement for details of the Special Dividend.)</p>
What are the conditions to the Offer?	<p>In summary, the conditions to the Offer are:</p> <ul style="list-style-type: none"> • (minimum acceptance condition): at the end of the Offer Period, GFN Asia Pacific having received valid acceptances in respect of at least 75% (by number) of the Non-Associated Shares and a relevant interest in at least 90% (by number) of all Royal Wolf Shares; • (no other outstanding securities): there being no securities on issue in Royal Wolf other than the 100,387,052 Royal Wolf Shares and there being no outstanding offers, agreements or rights to be issued with Royal Wolf Shares or other securities at the end of the Offer Period. At completion of the Offer, all rights unvested under the Royal Wolf LTIP will be terminated; • (no Prescribed Occurrences): no Prescribed Occurrences occurring during the Offer Period (except for Permitted Actions); • (no regulatory action): no regulatory actions, of various kinds, occurring during the Offer Period (subject to certain exceptions); • (acquisitions, disposals and capex): no acquisitions or capital expenditure by the Royal Wolf Group exceeding \$100,000 in aggregate (except for purchases of assets in the ordinary course) or disposals by the Royal Wolf Group exceeding \$100,000 in aggregate (except for sales of assets in the ordinary course) during the Offer Period; • (no material adverse change in the Royal Wolf Group): no event, change, condition, matter or thing occurs, is disclosed or announced or becomes known to GFN Asia Pacific (in each case where not known to GFN Asia Pacific or GFN prior to execution of the Bidder's Statement) during the Offer Period which has had, will have or is reasonably likely to have (whether individually or when aggregated with one or more other events) a material adverse effect on the assets, liabilities, financial or trading position, performance, profitability or prospects of the Royal Wolf Group (taken as a whole), subject to a number of exceptions. Such an effect would be caused by a diminution in value of the consolidated net assets of the Royal Wolf Group (taken as a whole) of at least \$10 million or a decrease in the FY17 guidance floor to shareholders of Royal Wolf in earnings before interest tax, depreciation and amortisation of the Royal Wolf Group (taken as a whole) of \$2.5 million or more (subject to a number of exceptions); • (no dividends or distributions): no distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) is announced, made, declared, paid or agreed (other than the Special Dividend) during the Offer Period; • (index): the ASX All Ordinaries Index does not close below 4,000 on 5 consecutive Business Days before the end of the Offer Period;

3. Whether a Royal Wolf Shareholder is entitled to the franking credit on the Special Dividend depends on their particular circumstances. Royal Wolf Shareholders should seek independent advice. Please also see section 9 of this Target's Statement for further information.

1.0

FREQUENTLY ASKED QUESTIONS

QUESTION	ANSWER
What are the conditions to the Offer? <i>continued</i>	<ul style="list-style-type: none"> • (market): no material adverse change, as reasonably determined by Bison, in the financial or capital markets generally, or in the markets for subordinate debt or warrants or other equity securities, in each case that has adversely impacted or could reasonably be expected to adversely impact, on Bison's investment in the notes issued by GFN Asia Pacific and GFN Finance in connection with the Bison Funding Arrangements, in circumstances where Bison has informed GFN Asia Pacific that it intends to rely upon the equivalent condition in the Bison Funding Arrangements as a basis for withdrawing funding under, or adversely varying the terms of, the Bison Funding Arrangements; and • (no Bidder Material Adverse Change): no Bidder Material Adverse Change has occurred with respect to any member of the GFN Group, in circumstances where Bison has informed GFN Asia Pacific that it intends to rely upon the equivalent condition in the Bison Funding Arrangements as a basis for withdrawing funding under, or adversely varying the terms of, the Bison Funding Arrangements. <p>The Bid Implementation Agreement also includes a number of other key provisions including exclusivity provisions (including notification and matching right provisions and no shop, no talk and no due diligence restrictions on Royal Wolf (although the no talk and no due diligence restrictions are subject to a standard "fiduciary limitation" exception)) and various other requirements that relate to the conduct of the Royal Wolf business, operations and assets.</p> <p>(See section 7.2 of this Target's Statement for further details.)</p>
What happens if the conditions of the Offer are not satisfied or waived?	If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal with Royal Wolf Shares even if you had accepted the Offer.
When will I be sent my consideration if I accept the Offer?	<p>If you accept the Offer, you will have to wait for the Offer to become unconditional before you will be sent your consideration from GFN Asia Pacific.</p> <p>(See section 7.9 of this Target's Statement for further details on when you will be sent your consideration.)</p>
What are the tax implications of accepting the Offer?	<p>A general outline of the tax implications of accepting the Offer is set out in section 9 of this Target's Statement.</p> <p>As the outline is a general outline only, shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.</p>
Is there a number that I can call if I have further queries in relation to the Offer?	<p>If you have any further queries in relation to the Offer, you can call 1800 992 793 (for calls made from inside Australia) or +61 1800 992 793 (for calls made from outside Australia).</p> <p>Calls to these numbers may be recorded, indexed and stored.</p>

2.0 WHY YOU SHOULD ACCEPT OR NOT ACCEPT THE OFFER

The Independent Directors unanimously recommend that you ACCEPT the Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, for the following reasons.

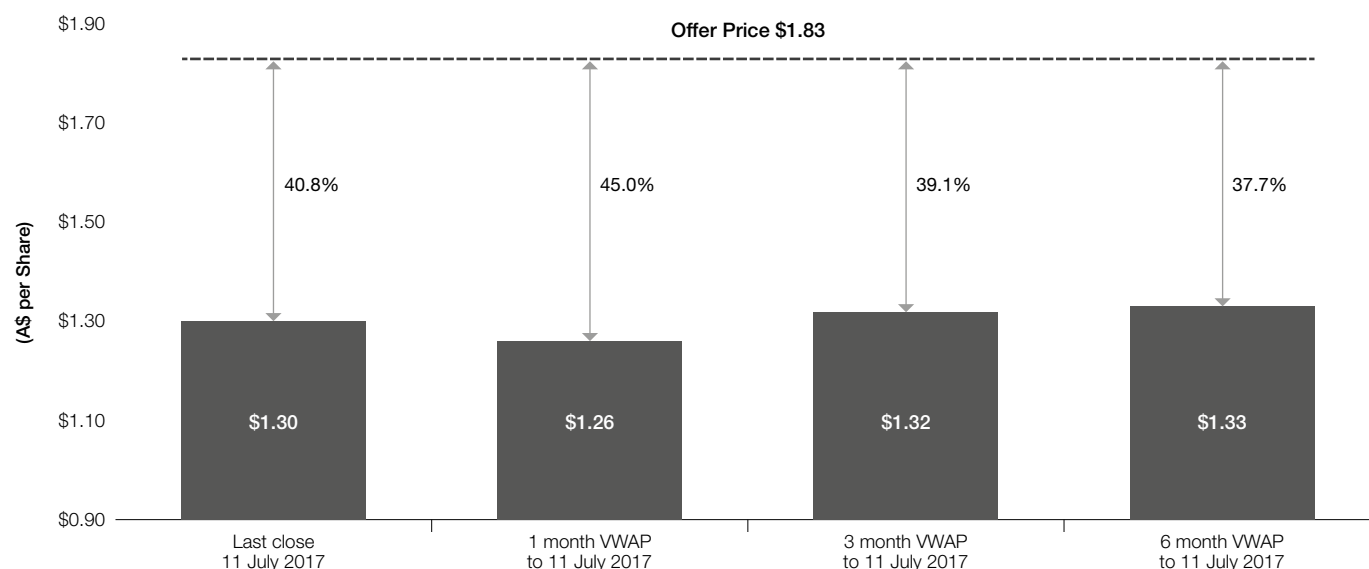
1. The Offer Price represents a significant premium to the trading price of Royal Wolf Shares in the period leading up to the Offer.
2. The Independent Expert has concluded that the Offer is fair and reasonable.
3. The Independent Directors are not aware of any Superior Proposal.
4. If the Offer does not result in the compulsory acquisition of all Royal Wolf Shares but GFN Asia Pacific and its Associates increase their shareholding in Royal Wolf, GFN Asia Pacific and its Associates may have increased influence over Royal Wolf.
5. The all-cash Offer provides an opportunity for you to receive a certain cash amount for Your Royal Wolf Shares.
6. Royal Wolf's share price may fall if the Offer does not proceed and no Superior Proposal emerges.
7. You will not pay any brokerage fees on disposal of Your Royal Wolf Shares if done by accepting the Offer.

2.1 Reasons to Accept the Offer

2.1.1 The Offer Price represents a significant premium to the trading price of Royal Wolf Shares in the period leading up to the Offer

The Offer Price of \$1.83 per Royal Wolf Share less the cash amount of the Special Dividend, represents a significant premium to the trading levels of Royal Wolf Shares prior to the announcement of the Offer.

The chart below illustrates the premium offered relative to volume weighted average market prices across various periods in the 6 months preceding the announcement of the Offer.



Source: IRESS

2.1.2 The Independent Expert has concluded that the Offer is fair and reasonable

The Board has appointed Deloitte to prepare the Independent Expert's Report in connection with the Offer. Deloitte is independent to Royal Wolf and GFN Asia Pacific and has no involvement with, or interest in, the outcome of the Offer other than the preparation of the Independent Expert's Report.

The Offer is fair

The Independent Expert has valued 100% of the Royal Wolf Shares on a controlling interest basis in the range of \$1.69-\$1.89 per Royal Wolf Share. The Offer Price of \$1.83 per Royal Wolf Share is within this range. On this basis, the Independent Expert has concluded that the Offer is fair.

2.0 WHY YOU SHOULD ACCEPT OR NOT ACCEPT THE OFFER

The Offer is reasonable

The Independent Expert also observes that as the Offer is fair it is also reasonable. A copy of the Independent Expert's Report is set out in Appendix A of this Target's Statement. The Independent Directors recommend that you read the Independent Expert's Report carefully before making a decision with respect to the Offer.

2.1.3 The Independent Directors are not aware of any Superior Proposal

The Independent Directors consider the Offer to be the best proposal available to Royal Wolf Shareholders and unanimously recommend that Royal Wolf Shareholders accept the Offer. As at the date of this Target's Statement, Royal Wolf has not received any Superior Proposal for Royal Wolf Shares and there is no certainty that any Superior Proposal will emerge.

2.1.4 If the Offer does not result in the compulsory acquisition of all Royal Wolf Shares but GFN Asia Pacific and its Associates increase their shareholding in Royal Wolf, GFN Asia Pacific and its Associates may have increased influence over Royal Wolf

If the Offer does not result in the compulsory acquisition of all Royal Wolf Shares (see section 7.12 of this Target's Statement), GFN Asia Pacific and its Associates could ultimately hold more than their current 51% shareholding but less than the 90% shareholding required for compulsory acquisition. If the Offer does result in such an increase in the majority shareholding of GFN Asia Pacific and its Associates, GFN Asia Pacific and its Associates may have the capacity to exert greater influence over the manner in which Royal Wolf's business is conducted.

If the Offer is not successful, the liquidity of Royal Wolf Shares may be lower than at present, thereby impacting on Royal Wolf Shareholder's ability to sell their Royal Wolf Shares at price levels that reflect their value. Additionally, if GFN acquires control over 75% or more of Royal Wolf Shares, it will be able to pass a special resolution of Royal Wolf. This will enable GFN to, among other things, amend Royal Wolf's constitution.

For additional information see section 5.4 of this Target Statement.

2.1.5 The all-cash Offer provides you with an opportunity to receive a certain cash amount for Your Royal Wolf Shares

The Offer Price of \$1.83 cash per Royal Wolf Share less the cash amount of the Special Dividend offered to Royal Wolf Shareholders provides certainty of value. You will cease to be exposed to the risks associated with an investment in Royal Wolf, including potential share price volatility due to general share market conditions and business performance.

In contrast, if the Offer lapses, the amount which Royal Wolf Shareholders will be able to realise for their Royal Wolf Shares will necessarily be uncertain and subject to, amongst other things, the performance of Royal Wolf's business and from time to time the vagaries of share market conditions.

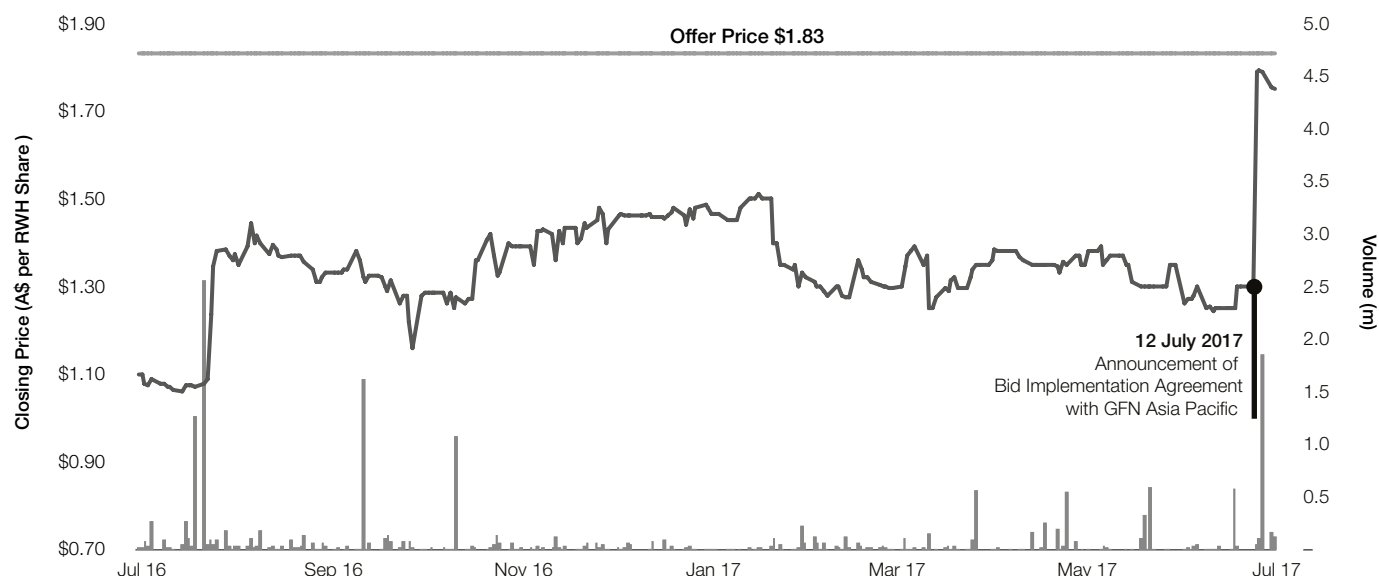
2.1.6 Royal Wolf's share price may fall if the Offer does not proceed and no Superior Proposal emerges

If the Offer is not successful and in the absence of a Superior Proposal, the Royal Wolf Shares may trade below the price at which they have traded since announcement of the Offer on 12 July 2017.

In addition, the future trading price of Royal Wolf Shares will continue to be subject to market volatility compared to the certain value of \$1.83 per Royal Wolf Share less the cash amount of the Special Dividend under the Offer.

The chart below shows Royal Wolf's share price performance over the last 12 months to 18 July 2017, being the last practicable trading date prior to the date of this Target's Statement.

ROYAL WOLF HISTORICAL SHARE PRICE PERFORMANCE



Source: IRESS

The closing price of Royal Wolf Shares on the ASX on 11 July 2017, being the last trading day prior to the announcement of the Offer was \$1.30.⁴

The closing price of Royal Wolf Shares on the ASX on 18 July 2017, being the last practicable trading day prior to the date of this Target's Statement was \$1.75.

Over the last three months to 18 July 2017:

- the highest recorded daily closing price for Royal Wolf Shares on the ASX was \$1.79 on 13 July 2017; and
- the lowest recorded daily closing price for Royal Wolf Shares on the ASX was \$1.25 on 28 June 2017.

2.1.7 You will not pay any brokerage fees on disposal of Your Royal Wolf Shares if done by accepting the Offer

By accepting the Offer you will receive (subject to the conditions being satisfied or waived) the Offer Price of \$1.83 cash per Royal Wolf Share less the cash amount of the Special Dividend. You will not incur any brokerage fees, which may be incurred if you choose to sell Your Royal Wolf Shares on the ASX.⁵

2.2 Reasons to you may choose not to accept the Offer

1. You may believe that the Offer Price is inadequate.
2. You may wish to remain a shareholder in Royal Wolf.
3. You may believe that a Superior Proposal will emerge for Royal Wolf.
4. You may disagree with the recommendation of the Independent Directors.
5. The tax consequences or implications of accepting the Offer may not suit your financial position or circumstances.
6. You may believe that the Offer will not be successful.

4. The last date that Royal Wolf Shares traded on the ASX prior to the announcement of the Offer was 6 July 2017 at \$1.30 per Royal Wolf Share.

5. However, if you hold Your Royal Wolf Shares through CHESS or through a bank, custodian or other nominee, you should ask your controlling participant (normally your stockbroker) or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

3.0 INDEPENDENT DIRECTORS' RECOMMENDATION

3.1 Summary of Offer

The consideration being offered by GFN Asia Pacific under its takeover bid is \$1.83 cash per Royal Wolf Share less the cash amount of the Special Dividend.

The Offer is subject to a number of conditions, which are summarised in section 7.2 of this Target's Statement.

3.2 Board members of Royal Wolf

As at the date of this Target's Statement, the Board members of Royal Wolf are:

NAME	POSITION
Peter Housden	Independent Chairman, Independent Non-Executive Director
Neil Littlewood	Chief Executive Officer and Managing Director
Daryl (Darce) William Corsie	Independent Non-Executive Director
Peter Dexter AM	Independent Non-Executive Director
Manuel Marrero	Non-Executive Director
Jody Miller	Non-Executive Director
Ronald Valenta	Non-Executive Director

Ronald Valenta, Manuel Marrero and Jody Miller, directors of Royal Wolf associated with GFN, are not independent for the purposes of the Offer. Due to their associations, Mr Valenta, Mr Marrero and Mr Miller do not consider it appropriate to make any recommendation in relation to the Offer.

3.3 Independent Directors' recommendation

After taking into account each of the matters in this Target's Statement (including the Independent Expert's Report) and in the Bidder's Statement, each of your Independent Directors recommend that you accept the Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.

In considering whether to accept the Offer, your Independent Directors encourage you to:

- read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- carefully consider the terms and conditions of the Offer, which are set out in section 9 of the Bidder's Statement and summarised in section 7 below;
- carefully consider section 6 of this Target's Statement including the choices available to you as a Royal Wolf Shareholder and the risks of becoming a minority Royal Wolf Shareholder as outlined in section 5.4; and
- obtain personal advice from your broker, financial adviser, accountant, lawyer, taxation specialist or other professional adviser in regard to the Offer and the effect of accepting the Offer.

3.4 Reasons for the Independent Directors' recommendation

A summary of the reasons for your Independent Directors' recommendation is provided in section 2 of this Target's Statement.

3.5 Intentions of your Independent Directors in relation to the Offer

Each of the Independent Directors who hold Royal Wolf Shares has agreed (as set out in the Bid Implementation Agreement) to accept the Offer in respect of all of the Royal Wolf Shares controlled by them no later than five Business Days before the end of the Offer Period, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.

Details of the relevant interests of each Board member of Royal Wolf in Royal Wolf Shares are set out in section 8 of this Target's Statement.

4.0 INFORMATION ON ROYAL WOLF

4.1 Overview of Royal Wolf and its principal activities

Royal Wolf is one of the leading suppliers of containers in Australia and New Zealand.

Royal Wolf Group commenced operations in New South Wales, Australia in 1995, and Royal Wolf Holdings Limited was listed on the ASX in 2011.

Royal Wolf specialises in the hire, sale and modification of new and refurbished shipping containers.

Royal Wolf sells and leases container products through its 32 customer service centres located in every state in Australia and in the North Island and South Island of New Zealand, as well as through a National Accounts Management Team that is focused on large customers and contracts. Royal Wolf has a hire fleet of 42,230 containers as at 30 June 2017.

Royal Wolf's portable container products are used by a broad range of industries with over 22,700 customers across industries that include resources, construction, logistics, retail and manufacturing in Australia and New Zealand. Customers use Royal Wolf's products for a wide variety of applications, including storage of inventory, materials and equipment, transportation of goods, and as portable buildings and accommodation.

For the 9 months ended 31 March 2017, Royal Wolf reported revenue of approximately \$107 million, EBITDA of approximately \$28 million, and NPAT of approximately \$4.6 million.

For the year ended 30 June 2016, Royal Wolf reported revenue of approximately \$164 million, EBITDA of approximately \$37 million, and NPAT of approximately \$7.9 million.

Further details about Royal Wolf are available at its website www.royalwolf.com.au.

4.2 Board and key management

As at the date of this Target's Statement there are seven Board members of Royal Wolf as described in section 3 of this Target's Statement.

As at the date of this Target's Statement, the key management personnel of Royal Wolf include:

NAME	POSITION
Neil Littlewood	Chief Executive Officer and Managing Director
Greg Baker	Chief Financial Officer and Company Secretary
Ben Buddo	Executive General Manager Operations
Paul Creighton	Executive General Manager New Zealand

4.3 Ownership

As at 18 July 2017, the last practicable trading day prior to the date of this Target's Statement, based on substantial shareholder notices lodged with the ASX and registry data, the substantial shareholders of Royal Wolf were:

ROYAL WOLF SHAREHOLDER	ROYAL WOLF SHARES	%
GFN U.S. Australasia Holdings, Inc.	51,198,526	51.00
Commonwealth Bank of Australia	7,821,801	7.79
Spheria Asset Management Pty Limited	6,825,332	6.80
BT Investment Management Limited	5,971,507	5.95
Celeste Funds Management Limited	5,660,232	5.64

4.0 INFORMATION ON ROYAL WOLF

4.4 Financial Information of Royal Wolf

4.4.1 Results for the 12 month period to 30 June 2016 and 9 month period to 31 March 2017

If you were a Royal Wolf Shareholder at the relevant time, you will previously have received (if you elected to do so) the Royal Wolf Annual Report 2016, including the audited full year financial statement for the 12 month period to 30 June 2016.

On 7 February 2017, Royal Wolf released its half year FY2017 results, which are contained in the Appendix 4D Royal Wolf Half Year Report for the 6 month period to 31 December 2016.

Royal Wolf subsequently released its FY2017 Q3 Results Announcement on 11 May 2017, providing a trading update for the 9 month period to 31 March 2017.

If you do not have a copy of the Royal Wolf Annual Report 2016, the Royal Wolf Half Year Report for the 6 month period to 31 December 2016, or the FY2017 Q3 Results Announcement, these are available on the ASX website at www.asx.com.au (under the company code "RWH").

4.4.2 Outlook for FY2017

Based on Royal Wolf's preliminary and unaudited financial results for the financial year ended 30 June 2017 (which remain subject to finalisation), Royal Wolf expects that FY2017 EBITDA will be approximately \$36.4 million and FY2017 NPAT approximately \$6.2 million. Royal Wolf also expects that net debt as at 30 June 2017 will be approximately \$100 million.

Royal Wolf currently expects to release its preliminary final report for the financial year ended 30 June 2017 in or around mid-August 2017.

4.4.3 Dividends

Royal Wolf has paid the following dividends in the current and previous two financial years (cents per share):

FINANCIAL YEAR	FINAL	INTERIM	TOTAL
2017	N/A	2.5	2.5
2016	2.5	3.0	5.5
2015	5.0	4.0	9.0

Royal Wolf has also announced that it will pay a Special Dividend of \$0.0265 cash per Royal Wolf Share. See section 5.5 of this Target's Statement for details of the Special Dividend.

4.5 Royal Wolf Shares and Royal Wolf Performance Rights

4.5.1 Royal Wolf Shares

As at the date of this Target's Statement, Royal Wolf's issued securities consist of 100,387,052 Royal Wolf Shares.

4.5.2 Royal Wolf Performance Rights

The Royal Wolf long term incentive plan (**Royal Wolf LTIP**) is in place to assist with attracting, retaining and motivating employees and the Royal Wolf Executives.

As at the date of this Target's Statement, Royal Wolf currently has the following unvested Royal Wolf Performance Rights.

FINANCIAL YEAR OF GRANT	FINANCIAL YEAR OF VESTING	UNVESTED ROYAL WOLF PERFORMANCE RIGHTS
2015	2017	337,000
2015 (Special Incentive Grant)	2018	35,370 ⁶
2016	2018	749,100
2017	2019	783,300
Total unvested Royal Wolf Performance Rights		1,904,770

Each unvested Royal Wolf Performance Right provides the holder with the right to one Royal Wolf Share, subject to certain vesting conditions.

Royal Wolf Performance Rights held by Royal Wolf Executives

In respect of the unvested Royal Wolf Performance Rights held by Royal Wolf Executives, the Board has resolved not to exercise its discretion to vest such Royal Wolf Performance Rights, subject to the successful completion of the Offer and GFN Asia Pacific commencing compulsory acquisition of any remaining Royal Wolf Shares. Accordingly these Royal Wolf Performance Rights are expected to lapse. However, it is expected that Royal Wolf Executives will be entitled to participate in GFN group incentive arrangements following Royal Wolf's acquisition by GFN Asia Pacific.

Royal Wolf Performance Rights held by former CEO, Robert Allan

In respect of the unvested Royal Wolf Performance Rights held by Robert Allan, if the Offer becomes unconditional and GFN Asia Pacific has commenced compulsory acquisition of any remaining Royal Wolf Shares, such Royal Wolf Performance Rights will vest in accordance with the contractual arrangements between Royal Wolf Trading Australia Pty Ltd and Robert Allan and in lieu of an allocation of Royal Wolf Shares, he will receive a cash payment from Royal Wolf of \$1.83 for each Royal Wolf Performance Right held (less any applicable withholdings or deductions as required by law).

4.6 Publicly available information about Royal Wolf

Royal Wolf is a listed "disclosing entity" for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Royal Wolf is subject to the listing rules of ASX which require continuous disclosure of any information Royal Wolf has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities (subject to some exceptions).

The ASX maintains files containing publicly disclosed information about all listed companies. Royal Wolf's files are available for inspection on the ASX website (www.asx.com.au). In addition, Royal Wolf is required to lodge various documents with ASIC. Copies of documents lodged with ASIC in respect of Royal Wolf may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about Royal Wolf is available in electronic form on its website www.royalwolf.com.au.

6. Represents the special incentive grant to former CEO, Robert Allan, tranche 3, vesting on 1 July 2018.

5.0 IMPORTANT MATTERS FOR ROYAL WOLF SHAREHOLDERS TO CONSIDER

5.1 The GFN Asia Pacific Offer

GFN Asia Pacific announced its intention to make its takeover bid for Royal Wolf on 12 July 2017. A summary of the Offer is contained in section 7 of this Target's Statement.

GFN Asia Pacific's Offer opens on 24 July 2017 and is open for acceptance until 7:00pm (Sydney time) on 25 August 2017, unless it is extended or withdrawn (sections 7.5 and 7.6 of this Target's Statement describe the circumstances in which GFN Asia Pacific can extend or withdraw its Offer).

5.2 Independent Expert's Report

This Target's Statement includes, in Appendix A, a copy of a report by Deloitte (an independent expert not associated with either Royal Wolf or GFN Asia Pacific), stating whether, in its opinion, the Offer is fair and reasonable and giving reasons for forming that opinion.

Royal Wolf's Board recommend that you read the report in full.

By way of summary, Deloitte has concluded that the Offer is fair and reasonable.

5.3 Risk factors

There are risks which are specific to Royal Wolf and other risks which apply to investments generally, which may materially and adversely affect the future operating and financial performance of Royal Wolf and the value of Royal Wolf Shares. Those risks (and other risks) will continue to be relevant to Royal Wolf Shareholders who do not accept the Offer and retain their current investment in Royal Wolf. These risks will also continue to be relevant to all Royal Wolf Shareholders if the Offer does not proceed. While some of these risks can be mitigated, some are outside the control of Royal Wolf and the Board and cannot be mitigated.

The principal risks associated with an investment in Royal Wolf include, but are not limited to:

1. **(business risks):** risks to the Royal Wolf business and its business model including customer demand, brand reputation, supply chain and purchasing capabilities, the ability for Royal Wolf to realise its expansion and growth plans, the ability for Royal Wolf to realise the potential of acquisitions and divestments, the loss of key personnel, access to debt funding and debt capital markets, the inability of Royal Wolf to comply with its debt covenants and increased competition in the industry in which Royal Wolf operates may adversely impact the operational performance, financial results and growth prospects of Royal Wolf;
2. **(macroeconomic conditions):** a variety of general economic and business conditions, including inflation, interest rates and exchange rates, commodity prices, access to debt and equity capital markets and government fiscal, monetary and regulatory policies may result in fluctuations of the price of Royal Wolf Shares on the ASX that are not explained by the fundamental operations and activities of Royal Wolf;
3. **(government regulation):** Royal Wolf is currently subject to a number of government regulations including employment and occupational health and safety laws, state and local government property, planning and environmental laws and product liability laws and changes to government regulations in relation to Royal Wolf or in relation to a sector in which one or more of its customers operate (including the resources, oil and gas sector) or changes in interpretation or application of such regulations or the manner in which they are enforced may adversely impact the operational performance, financial results and growth prospects of Royal Wolf;
4. **(share market fluctuations):** Royal Wolf Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX and the value of Royal Wolf Shares will be determined by the stock market and will be subject to a range of factors beyond the control of Royal Wolf, the Board and management, including the macroeconomic conditions described above;
5. **(litigation risk):** Royal Wolf may be subject to complaints, litigation and other claims or disputes, regulatory inquiries or investigations and other enforcement action initiated by customers, employees, suppliers, landlords, regulators or other third parties in the course of its business, including employment disputes, contractual disputes, property loss or damage and occupational, personal and product liability claims, which may cause Royal Wolf to incur significant legal costs, and may divert management's attention away from the daily operations of the business; and
6. **(other risks):** additional risks and uncertainties not currently known may also have an adverse effect on Royal Wolf's business and the value of Royal Wolf Shares.

The information set out in this section 5.3 does not purport to be, nor should it be construed as representing, an exhaustive summary of the risks that may affect the performance of Royal Wolf and Royal Wolf Shares.

Prior to deciding whether to accept the Offer, sell your Royal Wolf Shares on the ASX or maintain an investment in Royal Wolf in the present circumstances, you should carefully consider this section 5.3 as well as other information contained in this Target's Statement (including section 5.7 in relation to the view of the Independent Directors on what may happen to the Royal Wolf share price following the close of the Offer and section 5.4 in relation to the possible implications of becoming a minority Royal Wolf Shareholder) and the Bidder's Statement.

5.4 Minority ownership consequences

GFN Asia Pacific's Offer is presently subject to a 90% minimum acceptance condition which, if fulfilled (and all the other conditions are fulfilled or freed), will entitle it to compulsorily acquire all outstanding Royal Wolf Shares (see section 7.2(a) for further details). GFN Asia Pacific has the right to free its Offer from the 90% minimum acceptance condition.

If GFN Asia Pacific and its Associates acquire more than 51% but less than 90% of the Royal Wolf Shares then, assuming all conditions to the Offer are fulfilled or freed, GFN Asia Pacific and its Associates will increase their existing majority shareholding in Royal Wolf but will not be entitled to acquire the Royal Wolf Shares that have not been accepted into the Offer. Any increase to this existing majority shareholding could have a number of possible implications, including:

1. the Royal Wolf share price may fall immediately following the end of the Offer Period and it is unlikely that Royal Wolf's share price will contain any takeover premium;
2. the liquidity of Royal Wolf Shares may be lower than at present;
3. there may be limited institutional support for Royal Wolf Shares;
4. there may be limited analyst coverage of Royal Wolf Shares;
5. GFN Asia Pacific has indicated in the Bidder's Statement that it will seek to have Royal Wolf removed from the official list of the ASX. If this occurs, Royal Wolf Shares will not be able to be bought or sold on the ASX;
6. if GFN Asia Pacific and its Associates acquire 75% or more of the Royal Wolf Shares it will be able to pass a special resolution of Royal Wolf. This will enable GFN Asia Pacific and its Associates to, among other things, change Royal Wolf's constitution; and
7. it may be unlikely that a subsequent takeover bid for Royal Wolf will emerge at a later date from a third party.

5.5 Special Dividend issues for Royal Wolf Shareholders

Royal Wolf has announced that it will pay a fully franked⁷ Special Dividend of \$0.0265 cash per Royal Wolf Share. Whilst the Special Dividend is not conditional on the Offer, the Offer Price of \$1.83 per Royal Wolf Share, which is payable by GFN Asia Pacific, will be reduced by the cash amount of the Special Dividend. If you qualify to receive the Special Dividend, the overall consideration you receive from accepting the Offer and receiving the Special Dividend will not be less than \$1.83 for each of Your Royal Wolf Shares.

Royal Wolf announced on 12 July 2017 that the record date for the Special Dividend was 18 July 2017, with payment to be made on 2 August 2017. Accordingly, Royal Wolf Shareholders who were Royal Wolf Shareholders on the record date are presently entitled to receive the Special Dividend (and will have been so entitled prior to the Offer opening for acceptance). In addition, it is expected that the Special Dividend will be paid prior to the Offer becoming unconditional.

If you became a Royal Wolf Shareholder after the record date for the Special Dividend, you will not receive the Special Dividend but you will still receive \$1.8035 cash per Royal Wolf Share (being the Offer Price of \$1.83 per Royal Wolf Share less the cash amount of the Special Dividend).

If you sell Your Royal Wolf Shares on market before the ex-dividend date for the Special Dividend, you will not receive the Special Dividend. Otherwise you will receive the Special Dividend.

5.6 Other alternatives to the Offer

In light of GFN's current 51.0% relevant interest in Royal Wolf Shares, the Independent Directors consider it highly unlikely that a Superior Proposal will be forthcoming from the date of this Target's Statement until the end of the Offer Period.

The Independent Directors will keep Royal Wolf Shareholders informed of any material developments.

5.7 Royal Wolf share price absent the Offer

While there are many factors that influence the market price of Royal Wolf Shares, your Independent Directors anticipate that, following the close of the Offer, the market price of Royal Wolf Shares may fall if GFN Asia Pacific's Offer fails or if the Offer is otherwise unsuccessful.

7. Whether a Royal Wolf Shareholder is entitled to the franking credit on the Special Dividend depends on their particular circumstances. Royal Wolf Shareholders should seek independent advice. Please also see section 9 of this Target's Statement for further information

6.0 YOUR CHOICES AS A ROYAL WOLF SHAREHOLDER

Your Independent Directors recommend that you accept the Offer (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable).

However, as a Royal Wolf Shareholder you have three choices currently available to you:

a. Accept the Offer

Royal Wolf Shareholders may elect to accept the Offer. Details of the consideration that will be received by Royal Wolf Shareholders who accept the Offer are set out in section 7.1 of this Target's Statement and in the Bidder's Statement.

Royal Wolf Shareholders who accept the Offer may be liable for CGT on the disposal of their shares (see section 9 of this Target's Statement). However, they will not incur any brokerage charge.

The Bidder's Statement contains details of how to accept the Offer in section 9.3 .

b. Sell Your Royal Wolf Shares on market

During a takeover, shareholders of a target company who have not already accepted a bidder's offer can still sell their shares on market for cash.

On 18 July 2017, the last practicable trading day prior to the date of this Target's Statement, Royal Wolf's share price closed at \$1.75, a 4.6% premium to GFN Asia Pacific's offer price of \$1.83 cash per Royal Wolf Share. The latest price for Royal Wolf Shares may be obtained from the ASX website www.asx.com.au.

Royal Wolf Shareholders who sell their Royal Wolf Shares on market may be liable for CGT on the sale (see section 9 of this Target's Statement) and may incur a brokerage charge.

Royal Wolf Shareholders who wish to sell their Royal Wolf Shares on market should contact their broker for information on how to effect that sale.

c. Do not accept the Offer or sell Your Royal Wolf Shares on market

Royal Wolf Shareholders who do not wish to accept the Offer or sell their Royal Wolf Shares on market should do nothing.

Royal Wolf Shareholders should note that if GFN Asia Pacific and its Associates have a relevant interest in at least 90% of the Royal Wolf Shares during, or at the end of, the Offer Period, GFN Asia Pacific will be entitled to compulsorily acquire the Shares that it and its Associates do not already own (see section 7.12 of this Target's Statement for further details).

7.0 KEY FEATURES OF GFN ASIA PACIFIC'S OFFER

7.1 Consideration payable to Royal Wolf Shareholders who accept the Offer

The consideration being offered by GFN Asia Pacific is \$1.83 cash per Royal Wolf Share that it or its Related Body Corporates do not already control, less the cash amount of the Special Dividend.

7.2 Conditions to the Offer

GFN Asia Pacific's Offer is subject to a number of conditions. Those conditions are set out in full in section 9.8 of the Bidder's Statement.

By way of broad overview, the conditions to the Offer are:

- a. **(minimum acceptance condition)**: at the end of the Offer Period, GFN Asia Pacific having received valid acceptances in respect of at least 75% (by number) of the Non-Associated Shares and a relevant interest in at least 90% (by number) of all Royal Wolf Shares;
- b. **(no other outstanding securities)**: there being no securities on issue in Royal Wolf other than the 100,387,052 Royal Wolf Shares and there being no outstanding offers, agreements or rights to be issued with Royal Wolf Shares or other securities at the end of the Offer Period. At completion of the Offer, all rights unvested under the Royal Wolf LTIP will be terminated;
- c. **(no Prescribed Occurrences)**: no Prescribed Occurrences occurring during the Offer Period (except for Permitted Actions);
- d. **(no regulatory action)**: no regulatory actions, of various kinds, occurring during the Offer Period (subject to certain exceptions);
- e. **(acquisitions, disposals and capex)**: no acquisitions or capital expenditure by the Royal Wolf Group exceeding \$100,000 in aggregate (except for purchases of assets in the ordinary course) or disposals by the Royal Wolf Group exceeding \$100,000 in aggregate (except for sales of assets in the ordinary course) during the Offer Period;
- f. **(no material adverse change in the Royal Wolf Group)**: no event, change, condition, matter or thing occurs, is disclosed or announced or becomes known to GFN Asia Pacific (in each case where not known to GFN Asia Pacific or GFN prior to execution of the Bidder's Statement) during the Offer Period which has had, will have or is reasonably likely to have (whether individually or when aggregated with one or more other events) a material adverse effect on the assets, liabilities, financial or trading position, performance, profitability or prospects of the Royal Wolf Group (taken as a whole), subject to a number of exceptions. Such an effect would be caused by a diminution in value of the consolidated net assets of the Royal Wolf Group (taken as a whole) of at least \$10 million or a decrease in the FY17 guidance floor to shareholders of Royal Wolf in earnings before interest tax, depreciation and amortisation of the Royal Wolf Group (taken as a whole) of \$2.5 million or more (subject to a number of exceptions);
- g. **(no dividends or distributions)**: no distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) is announced, made, declared, paid or agreed (other than the Special Dividend) during the Offer Period;
- h. **(index)**: the ASX All Ordinaries Index does not close below 4,000 on 5 consecutive Business Days before the end of the Offer Period;
- i. **(market)**: before the end of the Offer Period, no material adverse change, as reasonably determined by Bison, in the financial or capital markets generally, or in the markets for subordinate debt or warrants or other equity securities, in each case that has adversely impacted or could reasonably be expected to adversely impact, on Bison's investment in the notes issued by GFN Asia Pacific and GFN Finance in connection with the Bison Funding Arrangements, in circumstances where Bison has informed GFN Asia Pacific that it intends to rely upon the equivalent condition in the Bison Funding Arrangements as a basis for withdrawing funding under, or adversely varying the terms of, the Bison Funding Arrangements; and
- j. **(no Bidder Material Adverse Change)**: before the end of the Offer Period, no Bidder Material Adverse Change has occurred with respect to any member of the GFN Group, in circumstances where Bison has informed GFN Asia Pacific that it intends to rely upon the equivalent condition in the Bison Funding Arrangements as a basis for withdrawing funding under, or adversely varying the terms of, the Bison Funding Arrangements.

As at the date of this Target's Statement, Royal Wolf is not aware of any act, omission, event or fact that would result in any of the conditions to the Offer being triggered.

The above is only a summary of the conditions of the Offer. Please refer to section 9.8 of the Bidder's Statement for a full description of the conditions of the Offer.

The Bid Implementation Agreement also includes a number of other key provisions including exclusivity provisions (including notification and matching right provisions and no shop, no talk and no due diligence restrictions on Royal Wolf (although the no talk and no due diligence restrictions are subject to a standard "fiduciary limitation" exception)) and various other requirements that relate to the conduct of the Royal Wolf business, operations and assets.

7.0 KEY FEATURES OF GFN ASIA PACIFIC'S OFFER

7.3 Notice of Status of Conditions

Section 9.10 of the Bidder's Statement indicates that GFN Asia Pacific will give a Notice of Status of Conditions to the ASX and Royal Wolf on 18 August 2017.

GFN Asia Pacific is required to set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the conditions;
- whether, so far as GFN Asia Pacific knows, any of the conditions have been fulfilled; and
- GFN Asia Pacific's voting power in Royal Wolf.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, GFN Asia Pacific is required, as soon as practicable after the extension, to give a notice to the ASX and Royal Wolf that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the Notice on Status of Conditions is required to be given, GFN Asia Pacific must, as soon as practicable, give the ASX and Royal Wolf a notice that states that the particular condition has been fulfilled.

7.4 Offer Period

Unless GFN Asia Pacific's Offer is extended or withdrawn, it is open for acceptance from 24 July 2017 until 7.00pm Sydney time on 25 August 2017.

The circumstances in which GFN Asia Pacific may extend or withdraw its Offer are set out in section 7.5 and section 7.6 respectively of this Target's Statement.

7.5 Extension of the Offer Period

GFN Asia Pacific may extend the Offer Period at any time before it gives the Notice of Status of Conditions (referred to in section 7.3 of this Target's Statement) while the Offer is subject to conditions. If the Offer is unconditional (that is, all the conditions are fulfilled or freed), GFN Asia Pacific may extend the Offer Period at any time before the end of the Offer Period.

GFN Asia Pacific may only extend the Offer Period after it gives the Notice of Status of Conditions in limited circumstances.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period, GFN Asia Pacific improves the consideration offered under the Offer.

If this event occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

7.6 Withdrawal of Offer

GFN Asia Pacific may not withdraw the Offer if you have already accepted it. Before you accept the Offer, GFN Asia Pacific may (subject to constraints in the Bid Implementation Agreement) withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent. If you have accepted the Offer and GFN Asia Pacific withdraws the Offer with ASIC's consent, the contract arising from your acceptance may become void because the outstanding conditions would not have been fulfilled or freed at the time of GFN Asia Pacific's withdrawal of the Offer.

7.7 Effect of acceptance

The effect of acceptance of the Offer is set out in section 9.6 of the Bidder's Statement. Royal Wolf Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights (as defined in the Bidder's Statement) attaching to their Royal Wolf Shares and the representations and warranties which they give by accepting of the Offer.

7.8 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if GFN Asia Pacific varies the Offer in a way that postpones, for more than one month, the time when GFN Asia Pacific needs to meet its obligations under the Offer. This will occur if GFN Asia Pacific extends the Offer Period by more than one month and the Offer is still subject to conditions.

7.9 When you will receive your consideration if you accept the Offer

In the usual case, you will be issued your consideration on or before the later of:

- one month after the date the Offer becomes or is declared unconditional; and
- one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,

but, in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in section 9.7 of the Bidder's Statement.

7.10 Effect of an improvement in consideration on shareholders who have already accepted the Offer

If GFN Asia Pacific improves the consideration offered under its takeover bid, all Royal Wolf Shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

7.11 Lapse of Offer

The Offer will lapse if the Offer conditions are not freed or fulfilled by the end of the Offer Period; in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with Your Royal Wolf Shares as you see fit.

7.12 Compulsory acquisition

GFN Asia Pacific has indicated in section 6.2 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Royal Wolf Shares.

GFN Asia Pacific will be entitled to compulsorily acquire any Royal Wolf Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period, GFN Asia Pacific and its Associates have a relevant interest in at least 90% (by number) of the Royal Wolf Shares and GFN Asia Pacific and its Associates have acquired at least 75% (by number) of the Non-Associated Shares.

If these thresholds are met, GFN Asia Pacific will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Royal Wolf Shareholders who have not accepted the Offer. Royal Wolf Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Royal Wolf Shares. If compulsory acquisition occurs, Royal Wolf Shareholders who have their Royal Wolf Shares compulsorily acquired are likely to be issued their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

If the relevant thresholds are not met during or at the end of the Offer Period, it is still possible that GFN Asia Pacific could, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Royal Wolf Shares. GFN Asia Pacific would then have rights to compulsorily acquire Royal Wolf Shares not owned by it within 6 months of becoming the holder of 90%. GFN Asia Pacific has indicated in section 6.3 of the Bidder's Statement that if the opportunity to exercise these rights arises, GFN Asia Pacific intends to exercise those rights. GFN Asia Pacific's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

Royal Wolf Shareholders would have certain rights under the Corporations Act to challenge a compulsory acquisition through this procedure, but a challenge would require shareholders who hold at least 10% of the Royal Wolf Shares that are proposed to be the subject of the compulsory acquisition to object to the compulsory acquisition. If shareholders holding such number of Royal Wolf Shares object to the compulsory acquisition, and GFN Asia Pacific still wishes to proceed with the compulsory acquisition, Royal Wolf would be required to establish to the satisfaction of a court that the terms of the compulsory acquisition represent 'fair value' for the Royal Wolf Shares. In the absence of a challenge by shareholders holding the requisite number of Royal Wolf Shares, Royal Wolf Shareholders who have their Royal Wolf Shares compulsorily acquired under this procedure are likely to be issued their consideration approximately five to six weeks after the compulsory acquisition notices are despatched to them.

8.0 INFORMATION RELATING TO THE BOARD

8.1 Interests and dealings in Royal Wolf securities

a. Interests in Royal Wolf Shares and Royal Wolf Performance Rights

As at the date of this Target's Statement, the Board had the following relevant interests in Royal Wolf Shares and Royal Wolf Performance Rights:

DIRECTOR	NUMBER OF ROYAL WOLF SHARES	NUMBER OF ROYAL WOLF PERFORMANCE RIGHTS
Peter Housden	71,858	Nil
Neil Littlewood	10,305	574,600
Daryl (Darce) William Corsie	61,858	Nil
Peter Dexter AM	66,858	Nil
Manuel Marrero	Nil	Nil
Jody Miller	Nil	Nil
Ronald Valenta	Nil	Nil
Total	210,879	574,600

b. Dealings in Royal Wolf Shares and Royal Wolf Performance Rights

No Board member of Royal Wolf has acquired or disposed of a relevant interest in any Royal Wolf Shares or Royal Wolf Performance Rights in the 4 month period ending on the date immediately before the date of this Target's Statement.

8.2 Interests and dealings in securities of GFN Asia Pacific or its Related Body Corporates

a. Interests in securities of GFN Asia Pacific or its Related Body Corporates

As at the date immediately before the date of this Target's Statement, no Board members of Royal Wolf had a relevant interest in any securities of GFN Asia Pacific or its Related Body Corporates, other than as follows:

DIRECTOR	GFN ASIA PACIFIC/RELATED BODY CORPORATE SECURITIES
Ronald Valenta	4,549,876 GFN Common Stock 3,165 GFN 9% Series C Cumulative Redeemable Perpetual Preferred Stock 236,000 options to acquire GFN Common Stock
Manuel Marrero	118,341 GFN Common Stock 1,300 GFN 9% Series C Cumulative Redeemable Perpetual Preferred Stock 18,000 options to acquire GFN common stock
Jody Miller	88,640 GFN Common Stock 281,928 options to acquire GFN common stock

b. Dealings in securities of GFN Asia Pacific or its Related Body Corporates

No Board member of Royal Wolf acquired or disposed of a relevant interest in any securities of GFN Asia Pacific or its Related Body Corporates in the 4 month period ending on the date immediately before the date of this Target's Statement.

8.3 Benefits and agreements

a. Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Royal Wolf or Related Body Corporate of Royal Wolf.

b. Agreements connected with or conditional on the Offer

There are no agreements made between any Board member of Royal Wolf and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Royal Wolf Shares or Royal Wolf Performance Rights.

c. Benefits from GFN Asia Pacific or its Related Body Corporates

None of the Board members of Royal Wolf has agreed to receive, or is entitled to receive, any benefit from GFN Asia Pacific or its Related Body Corporates which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Royal Wolf Shares or Royal Wolf Performance Rights.

9.0 TAXATION CONSEQUENCES

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The Directors
Royal Wolf Holdings Limited
Suite 203, Level 2
22-28 Edgeworth David Avenue
Hornsby NSW 2077

19 July 2017

Dear Directors

**Off-market takeover bid by GFN Asia Pacific Holdings Pty Ltd for all of the ordinary shares in Royal Wolf Holdings Limited
Australian Tax Implications**

We have been instructed by Royal Wolf to prepare this letter to be included in the Target's Statement.

Capitalised terms not otherwise defined in this letter have the meaning given in the Target's Statement.

1 General

This letter is a general description of the Australian income tax and goods and services tax (GST) consequences for Royal Wolf Shareholders who either accept the Offer or whose Royal Wolf Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act.

This letter deals only with Royal Wolf Shareholders who hold their Royal Wolf Shares on capital account for income tax purposes. This letter does not deal with Royal Wolf Shareholders who:

- hold their Royal Wolf Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock);
- acquired their Royal Wolf Shares pursuant to an employee share, option or rights plan; or
- are subject to the taxation of financial arrangement rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Royal Wolf Shares.

The information in this letter is based upon the Australian law and administrative practice in effect at the date of this Target's Statement, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Royal Wolf Shareholder. Royal Wolf Shareholders should seek independent professional advice in relation to their own particular circumstances.

Royal Wolf Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Offer under the laws of their country of residence, as well as under Australian law.

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Greenwoods & Herbert Smith Freehills Pty Limited ABN 60 003 146 852

2 Tax consequences of the Offer

2.1 Australian resident shareholders

(a) *Royal Wolf Shareholders who accept the Offer*

Acceptance of the Offer will involve the disposal by Royal Wolf Shareholders of their Royal Wolf Shares by way of transfer to the Bidder. This change in the ownership of the Royal Wolf Shares will constitute a CGT event for Australian CGT purposes.

The date of disposal for CGT purposes will be the date the contract to dispose of the Royal Wolf Shares is formed. The date the contract to dispose of the Shares is formed will be the date that the Offer is accepted by a Royal Wolf Shareholder.

(b) *Compulsory Acquisition*

If a Royal Wolf Shareholder does not dispose of their Royal Wolf Shares under the Offer and their Royal Wolf Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those Royal Wolf Shareholders will also be treated as having disposed of their Royal Wolf Shares for CGT purposes.

The date of disposal for CGT purposes will be the date when the Royal Wolf Shareholder ceases to be the owner of the Royal Wolf Shares.

(c) *Calculation of capital gain or capital loss*

Royal Wolf Shareholders will make a capital gain to the extent that the capital proceeds from the disposal of the Royal Wolf Shares are more than the cost base of those Royal Wolf Shares.

Conversely, Royal Wolf Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Royal Wolf Shares.

(d) *Cost base*

The cost base of the Royal Wolf Shares generally includes the purchase price paid for the shares and certain non-deductible incidental costs of their acquisition and disposal. The reduced cost base of the Royal Wolf Shares is usually determined in a similar, but not identical, manner.

(e) *Capital proceeds*

The capital proceeds received in respect of the disposal of each Royal Wolf Share should be A\$1.83 per Royal Wolf Share, less the amount of any Special Dividend as the Special Dividend is neither funded by GFN Asia Pacific nor conditional on the Offer.

This means the capital proceeds should be A\$1.8035 in respect of the disposal of each Royal Wolf Share.

However, if the Special Dividend is included in the capital proceeds, there may be additional consequences depending upon whether a capital gain or capital loss arises in connection with the disposal.

If a capital gain arises in connection with the disposal, the capital gain will be reduced by the amount of the Special Dividend. However, if the capital gain is less than the amount of the Special Dividend, the capital gain is instead reduced to nil and no capital loss will arise.

If a capital loss arises in connection with the disposal, the anti-overlap provisions will not adjust the amount of the capital loss.

(f) *Other issues*

Individuals, complying superannuation entities or trusts that have held their Royal Wolf Shares for at least 12 months before the CGT event may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Royal Wolf Shares by 50% in the case of individuals and trusts or by 33⅓% for complying

9.0 TAXATION CONSEQUENCES

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3 Tax consequences of the Special Dividend

superannuation entities. For trusts, the ultimate availability of the discount for beneficiaries of the trust will depend on the particular circumstances of the beneficiaries.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

2.2 Non-resident shareholders

For a Royal Wolf Shareholder who:

- is not a resident of Australia for Australian tax purposes; and
- does not hold their Royal Wolf Shares in carrying on a business through a permanent establishment in Australia,

the disposal of Royal Wolf Shares will generally only result in Australian CGT implications if:

- (a) that Royal Wolf Shareholder together with its associates held 10% or more of the Royal Wolf Shares at the time of the CGT event or for any continuous 12 month period within 2 years preceding the CGT event (referred to as a 'non-portfolio interest'); and
- (b) more than 50% of Royal Wolf's value at the time of the CGT event is attributable to direct or indirect interests in Australian real property (as defined in the income tax legislation) (referred to as the 'Principal Asset Test').

Non-resident Royal Wolf Shareholders who hold a 'non-portfolio interest' in Royal Wolf, or hold their Royal Wolf Shares through an Australian permanent establishment, should obtain independent advice as to the tax implications of sale.

A non-resident individual Royal Wolf Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the Royal Wolf Shares as set out in section 2.1.

The Bidder is entitled to withhold tax from the Offer Price for the Royal Wolf Shares if certain conditions are satisfied, including the Principal Asset Test.

Royal Wolf is advised that the Bidder is currently of the view that the Principal Asset Test is not satisfied and, on that basis, does not expect to withhold tax from the Offer Price.

3 Tax consequences of the Special Dividend

3.1 Resident shareholders

Royal Wolf Shareholders who are Australian tax residents and who receive the Special Dividend should include the amount of the Special Dividend in their assessable income.

The Special Dividend will be fully franked. However, no ruling from the Australian Taxation Office is being sought.

If certain requirements are met, the Royal Wolf Shareholders who receive the Special Dividend will be:

- required to include the amount of the attached franking credits in their assessable income; and
- be entitled to a tax offset equal to the amount of the franking credits attached to the Special Dividend.

These requirements include:

- the Royal Wolf Shareholder being a 'qualified person' in relation to the Special Dividend; and

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4 GST

- whether certain dividend franking integrity measures apply.

In order for a Royal Wolf Shareholder to be a 'qualified person' they must hold their Royal Wolf Shares 'at-risk' for a continuous period of not less than 45 days (not including the day of the share's acquisition or disposal) during a prescribed period. Based on an expected record date of 18 July 2017, the prescribed period is expected to be from 4 June 2017 to 2 September 2017 on the basis that the Special Dividend constitutes a 'related payment'.

A Royal Wolf Shareholder will cease to hold their Royal Wolf Shares 'at-risk':

- the date the Offer is accepted; or
- where the Royal Wolf Shares are compulsorily acquired, the date of the transfer of the Royal Wolf Shares.

An individual or complying superannuation fund whose tax liability for the income year is less than the amount of the franking credits attached to the Special Dividend may be entitled to a refund for the excess franking credits. This does not extend to companies.

3.2 Non- resident shareholders

Royal Wolf Shareholders who are not residents of Australia should not be subject to income tax in Australia in respect of the Special Dividend, provided they do not hold the Royal Wolf Shares through an Australian permanent establishment. As the Special Dividend will be fully franked, such shareholders should receive the full amount of the Special Dividend free of any Australian dividend withholding tax.

4 GST

Royal Wolf Shareholders should not be liable to GST in respect of a disposal of their Royal Wolf Shares.

Royal Wolf Shareholders may be charged GST on costs (such as advisor fees relating to their participation in the Offer) that relate to the Offer. Royal Wolf Shareholders may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

Yours sincerely

Greenwoods & Herbert Smith Freehills Pty Ltd

Greenwoods & Herbert Smith Freehills Pty Limited

10.0 ADDITIONAL INFORMATION

10.1 Effect of Offer on Royal Wolf's material contracts

The Royal Wolf Group has entered into certain financing arrangements with the Commonwealth Bank of Australia and the Australia and New Zealand Banking Group Limited (**Corporate Debt Facilities**). Under the terms of the Corporate Debt Facilities, the removal of Royal Wolf from the official list of the ASX, or its suspension from the ASX for more than 10 business days under most circumstances, is a "Review Event".

GFN Asia Pacific has indicated in sections 6.2 and 6.3 of the Bidder's Statement that following the end of the Offer Period, GFN Asia Pacific intends (subject to the requirements of the Corporations Act, the listing rules of ASX and the constitution of Royal Wolf) to arrange for the delisting of Royal Wolf from ASX. This would constitute a "Review Event" under the Corporate Debt Facilities which may result in the amendment of the terms of or cancellation of one or more of the facilities and the accelerated repayment of amounts owed by the Royal Wolf Group under the Corporate Debt Facilities. GFN Asia Pacific and GFN have received a commitment letter from a global banking institution which provides debt facilities in the ordinary course of its business (**Refinancing Commitment Letter**) to refinance the Corporate Debt Facilities following GFN Asia Pacific's acquisition of 90% of the Royal Wolf Shares. The Refinancing Commitment Letter is also subject to GFN Asia Pacific initiating the compulsory acquisition procedure under the Corporations Act in respect of any remaining Royal Wolf Shares.

To the best of Royal Wolf's knowledge, none of the other material contracts to which Royal Wolf is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of Royal Wolf.

10.2 Material litigation

Royal Wolf does not believe that it is involved in any litigation or dispute, which is material in the context of Royal Wolf and its Subsidiaries taken as a whole.

10.3 Effect of Offer on Royal Wolf's employee incentive schemes and securities issued under those schemes

10.3.1 Royal Wolf Performance Rights

The number of unvested Royal Wolf Performance Rights under the Royal Wolf LTIP is described in section 4.5.2 of this Target Statement.

As at the date of this Target's Statement, 1,322,400 unvested Royal Wolf Performance Rights are held by Royal Wolf Executives and 582,370 unvested Royal Wolf Performance Rights are held by former CEO, Robert Allan.

Royal Wolf Performance Rights held by Royal Wolf Executives

In respect of the unvested Royal Wolf Performance Rights held by Royal Wolf Executives, the Board has resolved not to exercise its discretion to vest such Royal Wolf Performance Rights, subject to the successful completion of the Offer and GFN Asia Pacific commencing compulsory acquisition of any remaining Royal Wolf Shares. Accordingly these Royal Wolf Performance Rights are expected to lapse. However, it is expected that Royal Wolf Executives will be entitled to participate in GFN group incentive arrangements following Royal Wolf's acquisition by GFN Asia Pacific.

Royal Wolf Performance Rights held by former CEO, Robert Allan

In respect of the unvested Royal Wolf Performance Rights held by Robert Allan, if the Offer becomes unconditional and GFN Asia Pacific has commenced compulsory acquisition of any remaining Royal Wolf Shares, such Royal Wolf Performance Rights will vest in accordance with the contractual arrangements between Royal Wolf Trading Australia Pty Ltd and Robert Allan and in lieu of an allocation of Royal Wolf Shares, he will receive a cash payment from Royal Wolf of \$1.83 for each Royal Wolf Performance Right held (less any applicable withholdings or deductions as required by law).

10.3.2 Royal Wolf employee share scheme

There are 35,380 shares in Royal Wolf granted to employees under and pursuant to the terms of the Royal Wolf employee share scheme. These shares are subject to restrictions on transfer and therefore cannot be accepted into the Offer, but would be compulsorily acquired if GFN Asia Pacific satisfied the required thresholds to compulsorily acquire any remaining Royal Wolf Shares.

10.4 Consents

Deloitte Corporate Finance Pty Limited has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Independent Expert in the form and context it is so named. Deloitte Corporate Finance Pty Limited has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Link Market Services Limited has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Royal Wolf's share registrar in the form and context it is so named. Link Market Services Limited has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Credit Suisse (Australia) Limited (**Credit Suisse**) has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Royal Wolf's financial advisers in the form and context it is so named. Credit Suisse has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Herbert Smith Freehills has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Royal Wolf's Australian legal adviser (other than in relation to taxation) in the form and context it is so named. Herbert Smith Freehills has not advised on the laws of any foreign jurisdiction. Herbert Smith Freehills has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Greenwoods & Herbert Smith Freehills (**G&HSF**) has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Royal Wolf's Australian legal adviser in relation to taxation in the form and context it is so named. G&HSF has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by GFN Asia Pacific with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by GFN Asia Pacific. Pursuant to the Class Order, the consent of GFN Asia Pacific is not required for the inclusion of such statements in this Target's Statement. Any Royal Wolf Shareholder who would like to receive a copy of any of those documents may make a request to obtain a copy (free of charge) during the Offer Period by contacting the Royal Wolf Shareholder information line on 1800 992 793 (for calls made from within Australia) or +61 1800 992 793 (for calls made from outside Australia). (Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored).

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

Pursuant to this ASIC Class Order, the consent of such persons to whom statements or documents are attributable is not required for the inclusion of those statements in this Target Statement.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains share price trading data sourced from IRESS without its consent.

10.0 ADDITIONAL INFORMATION

10.5 No other material information

This Target's Statement is required to include all the information that Royal Wolf Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Board member of Royal Wolf.

The Board members of Royal Wolf are of the opinion that the information that Royal Wolf Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Royal Wolf's releases to the ASX, and in the documents lodged by Royal Wolf with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Board members of Royal Wolf have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Board members of Royal Wolf do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Board members of Royal Wolf have had regard to:

- the nature of the Royal Wolf Shares;
- the matters that Royal Wolf Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Royal Wolf Shareholders' professional advisers; and
- the time available to Royal Wolf to prepare this Target's Statement.

11.0 GLOSSARY AND INTERPRETATION

11.1 Glossary

The meanings of the terms used in this Target's Statement are set out below.

TERM	MEANING
\$, A\$ or AUD	Australian dollars, the lawful currency of the Commonwealth of Australia.
ASIC	Australian Securities and Investments Commission.
Associates	has the meaning given in the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691 or the financial market operated by it, as the context requires.
Bid Implementation Agreement	the bid implementation agreement entered into by GFN Asia Pacific and Royal Wolf dated 12 July 2017.
Bidder	GFN Asia Pacific Holdings Pty Ltd ACN 620 127 791.
Bidder Material Adverse Change	<p>a material adverse change in, as the case may be:</p> <p>a. the business, assets, financial condition and properties of a member of the GFN Group; or</p> <p>b. the ability of any member of the GFN Group to perform its obligations under the Bison Funding Arrangements,</p> <p>provided that the occurrence of any default, event of default, acceleration of payment, increase in interest or other payment, late charge or other penalty under any indebtedness of a member of the GFN Group shall constitute a "Bidder Material Adverse Change" with respect to GFN (US) and its Subsidiaries, individually and taken as a whole.</p>
Bidder's Statement	the bidder's statement of GFN Asia Pacific dated 19 July 2017.
Bison	Bison Capital Equity Partners V, LP.
Bison Funding Arrangements	means the securities purchase agreement between Bison, General Finance Corporation, Bidder, GFN Finance and GFN (US) and associated documents.
Board	the board of directors of Royal Wolf.
Business Day	Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
CGT	capital gains tax.
Corporations Act	the <i>Corporations Act 2001</i> (Cth) (as modified or varied by ASIC).
Deloitte	Deloitte Corporate Finance Pty Limited ABN 19 003 833 127.
EBITDA	earnings before interest, tax, depreciation and amortisation.
FY2016	the financial year ended 30 June 2016.
FY2017	the financial year ended 30 June 2017.
GFN	General Finance Corporation, a Delaware corporation (Organizational Identification Number 4042235).
GFN Asia Pacific	GFN Asia Pacific Holdings Pty Ltd ACN 620 127 791.

11.0 GLOSSARY AND INTERPRETATION

TERM	MEANING
GFN Finance	GFN Asia Pacific Finance Pty Ltd (ACN 620 128 001).
GFN Group	General Finance Corporation, GFN (US), Bidder, GFN Finance, and any entity which is a “Guarantor” or an “Additional Guarantor” (as those terms are defined in the Bison Financing Arrangements) under the Bison Funding Arrangements.
GFN (US)	GFN U.S. Australasia Holdings, Inc.
Independent Directors	Mr Peter Housden, Mr Daryl (Darce) Corsie and Mr Peter Dexter.
Independent Expert	Deloitte Corporate Finance Pty Limited ABN 19 003 833 127.
Independent Expert’s Report	the independent expert’s report prepared by Deloitte and dated 18 July 2017 which is contained in Appendix A to this Target’s Statement.
Non-Associated Shares	all Royal Wolf Shares except those Royal Wolf Shares in which GFN Asia Pacific and its Associates have a relevant interest at the beginning of the Offer Period.
Notice of Status of Conditions	GFN Asia Pacific’s notice disclosing the status of the conditions to the Offer, which is required to be given by section 630(3) of the Corporations Act.
NPAT	net profit after tax.
Offer or GFN Asia Pacific’s Offer	the offer by GFN Asia Pacific for the Royal Wolf Shares, which offer is contained in the Bidder’s Statement.
Offer Period or GFN Asia Pacific’s Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 9.2 of the Bidder’s Statement.
Offer Price	\$1.83 cash per Royal Wolf Share less the cash amount of the Special Dividend.
Permitted Actions	has the meaning given in the Bid Implementation Agreement.
Prescribed Occurrences	has the meaning given in the Bid Implementation Agreement.
Q3	the results released following the third quarter of the referenced financial year.
Register Date	the date set by GFN Asia Pacific under subsection 633(2) of the Corporations Act, being 19 July 2017 at 7:00pm Sydney time.
Related Body Corporate	has the meaning it has in the Corporations Act.
Royal Wolf	Royal Wolf Holdings Limited ACN 121 226 793.
Royal Wolf Executives	Mr Neil Littlewood, Mr Greg Baker, Mr Ben Buddo and Mr Paul Creighton.
Royal Wolf Group	Royal Wolf and each of its Subsidiaries.
Royal Wolf LTIP	Royal Wolf long term incentive plan, further details of which are set out in section 4.5.2 of this Target’s Statement.
Royal Wolf Performance Right	a right to acquire Royal Wolf Shares, subject to vesting conditions, granted under the Royal Wolf LTIP.
Royal Wolf Shareholders	a holder of Royal Wolf Shares as at the Register Date.

TERM	MEANING
Royal Wolf Shares	fully paid ordinary shares in Royal Wolf.
Special Dividend	the fully franked ⁸ special dividend of \$0.0265 cash per Royal Wolf Share announced by Royal Wolf on 12 July 2017.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	means a bona fide transaction or proposed transaction which, if completed substantially in accordance with its terms, would mean a person (other than GFN Asia Pacific or one of its Related Bodies Corporate) would become the holder of: <ol style="list-style-type: none"> more than 50% of the Royal Wolf Shares; or the whole or substantially the whole of the business, assets and undertakings of the Royal Wolf Group, provided that the Independent Directors determine, acting in good faith and in order to satisfy what the Independent Directors consider to be their fiduciary and statutory duties (after having taken advice from Royal Wolf's financial advisers), that the transaction or proposed transaction is capable of being valued and completed, taking into account all aspects of the transaction or proposed transaction (including its consideration (and form of consideration), conditions precedent and the person or persons making it) and is superior overall for Royal Wolf Shareholders as compared to the Offer.
Target's Statement	this document (including the attachments), being the statement of Royal Wolf under Part 6.5 Division 3 of the Corporations Act.
VWAP	the volume weighted average price.
Your Royal Wolf Shares	subject to the terms and conditions set out in section 9 of the Bidder's Statement (in particular sections 9.1(d) and 9.1(e)), the Royal Wolf Shares: <ol style="list-style-type: none"> in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of Royal Wolf at 7.00pm Sydney time on the Register Date; or to which you are able to give good title at the time you accept this Offer during the Offer Period.

11.2 Interpretation

In this Target's Statement:

- Other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- Words of any gender include all genders.
- Words importing the singular include the plural and vice versa.
- An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- Unless otherwise specified, a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.
- A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them.
- Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- A reference to time is a reference to Sydney time.
- A reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

8. Whether a Royal Wolf Shareholder is entitled to the franking credit on the Special Dividend depends on their particular circumstances. Royal Wolf Shareholders should seek independent advice. Please also see section 9 of this Target's Statement for further information.

12.0 AUTHORISATION

This Target's Statement has been approved by a resolution passed by the Board of Royal Wolf.

Signed for and on behalf of Royal Wolf:

Date: 19 July 2017

Sign here: ► 

Print name: Peter Housden

Position: Independent Chairman and Non-Executive Director

Appendix A

INDEPENDENT EXPERT'S REPORT

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Royal Wolf Holdings Limited

Independent expert's report and Financial Services Guide

18 July 2017

Appendix A

INDEPENDENT EXPERT'S REPORT

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Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance), which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

We will receive a cumulative fee of approximately \$155,000 exclusive of GST in relation to the preparation of this report. This fee is not contingent upon the success or otherwise of the proposed transaction between Royal Wolf Holdings Limited and GFN Asia Pacific Holdings Pty Ltd.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

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If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer
Services
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Fax: +61 2 9255 8434

Financial Ombudsman
GPO Box 3
Melbourne VIC 3001
info@fos.org.au
www.fos.org.au
Tel: 1300 780 808
Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).



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18 July 2017

Dear Independent Directors

Independent expert's report

Introduction

On 12 July 2017 (the **Announcement Date**), Royal Wolf Holdings Limited (**Royal Wolf** or the **Company**) announced a conditional offer from GFN Asia Pacific Holdings Pty Ltd (**GFN Asia Pacific**), a wholly-owned subsidiary of General Finance Corporation, to acquire all of the shares in Royal Wolf that GFN Asia Pacific or its related bodies corporate do not already own (the **Takeover Offer**). General Finance Corporation, through its wholly-owned subsidiary GFN U.S. Australasia Holdings Inc. (**GFN Australia**), currently holds a 51.0% equity interest in Royal Wolf. Collectively, General Finance Corporation, GFN Australia and GFN Asia Pacific are referred to throughout this report as **GFN** or the **Bidder**.

The consideration offered by the Bidder to holders of Royal Wolf shares other than GFN (**Shareholders**) is \$1.83 in cash per share (the **Offer Price**), less the cash amount of the special dividend described below.

Royal Wolf has announced that it will pay a fully-franked special dividend (the **Special Dividend**) of \$0.0265 per share on 2 August 2017, with a record date of 18 July 2017. Since the Special Dividend will become payable prior to the Takeover Offer becoming unconditional, the Offer Price will be reduced to \$1.8035 per share (**Adjusted Offer Price**).

Royal Wolf is the industry leader in the hire, sale and modification of new and refurbished shipping containers in Australia and New Zealand. The Company listed on the Australian Securities Exchange (**ASX**) via an initial public offering (**IPO**) in May 2011, with GFN, the owner prior to the IPO, retaining a 50.0% equity interest. Capital was raised in the IPO with the intention of expanding the container fleet and especially the portable accommodation product segment (representing 18% of revenue in FY11), which was experiencing strong growth at the time as a result of increased construction activity within the Australian resources sector. The Company successfully achieved the expected growth after the IPO, however, the subsequent decline in construction activity related to the mining and oil and gas sectors has reduced the container leasing revenue from portable accommodation solutions and impacted Royal Wolf's growth prospects.

The full details of the Takeover Offer are included in a Bidder's Statement and the Target's Statement which are issued by GFN and Royal Wolf, respectively, on 19 July 2017 (the **Bidder's Statement** and **Target's Statement**). An overview of the Takeover Offer is provided in Section 1 of this report.

Purpose of the report

The independent directors of Royal Wolf (the **Independent Directors**) have requested Deloitte Corporate Finance to provide an independent expert's report advising whether, in our opinion, the Takeover Offer is fair and reasonable.

Under Section 640, a Target's Statement given in response to a takeover offer must include, or be accompanied by, an independent expert's report if either the bidder's voting power in the target is 30% or more, or the bidder and target have one or more common directors, to assist Shareholders in their decision whether to accept or reject the Takeover Offer. GFN

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Appendix A

INDEPENDENT EXPERT'S REPORT

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currently has an interest in approximately 51% of Royal Wolf's share capital. In addition, three members of the board of directors of Royal Wolf are directors or executive officers of GFN. An independent expert's report is therefore required under Section 640.

We have prepared this report having regard to Section 640 and Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 and ASIC Regulatory Guide 112.

This report is to be included in the Target's Statement to be sent to Shareholders and has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Takeover Offer. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and Royal Wolf, in respect of this report, including any errors or omissions however caused.

Basis of evaluation

Guidance

In undertaking the work associated with this report, we have had regard to ASIC Regulatory Guide 111 (**RG 111**) in relation to the content of expert's reports and ASIC Regulatory Guide 112 (**RG 112**) in respect of the independence of experts. These regulatory guides prescribe standards of best practice in the preparation of independent expert's reports pursuant to Section 640.

RG 111 provides guidance in relation to the content of independent expert's reports prepared for a range of transactions. RG 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611, a selective capital reduction or selective buy back under Chapter 2J.

In respect of control transactions, under RG 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the shares subject to the takeover offer. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium)
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

To assess whether the Takeover Offer is fair and reasonable to Shareholders, we have adopted the tests of whether the Takeover Offer is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in RG 111.

Fairness

RG 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming 100% ownership of the target company.

Accordingly we have assessed whether the Takeover Offer is fair by comparing the consideration offered by GFN with the value of a share in Royal Wolf.

We have assessed the value of each Royal Wolf share by estimating the value of Royal Wolf on a control basis and dividing this value by the number of shares on issue.

Our valuation of Royal Wolf's shares is based on the concept of fair market value, defined as the amount at which the shares in the entity valued would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of a Royal Wolf share has not been premised on the existence of a special purchaser.

Reasonableness

A control transaction is reasonable under RG111 if either:

- the offer is fair
- despite not being fair, but considering other significant factors, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the Takeover Offer we considered the following significant factors in addition to determining whether the Takeover Offer is fair:

- the extent to which a control premium is being paid to Shareholders



- the existing shareholding of GFN in Royal Wolf
- the likely market price and liquidity of Royal Wolf shares in the absence of the Takeover Offer
- any special value of Royal Wolf to GFN
- the value to an alternative bidder and the likelihood of an alternative offer being made
- other implications associated with Shareholders rejecting the Takeover Offer.

Summary and conclusion

In our opinion the Takeover Offer is **fair and reasonable**.

The Takeover Offer is fair

Set out in the table below is a comparison of our assessment of the fair market value of a Royal Wolf share with the consideration offered by GFN.

Table 1: Assessment of fairness

	Low (\$)	High (\$)
Estimated fair market value of a Royal Wolf share	1.69	1.89
Offer Price	1.83	1.83

Source: Deloitte Corporate Finance analysis

Note:

1. All amounts stated in this report are in Australian dollars unless otherwise stated and may be subject to rounding

GFN has announced that the Offer Price will be reduced by the cash amount of the Special Dividend. We have included the current cash holdings of Royal Wolf prior to the payment of the Special Dividend in our assessment of the fair market value of a Royal Wolf share and have, accordingly, compared our assessment of the fair market value of a Royal Wolf share cum-dividend to the full Offer Price assuming no Special Dividend is paid.

The consideration offered by GFN is within the range of our estimate of the fair market value of a Royal Wolf share. Accordingly it is our opinion that the Takeover Offer is fair.

Valuation of Royal Wolf

We have estimated the fair market value of Royal Wolf by applying the capitalisation of earnings method, which estimates the value of Royal Wolf by capitalising its earnings with an appropriate earnings multiple. We have used the forecast financial position of Royal Wolf as at 30 June 2017 as the relevant valuation date.

We have assessed Royal Wolf's adjusted FY17 EBITDA to be \$35.0 million, based on historical performance (especially over the prior three financial years), budget accuracy, earnings guidance issued by Royal Wolf, earnings estimates prepared by brokers, and our assessment of Royal Wolf earnings including normalisations to adjust for, amongst other things, the likelihood that Royal Wolf's historical mining camps business will no longer be a material contributor to earnings in the future. Given the level of uncertainty associated with FY18 earnings, we have adopted adjusted FY17 EBITDA as the primary basis for our valuation. We have also considered adjusted FY18 EBITDA estimates, to provide additional support to our valuation conclusion. The value of the mining camp fleet has been separately estimated.

We have selected an earnings multiple of 7.5 times to 8.0 times (on a control basis) based on the multiples of listed comparable companies and mergers and acquisitions in broadly comparable companies.

Appendix A

INDEPENDENT EXPERT'S REPORT

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Our valuation of Royal Wolf using the capitalisation of earnings method is set out in the table below.

Table 2: Valuation of Royal Wolf's shares

	Section	Unit	Low	High
Adjusted FY17 EBITDA	4.1.1	\$ million	35.0	35.0
EBITDA multiple	4.1.2	times	7.5x	8.0x
Enterprise value		\$ million	262.5	280.0
Net debt	4.1.3	\$ million	(100.0)	(100.0)
Surplus Assets				
Mining camp fleet	4.1.4	\$ million	7.9	10.6
Equity value		\$ million	170.4	190.6
Number of shares adjusted for notional dilution	4.1.5	million	101.0	101.0
Fair market value of a share		\$	1.69	1.89

Source: Deloitte Corporate Finance analysis

To provide additional evidence to support our assessment of the fair market value of a Royal Wolf share, we have considered the adjusted FY18 EBITDA multiples and the ungeared net tangible asset (NTA) multiples implied by our valuation range, compared with the equivalent metrics observed in available market benchmarks. We consider that this analysis supports our selected valuation range.

We have also considered recent trading in Royal Wolf shares prior to the Announcement Date. Our assessed value of a share in Royal Wolf represents a significant premium to the traded price prior to the Announcement Date, as shown in the following figure. Our selected valuation range implies a premium of 30% to 45%, 35% to 51% and 34% to 50% to Royal Wolf's volume weighted average price (VWAP) on one day, five days and one month, respectively, prior to the Announcement Date. This analysis should be considered in light of the fact that share trading in Royal Wolf is not highly liquid (approximately 18% of total Royal Wolf shares outstanding were traded in the past twelve months). This could, in turn, increase the size of the observed premium implied by our valuation.

Figure 1: Valuation of Royal Wolf's shares compared with their recent share trading



Source: CapitalIQ, Deloitte Corporate Finance analysis

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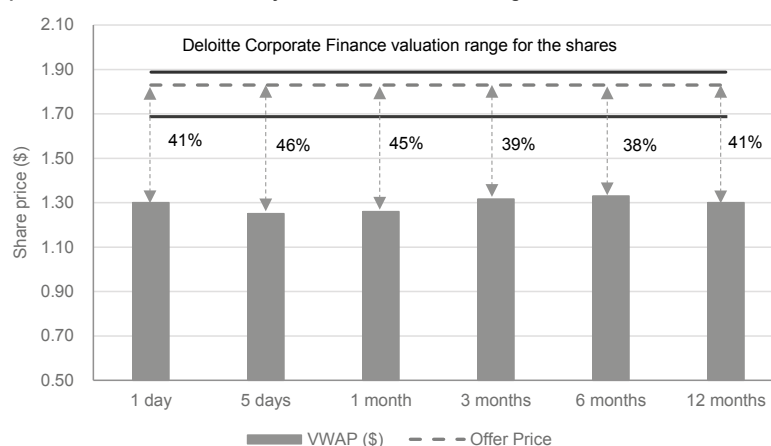
The Takeover Offer is reasonable

In accordance with RG 111 an offer is reasonable if it is fair. On this basis, in our opinion the Takeover Offer is reasonable. We have also noted the following factors which, on balance, further support the reasonableness of the Takeover Offer.

The Shareholders are receiving a substantial premium to Royal Wolf's share price prior to the announcement of the Takeover Offer

The Offer Price represents a significant premium over the prices realised in recent ASX share trading, as shown in the following figure.

Figure 2: Implied premium of the Offer Price to Royal Wolf's recent share trading



Source: CapitalIQ, Deloitte Corporate Finance analysis

The five-day VWAP of Royal Wolf shares, prior to the Announcement Date, was \$1.25 and the one-month VWAP was \$1.26. Based on this, the Offer Price represents a premium in the region of 45% to the share trading in Royal Wolf shares prior to the Announcement Date. This premium is significant and it is at the high end of the range of the premia generally observed in change of control transactions involving Australian listed entities as per research undertaken by Deloitte Corporate Finance (refer to Appendix D). This analysis suggests premia typically in the range from 20% to 40% of the portfolio holding values.

The existing shareholding of GFN in Royal Wolf is a deterrent to potential alternative takeover offers

GFN currently holds an interest in Royal Wolf of 51%. Any alternative bidder would need to negotiate directly with GFN in order to gain control over Royal Wolf and would find it difficult to undertake proper due diligence on Royal Wolf without some degree of support from GFN. GFN's stake in the Company is therefore likely to be a deterrent to alternative bids.

In addition, we understand from the Independent Directors of Royal Wolf that no other third party has expressed an interest in making an offer for Royal Wolf following the announcement of the Takeover Offer as well as since the IPO. Further, we note that should the Takeover Offer be unsuccessful, GFN may implement strategies that would increase its shareholding or reduce the liquidity of the free float of Royal Wolf shares, and could result in downward pressure on Royal Wolf's share price. In the past twelve months, one of the previous four brokers ceased coverage of Royal Wolf, which may further weaken Royal Wolf shares as a liquid investment. A lower free float and a reduced independent coverage of Royal Wolf securities could further diminish interest from alternative third party buyers.

In the absence of the Takeover Offer, Royal Wolf shares may trade below current levels

Following the announcement of the Takeover Offer, Royal Wolf's share price has increased to \$1.79 (12 July 2017), representing a 2.2% discount to the Offer Price and a 38% premium to the last traded price before the Announcement Date. Since then, the Royal Wolf shares have traded as high as \$1.80, although we note that since 17 July 2017 they commenced trading ex-dividend. The current share price reflects investors' views of the likelihood of the Takeover Offer proceeding and Shareholders receiving the Offer Price upon accepting the Takeover Offer.

Appendix A

INDEPENDENT EXPERT'S REPORT

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In the absence of the Takeover Offer or an alternative transaction, Royal Wolf shares may trade below the prices achieved since the announcement of the Takeover Offer and may trade at levels more in line with prices observed shortly prior to the Announcement Date in the absence of any further speculation about another bid.

No participation in the future growth of Royal Wolf's business

The value of a Royal Wolf share is influenced by the demand for containerised storage, freight and building solutions in Royal Wolf's key markets of Australia and New Zealand. Following the recent downturn in the level of economic activity in the resources sector, which had been a key component of Royal Wolf's business and, especially, of its growth prospects following the IPO in 2011, demand for containerised solutions has decreased, and some of Royal Wolf's key customers have experienced financial difficulties. If the Takeover Offer proceeds, to the extent that the growth prospects associated with the resources sector are revived or alternative major growth opportunities arise, Shareholders will forego the potential upside associated with them.

Our valuation of a Royal Wolf share recognises the potential future growth of Royal Wolf's business based on its current operations. If Royal Wolf is able to expand its business and generate incremental cash flows beyond those considered in our valuation, for example by identifying additional markets, acquisition opportunities, or new applications for its products, the value of a Royal Wolf share may exceed the estimated value of a Royal Wolf share set out in this report.

If the Takeover Offer is successful, Royal Wolf's shareholders would still be able to indirectly participate in Royal Wolf's growth prospects by investing in GFN, an entity listed on the NASDAQ. However, we note that given the different legal and tax jurisdictions, such investment may incur additional costs, the quantification of which is beyond the scope of this report.

GFN will achieve additional benefits from obtaining 100% control of Royal Wolf

GFN has stated that if the Takeover Offer is successful, it intends to arrange for Royal Wolf to be removed from the official list of the ASX. Our valuation takes into account the estimated cost savings as a result of Royal Wolf no longer incurring ASX listing and associated compliance expenses (approximately \$0.8 million per annum). These cost savings would also be available to other potential acquirers.

It is possible that GFN may be able to achieve other synergies as a result of obtaining 100% control of Royal Wolf, given that GFN's other subsidiaries also provide portable service solutions, albeit in the North American market. We have not sought to quantify any such potential synergies, as we consider the following factors indicate that they are unlikely to be material:

- Royal Wolf was previously a wholly-owned subsidiary of GFN until listing in 2011
- despite being controlled by GFN, Royal Wolf currently operates as a stand-alone business with a separate management team from that of GFN
- Royal Wolf and GFN both operate in the portable service solutions market and the companies may be able to share product design costs; however, product design costs comprise a small portion of Royal Wolf's overall operating costs
- Royal Wolf and GFN's businesses serve geographical markets which are separated by sufficient distance to make it unlikely that it would be economic to transfer products between markets on a regular basis to take advantage of cost advantages or to optimise utilisation rates.

While a potential competitor in the Australian market may be able to extract synergies from the acquisition of Royal Wolf, GFN's 51% interest is likely to deter an alternative bidder.

Other matters

Implications of less than 90% acceptance

GFN's offer is subject to a 90% minimum acceptance condition, however, if GFN acquires less than 90% of the outstanding shares in Royal Wolf then, assuming all conditions of the Takeover Offer are satisfied or waived, and GFN chooses to waive the 90% minimum acceptance condition, this would have a number of possible implications for Shareholders who have not accepted the Takeover Offer including:

- the liquidity of the market for Royal Wolf shares is likely to decrease with a smaller free float and even less broker coverage
- the prospects of receiving a fair offer in the future for Royal Wolf may be reduced
- under certain conditions, GFN may seek to have Royal Wolf removed from the official list of the ASX, which would result in Shareholders owning unlisted shares, reducing their ability to realise value.

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In general, we view the 90% minimum acceptance as a positive feature of the Takeover Offer as it mitigates the risk of the non-accepting shareholders holding an investment in a very limited free float or unlisted company, however, there is no certainty that the condition will not be waived.

Tax implications

The tax implications of the Takeover Offer will vary depending on the individual circumstances of each of the Shareholders. Further details of the tax implications to Shareholders are set out in the Target's Statement.

Shareholders should seek advice and evaluate the taxation consequences of the Takeover Offer based on their individual circumstances.

Takeover Offer Opinion

In our opinion, the Takeover Offer is fair and reasonable to Shareholders.

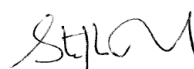
An individual shareholder's decision in relation to the Takeover Offer may be influenced by his or her particular circumstances. If in doubt the shareholder should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully



Michele Picciotta
Authorised Representative
AFSL number 241457, AR number: 462446
Deloitte Corporate Finance Pty Limited



Stephen Reid
Authorised Representative
AFSL number 241457, AR number 461011
Deloitte Corporate Finance Pty Limited

Appendix A

INDEPENDENT EXPERT'S REPORT

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Glossary

Reference	Definition
Adjusted Offer Price	\$1.8035 per share
AFSL	Australian Financial Services Licence
Announcement Date	12 July 2017
ANZ	Australia New Zealand Banking Group
APESB	Accounting Professional and Ethical Standards Board Limited
AR	Authorised Representative
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
ATTA	Average total tangible assets
\$	Australian dollars
AUASB	Auditing and Assurance Standards Board
Bidder's Statement	Bidder's Statement issued by GFN on 19 July 2017
Bison	GFN Asia Pacific's financiers
bps	Basis points
β	beta
CAGR	Compound annual growth rate (including acquisitions)
CAI	CAI International Inc.
CAPM	Capital Asset Pricing model
CBA	Commonwealth Bank of Australia
Corporations Act	Corporations Act 2001 (Cth)
CSC	Customer Service Centre
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
Deloitte Touche Tohmatsu	Deloitte member firm in Australia
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMRP	Equity Market Risk Premium
FICS	Financial Industry Complaints Service
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY	Financial year
GFN or the Bidder	Collectively General Finance Corporation, GFN Asia Pacific and GFN Australasia
GFN Asia Pacific	GFN Asia Pacific Holdings Pty Ltd
GFN Australasia	GFN U.S. Australasia Holdings, Inc.
IBC	Independent Board Committee, comprising the Independent Directors
IBIS	IBIS World Pty Ltd
IRD	Inland Revenue Department
ICAA	Institute of Chartered Accountants in Australia
Independent Directors	Directors of Royal Wolf who are not also directors of GFN or management
IPO	Initial public offering
K_d	Cost of debt capital
K_e	Cost of equity capital
LSP	Last sale price
Management	Management of Royal Wolf
MBO	Management buyout
NAMT	National Accounts Management Team
NPAT	Net profit after tax
NPATA	Net profit after tax before amortisation
NTA	Net tangible assets
Offer Period	24 July 2017 until 25 August 2017 (unless otherwise extended or withdrawn)
Offer Price	\$1.83 per share
PDS	Product Disclosure Statement
Takeover Offer	GFN's offer to acquire all of the outstanding shares in Royal Wolf it does not already own.
Royal Wolf	Royal Wolf Holdings Limited



R_f	Risk free rate of return
RG 111	ASIC Regulatory Guide 111
RG 112	ASIC Regulatory Guide 112
R_m	Expected return on the market portfolio
RV	Recreational Vehicle
Section 640	Section 640 of the Corporations Act
Shareholders	Existing holders of Royal Wolf shares other than GFN
Special Dividend	Fully franked special dividend of \$0.0265 per share
Target's Statement	Target's Statement issued by Royal Wolf on 19 July 2017
Textainer	Textainer Group Holdings Limited
Titan	Titan Energy Services
Triton	Triton International Limited
TTM EBITDA	Trailing twelve months EBITDA
US	United States
VWAP	Volume weighted average price
WACC	Weighted average cost of capital

Appendix A

INDEPENDENT EXPERT'S REPORT

Deloitte.

Contents

1 Overview of the Takeover Offer	13
2 Profile of Royal Wolf	15
3 Valuation Methodology	29
4 Valuation of Royal Wolf Holdings	30
Appendix A: Context to the Report	43
Appendix B: Valuation methodologies	45
Appendix C: Industry overview	46
Appendix D: Control premium	52
Appendix E: Comparable entities	54
Appendix F: Comparable transactions	59



1 Overview of the Takeover Offer

1.1 Introduction

On the Announcement Date, Royal Wolf announced a conditional offer from GFN to acquire all of the shares in Royal Wolf not already owned by GFN. GFN currently holds a 51.0% interest in Royal Wolf. The Independent Directors of Royal Wolf, not also directors of GFN or management (**Independent Directors**), have unanimously recommended the Takeover Offer to Shareholders, in the absence of a superior proposal, and subject to the independent expert engaged by the Independent Board Committee, comprising the Independent Directors of Royal Wolf (IBC), concluding that the Takeover Offer is fair and reasonable to Shareholders.

An overview of the terms of the Takeover Offer are set out below. Details are set out in the Bidder's Statement and the Target's Statement.

1.2 The Takeover Offer

1.2.1 Overview

Under the Takeover Offer, Shareholders will receive \$1.83 for every share held in Royal Wolf less the cash amount of the Special Dividend (\$0.0265). The record date for the Special Dividend was 18 July 2017, with payment to be made on 2 August 2017. The Special Dividend will become payable prior to the Takeover Offer becoming unconditional and the offer price will be reduced by the cash amount of the Special Dividend.

The Takeover Offer will remain open from 24 July 2017 until 25 August 2017 (unless otherwise extended or withdrawn) (the **Offer Period**).

1.2.2 Key conditions

The Takeover Offer is subject to various conditions, the most significant being:

- GFN Asia Pacific having received valid acceptances in respect of at least 75% (by number) of the Royal Wolf shares in which GFN Asia Pacific and its associates (as defined in the Corporations Act) do not have a relevant interest at the beginning of the Offer Period, and a relevant interest in at least 90% (by number) of all Royal Wolf shares
- no outstanding securities on issue other than the 100,387,052 shares, and no outstanding offers, agreements or rights to be issued at the end of the Offer Period. At the completion of the Takeover Offer, all rights unvested under the Royal Wolf long term incentive plan will be terminated
- no acquisitions, disposals or use of capital expenditure over certain thresholds
- no dividends or distributions (other than the Special Dividend) being made
- the ASX All Ordinaries Index not closing below 4,000 on five consecutive business days prior to the end of the Offer Period
- no material adverse change occurring in relation to Royal Wolf
- no material adverse change occurring in relation to GFN, in circumstances where GFN's financiers (**Bison**) has informed GFN that it intends to rely upon the equivalent condition in the debt funding arrangements to withdraw funding under, or adversely varying the terms of, such debt funding
- no material adverse change, as reasonably determined by Bison, in the financial or capital markets generally, that could reasonably be expected to impact Bison's investment in the funding arrangements for the Takeover, in circumstances where Bison has informed GFN that it intends to rely upon the equivalent condition in the debt funding arrangements to withdraw funding under, or adversely varying the terms of, such debt funding.

Subject to the Corporations Act, GFN may rely on any non-fulfilment of the above conditions. For full details of the conditions of the Takeover Offer refer to the Bidder's Statement.

1.3 GFN's intentions

If the Takeover Offer is accepted by the Shareholders, Royal Wolf will become a wholly-owned subsidiary of GFN and will subsequently be delisted from the ASX. In this section we have set out a brief summary of GFN's intentions both if the

Appendix A

INDEPENDENT EXPERT'S REPORT

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Takeover Offer is accepted and Royal Wolf becomes a wholly-owned subsidiary of GFN, and if the Takeover Offer is not accepted and Royal Wolf remains a part-owned controlled entity of GFN.

Regardless of the outcome of the Takeover Offer, subject to the intentions stated in Sections 1.3.1 and 1.3.2 below, GFN intends that:

- the business of Royal Wolf will be conducted in materially the same manner as at the date of the Bidder's Statement
- there will be no redeployment of the fixed assets of Royal Wolf
- the present employees of Royal Wolf will continue to be employed by Royal Wolf.

More detailed information on the intentions of GFN is set out in the Bidder's Statement.

1.3.1 GFN's intentions if Royal Wolf becomes a wholly-owned subsidiary of GFN

If successful in acquiring of 90% of Royal Wolf shares by the end of the Offer Period, GFN has stated that it intends to implement the following corporate changes:

- proceed with compulsory acquisition of outstanding Royal Wolf shares in accordance with the provisions of Part 6A.1 of the Corporations Act
- arrange for Royal Wolf to be removed from the official list of the ASX. The removal of Royal Wolf from the ASX, would result a "Review Event" under the terms of Royal Wolf's corporate debt facilities. However, we understand that GFN has received a commitment letter from a global banking institution, which provides such debt facilities in the ordinary course of its business, to refinance these facilities following GFN's acquisition of 90% of Royal Wolf
- review and replace some of the existing members of the board of Royal Wolf with its own nominees with appropriate expertise and experience.

In addition, GFN has stated its intention to conduct a general strategic review of Royal Wolf's operations at a strategic, financial and operational level. As part of this general strategic review of operations, GFN has stated that it intends to:

- determine the level of financial and other resources necessary to optimise Royal Wolf's operations
- determine the optimal strategy in terms of realising maximum value for its investment in Royal Wolf, and in doing so, will keep all options for value maximisation open.

GFN has stated that it intends to maintain the current employment arrangements (to the extent practicable) of all Royal Wolf employees, subject to the likely redundancies as a result of the corporate changes listed above.

1.3.2 GFN's intentions if Royal Wolf remains a part-owned controlled entity of GFN

If GFN does not acquire a relevant interest in at least 90% (by number) of all Royal Wolf shares on issue by the end of the Offer Period, and Royal Wolf becomes a controlled entity of GFN but GFN is not entitled to proceed with compulsory acquisition of the remaining shares in Royal Wolf, GFN's intentions are as follows:

- subject to the Corporations Act and the constitution of Royal Wolf, GFN will reconstitute the Royal Wolf Board such that its nominees are in at least the majority
- subject to the Corporations Act, the ASX Listing Rules and the constitution of Royal Wolf, GFN will seek the delisting of Royal Wolf from the ASX
- if GFN subsequently becomes entitled to exercise rights of general compulsory acquisition under the Corporations Act, GFN intends to exercise those rights, including the "3% creep" exception in item 9 of section 611 of the Corporations Act, which could allow GFN to further increase its shareholding in Royal Wolf over time.

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2 Profile of Royal Wolf

2.1 Background

Royal Wolf is the industry leader in the hire, sale and modification of new and refurbished shipping containers in Australia and New Zealand, serving over 22,700 customers across a range of industries. Royal Wolf leases and sells portable container solutions in three key product segments: portable storage, portable buildings and freight. A description of each of these product segments is provided in Section 2.4 below.

Royal Wolf has been listed on the ASX since an IPO in May 2011. Whilst the IPO was launched during a period of depressed capital markets globally, the outlook for Royal Wolf and the growth prospects were positive as a result of unprecedented development within the Australian resources sector. We understand that Royal Wolf intended to use the funds raised through the IPO for growth, including its portable buildings segment; to capitalise on the growth of the resources and construction sectors; and to develop new innovative products across its product segments. As at 11 July 2017, the day prior to the Announcement Date, Royal Wolf had a market capitalisation of \$129.9 million.

The portable storage fleet mainly comprises a mix of retired marine shipping containers, which Royal Wolf procures in bulk from a range of sources (mostly domestically) and refurbishes in-house and new build containers purchased from container manufacturers in China. The portable buildings and freight fleet are generally sourced from a range of suppliers in China and built to a Royal Wolf design that complies with all relevant international shipping container standards, before being shipped to Australia and New Zealand. Royal Wolf also has in-house capabilities to undertake modifications to containers to meet customer requirements.

As at 30 June 2017, Royal Wolf had a portable lease fleet of 42,230 containers, which it markets through its National Accounts Management Team (NAMT), 32 Customer Service Centres (CSCs) and over 50 agents located across Australia and New Zealand. The NAMT is focused on supporting large customers and contracts, while the CSCs and agents are strategically located throughout Australia and New Zealand to support the majority of local product sales and leases.

The following figure shows the locations of Royal Wolf's operations throughout Australia and New Zealand.

Figure 3: Map of Royal Wolf's Australian and New Zealand operations



Source: Royal Wolf Management

2.2 History

Royal Wolf was established in 1995 as a subsidiary of Triton Holdings, an international shipping container company. Royal Wolf commenced operations in Sydney, Australia and Christchurch, New Zealand, with a mandate to on-sell existing marine shipping containers that had passed their useful life for sea freight.

Appendix A

INDEPENDENT EXPERT'S REPORT

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An overview of the company history is provided in the figure below.

Table 3: History of Royal Wolf's operations

Date	Event
1995	Royal Wolf is established as a subsidiary of Triton Holdings to sell retired marine shipping containers
1995 to 2003	Royal Wolf expands into the container leasing market
2003	The then management team undertakes a management buyout (MBO) and acquires 100% of Royal Wolf Australia
2007	US based portable service solutions firm, GFN, acquires Royal Wolf Australia
2008	Royal Wolf Australia exercises its right to acquire Royal Wolf New Zealand
2011	Royal Wolf is listed on the ASX with GFN retaining a 50.0% interest
2011 to 2014	Capital raised at IPO is used to grow the portable accommodation product segment, which experiences strong growth as a result of increased construction activity within the Australian resources sector
2016	Royal Wolf acquires the assets and business of All Direct Container Sales Private Limited and ADC Storage Private Limited for a total consideration of \$4.2 million
2017	GFN seeks to acquire remaining Royal Wolf shares by means of an all cash takeover

Source: Royal Wolf management

Since establishment, Royal Wolf has progressively increased the breadth of its product offering, the size of its network fleet, and its customer base, through both organic growth and a series of targeted acquisitions. In total, Royal Wolf has successfully completed over 20 acquisitions of smaller portable container businesses. Between September 2007 and December 2016 Royal Wolf expanded its network fleet from 17,000 portable containers to over 42,000 containers.

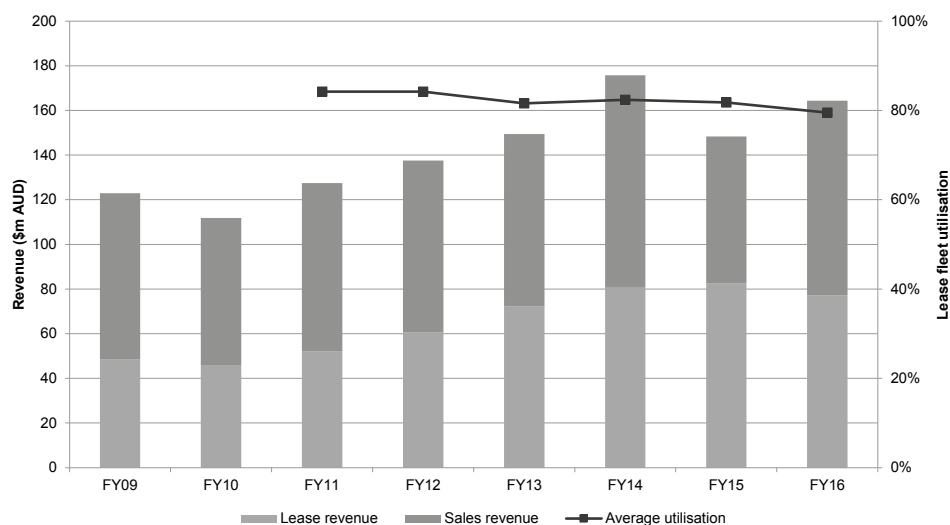
2.3 Business model

Over the period FY11 to FY16, Royal Wolf implemented its corporate strategy of growing revenue from its leasing business, which provides predictable, recurring revenue and considerably higher margins than its sales business.

The profitability of the leasing business is heavily dependent on both lease pricing and fleet utilisation. Royal Wolf targets an average lease fleet utilisation of 80% to 87%, and it is able to achieve this target by disposing of surplus lease fleet through its sales channel when utilisation levels fall, and by acquiring new inventory for lease when utilisation levels rise.

As shown in the figure below, over the period FY11 to FY16, Royal Wolf's lease revenue has increased at the same time as fleet utilisation has been maintained within the target range.

Figure 4: Lease revenue versus sales revenues and lease utilisation rates

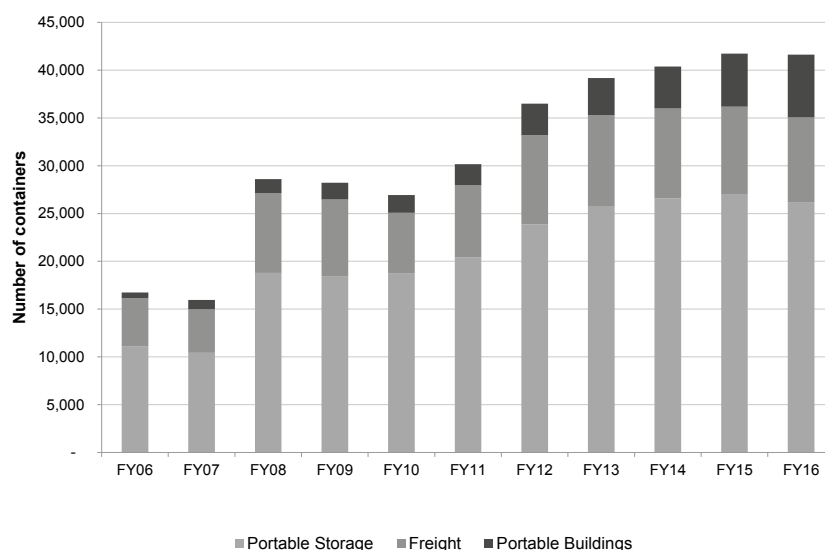


Source: Royal Wolf annual reports

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The following figure shows the size and composition of Royal Wolf's lease fleet by product segment over the period from FY06 to FY16.

Figure 5: Lease fleet by product segment

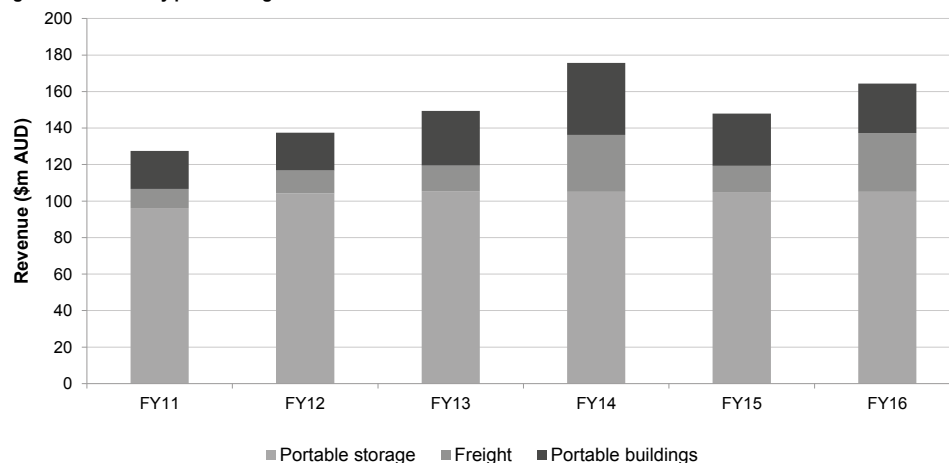


Source: Royal Wolf IPO prospectus, Royal Wolf interim and annual reports

Since Royal Wolf listed on the ASX in 2011, its overall lease fleet has grown at a CAGR of 6.7% between FY11 and FY16. Royal Wolf's lease fleet has increased over this period in two product segments: portable storage and portable buildings and decreased in the freight segment. Of the product segments, the portable storage segment is the largest, comprising approximately 63% of the total lease fleet in FY16. The freight segment and portable buildings segments comprised approximately 21% and 16% respectively of the total lease fleet in FY16.

The following figure shows the breakdown of revenue by product segment over the period from FY11 to FY16. Each of the product segments is described in the following section.

Figure 6: Revenue by product segment



Source: Royal Wolf IPO prospectus, Royal Wolf interim and annual reports and Management presentation

Appendix A

INDEPENDENT
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2.4 Product segments

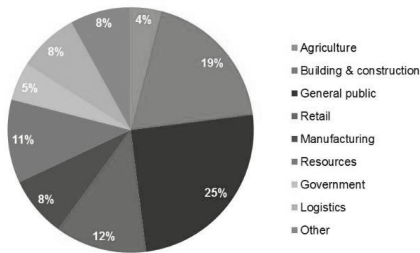
2.4.1 Portable storage

Royal Wolf’s portable storage containers are primarily used by customers for on-site or transportable storage of goods. As at 31 March 2017, Royal Wolf had a total portable storage lease fleet of 26,944 containers consisting of a range of portable storage product lines including general purpose, mini cube, refrigerated units and dangerous goods units. Revenue from the portable storage segment comprised approximately 64% of total revenue in FY16.

Royal Wolf procures its portable storage fleet from a range of shipping companies looking to dispose of existing marine shipping containers that have reached the end of their useful life as sea freight containers, as well as new containers from container manufacturers in China. Royal Wolf refurbishes the retired marine shipping containers in Australia and New Zealand before they are introduced into the portable storage lease fleet. Refurbished portable containers can have a useful lease life of over 20 years; however, Royal Wolf continually assesses the ongoing maintenance costs of each container and sells selected containers through their sales channel when maintenance is no longer economic.

There are many end markets for portable storage units, with major markets including building and construction, logistics and the general public, as shown in the figure below.

Figure 7: Revenue from the portable storage segment, by end market (FY16)



Source: Royal Wolf FY16 investor presentation

2.4.2 Portable buildings

The portable buildings segment, established in 2005, designs and builds modular buildings and structures using a shipping container base. As at 31 March 2017 Royal Wolf’s total portable buildings lease fleet was 7,375 containers. In FY16 the portable buildings segment contributed 17% of Royal Wolf’s total revenue.

The portable buildings fleet is typically sourced new from a range of suppliers in China, who manufacture the containers based on Royal Wolf’s proprietary design and specification requirements before shipping the finished containers to Australia or New Zealand. Royal Wolf’s portable buildings fleet grew strongly over the period from 2010 to 2016, in line with demand from the resources and construction industries in Australia.

Royal Wolf offers a range of products within the portable buildings segment, including portable site offices, accommodation (camps), lunch rooms, kitchens / kiosks and other purpose-built portable buildings, as shown in the following figure.

Figure 8: Royal Wolf portable buildings (from left: portable camp, construction site buildings and kitchen)



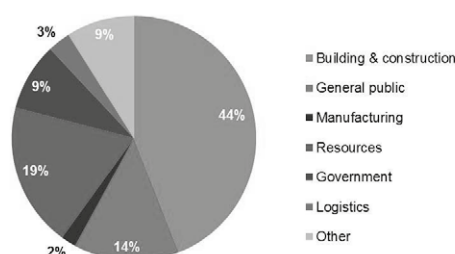
Source: Royal Wolf website

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The useful lease life of portable building containers varies, depending on where the building will be located and the nature of the lease. Leases typically run between 18 months and 3 years, and at the end of lease, units are returned to depot for the next hire opportunity. When a unit is beyond economical repair, it is then disposed of through the sales channel.

As a result of its diverse product range, the portable buildings segment has a broad customer base, as shown in the following figure.

Figure 9: Revenue from the portable buildings segment, by end market (FY16)



Source: Royal Wolf FY16 investor presentation

Total revenue for the portable buildings segment decreased by 4.9% in FY16 due to approximately 90% of the portable accommodation fleet coming off lease. Combined, the resources and construction sectors contributed approximately 63% of revenue for the portable buildings segment in FY16. The reduction in portable accommodation demand from the resources sector has been partially offset by the growth in the construction sector, which has become the largest single contributor of portable buildings revenue in FY16.

During FY16, Royal Wolf's single largest customer for portable camps, Titan, was placed into voluntary administration and returned all of its leased portable accommodation units to Royal Wolf. Royal Wolf has received all outstanding receivables from Titan and continues to investigate opportunities to redeploy or sell these portable camps where possible, but has had limited success to date.

2.4.3 Freight

Royal Wolf's purpose-built intermodal freight containers are used to service the requirements of the freight, logistics and removals industries. As at 31 March 2017, Royal Wolf had a total of 8,523 intermodal containers in its freight fleet including pallet wide containers (slightly wider than the standard international shipping container to accommodate the standard Australian pallet size), high cube containers, pallet wide refrigerated containers, curtain side containers and side door containers. The freight segment contributed 20% of Royal Wolf's total revenue in FY16.

Freight containers are generally procured from suppliers in China and are manufactured in accordance with Royal Wolf's designs and specifications. Purpose-built intermodal containers typically have useful lives of 8 to 10 years; however, their useful lives can be longer depending on the usage of the containers. Based on the condition of the container and prevailing market conditions, intermodal freight containers that have passed their useful life are either sold through the sales channel or repurposed as portable storage containers with minimal refurbishment costs.

Appendix A

INDEPENDENT EXPERT'S REPORT

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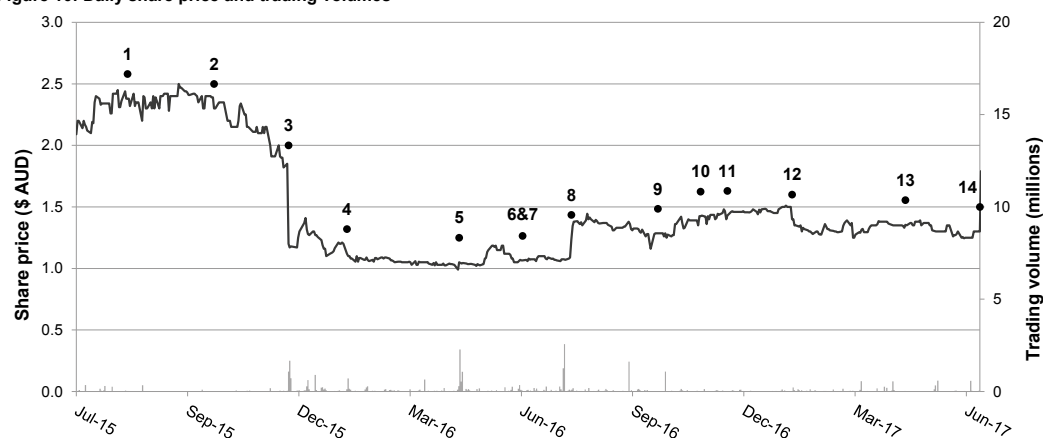
2.5 Share trading analysis

In May 2011, Royal Wolf listed a total of approximately 100.4 million shares on the ASX at an offer price of \$1.83 per share. Of the total shares listed, 50 million shares, representing a free float of just under 50%, were available to institutional and retail investors, while GFN and Royal Wolf management retained the remaining shares. Royal Wolf enjoyed substantial share price growth over the period from listing through to September 2013, underpinned by increases in the network fleet and the high level of construction and drilling activity in the Australian resources sector. The share price reached a high of \$3.80 in September 2013 before fluctuating between approximately \$2.90 and \$3.80 through to July 2014.

Royal Wolf's share price dropped significantly over the two year period from July 2014 to July 2016, decreasing to a low of \$0.99 in May 2016. We note that the decline in Royal Wolf's share price over this period is consistent with the reduction in construction activity within the Australian resources sector. Royal Wolf's shares were trading at \$1.35 as at 31 May 2017.

Royal Wolf's daily share price history and trading volumes since July 2015 are presented in the chart below, along with price sensitive ASX announcements and other events over the period.

Figure 10: Daily share price and trading volumes



Source: S&P Capital IQ



A summary of the price sensitive announcements made by Royal Wolf to the ASX and other events impacting the share price and trading volume since the end of FY15 are presented in the table below.

Table 4: Summary of price sensitive ASX announcements and other events

Note	Date	Announcement summary
1	12/08/2015	Royal Wolf released its financial report for the period ended 30 June 2015
2	22/10/2015	Royal Wolf released minutes from the AGM
3	22/12/2015	Royal Wolf revised FY16 profit guidance as a result of one of its key customers, Titan, being placed into voluntary administration. Royal Wolf had over \$5.0 million in outstanding invoices and contracted future revenues from Titan Energy Services. Royal Wolf's forecast FY16 EBITDA was reduced to \$36-\$39 million and NPAT to \$7.5-\$9.5 million. Following the announcement, Royal Wolf's share price experienced its largest single day drop of 35% despite Titan contributing less than 2% of Royal Wolf's total revenue.
4	8/02/2016	Royal Wolf released its 1H FY16 financial report
5	10/05/2016	Royal Wolf released its Q3 FY16 results
6	1/07/2016	Robert George Allan holding 49,681 ordinary shares ceased to be a director
7	1/07/2016	Robert Allan resigned from the Board and Neil Littlewood (CEO of Royal Wolf) and Jody Miller (CEO of GFN) were appointed to the Board
8	10/08/2016	RWH released its financial report for the period ended 30 June 2016
9	20/10/2016	RWH released its Q1 FY17 results
10	24/11/2016	RWH announced the signing of an agreement for the acquisition of the assets and business of All Direct Container Sales Private Limited and ADC Storage Private Limited for a total consideration of \$4.2 million.
11	16/12/2016	RWH announced completion of refinancing of Facility A related to its current bank debt facilities which were due to mature in July 2017. The new facility will expire on 31 January 2022.
12	7/02/2017	RWH released its 1H FY17 financial report
13	11/05/2017	RWH released its Q3 FY17 results
14	12/07/2017	Announcement of the Takeover Offer

Source: ASX announcements

A summary of share price performance and trading volume over the past 12 months is provided in the table below.

Table 5: Royal Wolf historical share price performance

Date	High (\$)	Low (\$)	LSP ³ (\$)	VWAP (\$)	Volume (million)	% of shares outstanding	% of free float
Post-Announcement Date							
3 days ¹	1.80	1.75	1.79	1.79	2.02	2.0%	4.1%
Pre-Announcement Date²							
5 days	1.30	1.25	1.25	1.25	0.67	0.7%	1.4%
1 month	1.35	1.25	1.26	1.26	0.84	0.8%	1.7%
3 months	1.39	1.25	1.32	1.32	4.14	4.1%	8.4%
6 months	1.55	1.25	1.32	1.33	6.00	6.0%	12.2%
12 months	1.55	1.06	1.26	1.30	17.94	17.9%	36.5%

Source: S&P Capital IQ, Deloitte analysis

Notes:

1. Period between 12 July 2017 and 14 July 2017
2. As at 11 July 2017
3. LSP – Last sale price

With regard to the share price performance over the past 12 months, we note the following:

- the VWAP over the past 12 months has improved after a significant decline following the announcement that Titan, one of Royal Wolf's customers in the portable camps segment, had been placed into voluntary administration
- following the announcement of the Takeover Offer, Royal Wolf's share price has increased to \$1.79 (12 July 2017), representing a 2.2% discount to the Offer Price and a 38% premium to the last traded price before the Announcement Date. The current share price reflects investors' views of the likelihood of the Takeover Offer proceeding and Shareholders receiving the Offer Price upon accepting the Takeover Offer
- we note that on 17 July 2017, Royal Wolf shares commenced trading ex-dividend. The share trading price on this day was in the range of \$1.76 to \$1.79

Appendix A

INDEPENDENT EXPERT'S REPORT

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- the free float of Royal Wolf is not highly liquid, with 17.9% of total shares outstanding being traded over the past twelve months compared to the median trading volumes of companies in the ASX 100, 200 and 300 per the table overleaf.

Table 6: Median company trading volumes

	ASX100	Median trading volume ¹ ASX200	ASX300
5 days	8.78%	9.37%	7.64%
1 month	14.32%	15.42%	13.28%
3 months	26.57%	28.56%	25.22%
6 months	44.64%	48.69%	42.94%
12 months	81.69%	85.88%	75.92%

Source: S&P Capital IQ, Deloitte analysis

Notes:

- Based on total shares outstanding.
- As at 30 June 2017

Royal Wolf has a history of paying dividends with a target pay-out ratio of 40% to 60% of net profit after tax before amortisation (NPATA). Dividends were historically unfranked due to the utilisation of carried forward tax losses and accelerated tax depreciation allowances, however partially franked dividends were paid in FY13 and FY15, and a fully franked dividend was paid in FY16 and 1H FY17. As set out in the following table, Royal Wolf's dividend pay-out ratio has been within the company's target range since FY13.

Table 7: Historical dividend distributions

\$	FY13	FY14	FY15	FY16	1H FY17
NPATA per share	0.190	0.185	0.150	0.099	0.051
DPS ¹	0.095	0.105	0.090	0.055	0.025
% NPATA distributed as dividends	50.0%	56.7%	60.0%	55.4%	49.1%
% Franked	0%	0%	83%	100%	100%

Source: Royal Wolf annual reports, Deloitte analysis

Notes:

- Dividend per share



2.6 Financial performance

2.6.1 Reported financial performance

The audited statements of financial performance of Royal Wolf for the years ended 30 June 2014, 2015 and 2016 as well as the unaudited results for the six months ended 31 December 2017 are presented in the table below.

Table 8: Statement of financial performance for FY14, FY15, FY16 and 1H FY17

(\$'000 AUD)	Audited FY14	Audited FY15	Audited FY16	Unaudited 1H FY17
Sales revenue	95,081	65,800	87,103	31,312
Lease revenue	80,614	82,052	77,212	40,638
Total revenue	175,695	147,852	164,315	71,950
<i>Sales revenue growth</i>	23.2%	(30.8%)	32.4%	n/a
<i>Lease revenue growth</i>	11.7%	1.8%	(5.9%)	n/a
Cost of sales	(95,437)	(70,591)	(93,888)	(36,554)
Gross profit	80,258	77,261	70,427	35,396
<i>Gross margin</i>	45.7%	52.3%	42.9%	49.2%
Other operating expenses	(34,160)	(33,398)	(33,057)	(15,827)
EBITDA	46,098	43,863	37,370	19,569
<i>EBITDA margin</i>	26.2%	29.7%	22.7%	27.2%
Depreciation – containers	(11,199)	(13,413)	(14,798)	(7,953)
Depreciation – PPE	(2,229)	(2,292)	(1,906)	(908)
Total depreciation expense	(13,428)	(15,705)	(16,704)	(8,861)
Amortisation	(3,794)	(2,909)	(2,992)	(1,790)
EBIT	28,876	25,249	17,674	8,918
<i>EBIT margin</i>	16.4%	17.1%	10.8%	12.4%
Net finance costs	(6,805)	(6,980)	(6,222)	(2,754)
Profit before tax	22,071	18,269	11,452	6,164
Income tax benefit (expense)	(6,128)	(5,241)	(3,585)	(1,994)
NPAT	15,943	13,028	7,867	4,170
<i>NPAT margin</i>	9.1%	8.8%	4.8%	5.8%
<i>Capital expenditure – acquisition of PPE</i>	<i>(2,635)</i>	<i>(11,380)</i>	<i>(1,457)</i>	<i>(320)</i>
<i>Capital expenditure – acquisition of hire fleet</i>	<i>(28,941)</i>	<i>(19,039)</i>	<i>(12,509)</i>	<i>(9,772)</i>

Source: Royal Wolf interim and annual reports, Deloitte analysis

We note the following in regard to Royal Wolf's financial performance:

- sales revenue includes the on-sale of portable containers (portable storage, freight and portable buildings) procured by Royal Wolf as well as the disposal of existing portable containers from the lease fleet. Sales revenue can be volatile as a result of large one-off container sales transactions. For example, in FY14 a single low-margin sale was made to Aurizon Holdings Limited and FY16 sales revenue was driven by a number of low margin sales to the freight sector. These low margin freight sales were not repeated in 1H FY17
- lease revenue increased over the period FY13 to FY15, in line with Management's strategy to grow revenue from lease operations, due to the higher margins it attracts in comparison to sales revenue. However, in FY16 lease revenue decreased by 6.1%, largely due to weakening demand from the mining industry and residential and commercial rebuilds in Christchurch. Lease revenue in 1H FY17 has increased by 5.4% due to growth in the construction and infrastructure industries as Management has focused on stackable worksite solutions. In addition, Royal Wolf received \$2.8 million as full and final payment of its claim as secured creditor to Titan Energy Services

Appendix A

INDEPENDENT EXPERT'S REPORT

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- gross profit and EBITDA margins decreased to 42.9% and 22.7% respectively in FY16 as a result of a decrease in the lease revenue. Lower margins are generated from sales compared to leases, which has a corresponding impact on EBITDA margins, given that operating expenses are largely fixed. Royal Wolf's EBITDA margin increased in 1H FY17, largely due to the increase in lease revenue
- operating expenses (excluding cost of sales) have remained relatively stable since FY13 despite the growth in Royal Wolf's lease fleet, demonstrating that adding portable containers to the lease fleet has a relatively small impact on incremental fixed costs. We note that approximately \$1.0 million of operating costs in FY16 related to redundancy and CEO severance activities
- the majority of depreciation expenses relate to depreciation of the lease fleet. In FY16, depreciation of the lease fleet comprised 89% of total depreciation, while PPE comprised 11% of total depreciation. Amortisation mainly relates to intangible assets recognised as the result of acquisitions, including customer lists and non-compete agreements
- interest costs increased from FY13 to FY15 in line with increases in borrowings, which have been used to fund additions to the hire fleet and other capital expenditure. Interest costs decreased in FY16 and 1H FY17 in line with a decrease in borrowings, driven by the disposal of two New Zealand properties, increased focus on cost control and limited fleet expenditure
- fleet capital expenditure decreased to \$12.5 million in FY16 from \$19.0 million in the previous year in line with decreased demand in the Australian market. Capital expenditure on hire fleet has continued to decline from FY14 as Royal Wolf reduced the rate of growth of its hire fleet to align with demand from the resources sector and to maintain target utilisation
- on 22 December 2015, Royal Wolf announced that Titan had been placed into voluntary administration. At that time, Royal Wolf had unpaid invoices and contracted future revenues with Titan in excess of \$5 million, as well as an entitlement to recover various other costs and expenses. Royal Wolf received 100% of their claim as a secured creditor for Titan Energy Services assets, with the final payment of \$2.8 million made in 1H FY17, which is included in leasing revenue.

The portable camps that were previously hired by Titan and other resource based companies have been returned to Royal Wolf and are currently idle. Royal Wolf continues to investigate opportunities to redeploy or sell the idle accommodation assets, both locally within Australia and New Zealand and internationally. The idle accommodation assets contribute approximately \$2.8 million to annual depreciation
- EBITDA is net of foreign exchange gains and losses, which are the result of the timing of foreign currency transactions and foreign exchange rate movements (predominantly AUD:USD). In the last four years this has resulted in foreign exchange losses in the range of \$0.1 million to \$1.1 million¹
- on 11 May 2017, Royal Wolf announced that EBITDA for the nine months ended 31 March 2017 was \$28.0 million. Royal Wolf also announced FY17 EBITDA guidance to be roughly in line with the prior year result (FY16 EBITDA was \$37.4 million). As set out in the Target's Statement, further guidance has been provided with management indicating a FY17 EBITDA of approximately \$36.4 million and NPAT of \$6.2 million.

¹ Prior to FY15, unrealised gains/(losses) on foreign exchange forward contracts were recognised in the income statement.



2.6.2 Earnings guidance and broker forecasts

Royal Wolf is followed by a number of brokers who forecast Royal Wolf's future financial performance. Royal Wolf does not generally provide profit guidance. However, on 11 May 2017, in the company update for the quarter ended 31 March 2017, Royal Wolf announced FY17 EBITDA guidance to be roughly in line with the prior year result (FY16 EBITDA was \$37.4 million). As set out in the Target's Statement, further guidance has been provided with management indicating a FY17 EBITDA of approximately \$36.4 million and NPAT of \$6.2 million.

The average broker consensus forecasts for FY17 to FY19 are presented in the table below.

Table 9: Average broker forecasts

Average broker consensus (\$m AUD)	FY17F	FY18F	FY19F	No. broker estimates ¹
Revenue	144.6	148.2	154.3	4
Revenue growth	(12.0%)	2.5%	4.1%	
EBITDA	37.8	39.5	42.2	4
EBITDA margin	26.2%	26.6%	27.3%	
Depreciation and amortisation	(21.0)	(20.6)	(20.2)	4
EBITA	19.1	20.7	22.2	2
EBIT	17.1	18.9	21.5	4
Profit before tax	11.1	13.5	16.0	4
NPAT (Reported)	7.2	9.0	11.0	4

Source: Broker reports (February 2017 to July 2017)

Note:

1. We note that since then, one broker has ceased coverage of Royal Wolf. As a result, consensus forecasts presented may be overstated.

Appendix A

INDEPENDENT EXPERT'S REPORT

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2.7 Financial position

The audited statements of financial position for Royal Wolf as at 30 June 2014, 2015 and 2016 and the unaudited position as at 31 December 2016 are presented in the table below.

Table 10: Statement of financial position as at 30 June 2014, 2015 and 2016 and 31 December 2016

(\$'000 AUD)	Audited FY14	Audited FY15	Audited FY16	Unaudited 1H FY17
Cash	6,071	3,531	5,300	3,605
Receivables	25,699	18,602	18,111	24,299
Inventories	12,071	17,178	17,843	18,823
Other current assets	-	157	-	705
Total current assets	43,841	39,468	41,254	47,432
Plant Property and Equipment (PPE)	10,467	19,311	5,301	4,723
Containers for hire fleet	198,305	203,493	204,371	208,826
Receivables	306	185	72	34
Intangibles	57,663	57,176	55,533	56,303
Total non-current assets	266,741	280,165	265,277	269,886
Total assets	310,582	319,633	306,531	317,318
Payables	19,611	15,380	23,787	18,910
Employee benefits	2,579	2,548	2,872	2,787
Interest bearing liabilities	43	-	-	-
Derivative financial instruments	244	-	342	-
Tax liability	1,036	1,686	235	-
Total current liabilities	23,513	19,614	27,236	21,697
Derivative financial instruments	1,626	1,866	1,170	607
Interest bearing liabilities	117,163	125,262	101,643	115,465
Employee benefits	537	652	541	562
Deferred tax liabilities	16,264	18,237	18,916	19,967
Provisions	53	53	53	53
Total non-current liabilities	135,643	146,070	122,323	136,654
Total liabilities	159,156	165,684	149,559	158,351
Net assets	151,426	153,949	156,972	158,967

Source: Royal Wolf interim and annual company reports

We note the following in regard to Royal Wolf's financial position:

- inventories include all containers that are to be sold or leased through the sales channel. Shipping containers that have been procured by Royal Wolf are recorded as inventory and remain there until they are sold or leased, at which time they are identified as containers for hire and depreciated if leased
- as at 31 December 2016, \$208.8 million of containers were held for lease at cost. We note that the containers for hire fleet was independently valued at \$239.6 million as at 31 December 2016. The balance of \$208.8 million includes the book value of the idle portable camp fleet of \$20.3 million as at 31 December 2016
- Royal Wolf uses derivative financial instruments in the normal course of business to hedge exposure to fluctuations in interest and foreign exchange rates. As at 31 March 2017 Royal Wolf had interest rate swap contracts in place for an aggregate notional value of \$90.0 million, of which \$50.0 million expired at 30 June 2017. Royal Wolf uses forward exchange contracts to purchase US dollars to hedge against fluctuations in foreign exchange rates when making major container purchases from China, which are denominated in US dollars
- during FY16 Royal Wolf disposed of two properties owned in New Zealand, the proceeds of which were used to reduce net debt. The company no longer owns any land and instead leases the properties used for its CSC network, with its PPE consisting of plant and equipment only. As at 30 June 2016 Royal Wolf had \$32.2 million in operating lease commitments

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- portable containers for lease are recognised in the containers for hire fleet and are depreciated over their useful life (based on product segment). As at 31 December 2016 Royal Wolf had \$20.0 million in deferred tax liabilities mainly relating to temporary differences resulting from the tax depreciation of the hire fleet
- as at 31 March 2017 Royal Wolf had a total of \$106.4 million in net debt². Royal Wolf is currently going through a period of consolidation with a focus on reducing overall debt and increasing cash flow. In the nine months ended 31 March 2017, Royal Wolf reduced net debt by \$5.5 million through disciplined cost control and reduced container fleet expenditure. Royal Wolf expects net debt as at 30 June 2017 to be approximately \$100 million. Further details and discussion on Royal Wolf's debt is provided in Section 2.8
- we note that the proposed special dividend will utilise approximately 70% of existing franking credits, with approximately \$0.5 million remaining.

2.8 Capital structure and ownership

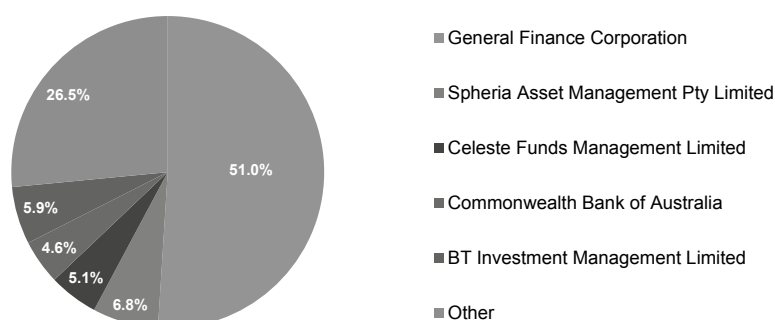
As at 12 July 2017, Royal Wolf had 100,387,052 fully paid ordinary shares on issue.

Royal Wolf offers performance rights to its executive management team. Upon vesting of these performance rights ordinary shares are generally acquired on market to be granted to employees, hence any vesting of performance rights does not generally have a dilutive effect on other shareholders.

GFN, through a wholly owned subsidiary, holds a controlling stake in Royal Wolf with a total interest of 51% of ordinary shares. Since the listing of Royal Wolf on the ASX, GFN has retained its majority shareholding. GFN is listed on NASDAQ and provides portable service solutions including mobile storage, liquid containment and modular space solutions. GFN currently has three non-executive directors on the board of Royal Wolf, including Ronald Valenta (Chairman of GFN), Jody Miller (CEO of GFN) and Manuel Marrero (Director of GFN).

The six largest shareholders hold a combined interest of approximately 75% of Royal Wolf's ordinary shares on issue, as presented in the figure below.

Figure 11: Royal Wolf major shareholders



Source: Royal Wolf share register, ASX announcements

Note:

- As at 18 July 2017.
- GFN holds its interest in Royal Wolf through a wholly owned subsidiary.

² Net debt has been calculated as total interest bearing liabilities less cash and cash equivalents.

Appendix A

INDEPENDENT EXPERT'S REPORT

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As at 31 December 2016, Royal Wolf held approximately \$115.5 million in interest bearing liabilities which have been financed through two debt facilities with Australia New Zealand Banking Group (ANZ) and Commonwealth Bank of Australia (CBA), as shown in the table below.

Table 11: Summary of debt facilities as at 31 December 2016

Lender	Facility limit	Maturity date
ANZ and CBA	Facility A - \$100 million Facility B - \$50 million	31 January 2022 31 July 2019
Total	\$150 million	

Source: Royal Wolf Management

Notes:

1. As at 31 December 2016

In regards to Royal Wolf's debt facilities, we note the following:

- as at 30 June 2016, Royal Wolf's variable interest rate on its bank loans was 3.71%. The company has a policy to partially protect its bank loans from interest rate fluctuations, with 50% of the variable loan principal hedged using interest rate swap contracts at a fixed rate of 3.98% in FY16
- as at 31 December 2016, Royal Wolf had \$34.5 million of undrawn debt within its combined facility limits. In December 2016, Royal Wolf refinanced its Facility A with ANZ and CBA, extending its maturity to 31 January 2022 for \$100 million (previously \$125 million). Facility B is due for repayment on 31 July 2019. Royal Wolf has historically had debt facilities with ANZ and has been able to restructure its existing debt prior to maturity
- Royal Wolf is currently meeting the relevant debt covenant requirements. Royal Wolf is currently in a period of consolidation where expenditure on its lease fleet is expected to decline, with surplus operating cash flow used to pay down net debt by \$5.3 million over the past nine months ended 31 March 2017
- as at 31 December 2016 Royal Wolf had a gearing ratio of 3.0 times TTM EBITDA, which is within covenants.



3 Valuation Methodology

Deloitte has assessed the fair market value of Royal Wolf using the capitalisation of earnings method before adding the value of any surplus assets and deducting net debt. In addition, we have considered recent trading of Royal Wolf's shares and ungeared NTA multiples to cross-check the reasonableness of our valuation.

Refer to Appendix B for a detailed discussion on the various valuation methodologies which can be adopted in valuing corporate entities and businesses.

Capitalisation of earnings method

In selecting the capitalisation of earnings methodology to value Royal Wolf, we have considered the following factors:

- Royal Wolf generated substantial earnings growth from its mining camp products over FY12 to FY14 as a result of activity in the energy and resources sectors which has subsequently declined in FY15 and FY16. However, excluding the mining camp products, which are not expected to be a material contributor to Royal Wolf's earnings in the near future, Royal Wolf's earnings have been relatively steady with the company's guidance on earnings and analysts' consensus estimates on earnings being relatively accurate over short forecast timeframes
- we have identified a number of listed equipment leasing companies which we consider to be broadly comparable to Royal Wolf, including several companies involved in the leasing of shipping containers. The trading multiples of these companies can be used to estimate the value of Royal Wolf having regard to the different product mixes and markets in which these companies operate. We have also identified a limited number of transactions (and the implied valuation multiples) involving companies broadly comparable to Royal Wolf in Australia and internationally
- Royal Wolf management have prepared cash flow projections for the company up to FY20. These projections make assumptions about the sources of future growth for the company which cannot be reliably predicted at present. Accordingly, we have concluded that the information available is insufficient to perform a reliable discounted cash flow valuation
- Royal Wolf does not have a finite lifespan nor is it required to undertake significant capital expenditure in the near future.

Ungeared NTA multiples cross-check

In selecting ungeared NTA multiples to provide additional evidence as to the fair market value of Royal Wolf, we have considered the following:

- the fair market value of a rental business is directly linked to the ability of the business to generate returns from its rental fleet which will typically be the most significant asset on its balance sheet. Therefore, the value of a rental business as a multiple of ungeared NTA, which excludes goodwill and other intangibles, provides a relevant benchmark that can be used to assess the value of Royal Wolf
- we note that all the identified comparable companies recognise the rental fleet on their respective balance sheets at cost less accumulated depreciation, as opposed to fair value, which provides consistency between the ungeared NTA multiples of these companies.

Share trading analysis

Royal Wolf shares have been traded on the ASX since June 2011. We have reviewed its recent trading performance to cross-check the reasonableness of our valuation; however, we note that as a result of GFN's shareholding, share trading in Royal Wolf is not highly liquid. In addition, we note that Royal Wolf security trading only provides evidence of the market value of a minority interest in the Company and it therefore excludes a premium for control.

Appendix A

INDEPENDENT EXPERT'S REPORT

Deloitte.

4 Valuation of Royal Wolf Holdings

Deloitte Corporate Finance has estimated the current fair market value of the equity in Royal Wolf (on a control basis) to be in the range of \$170 million to \$191 million. This implies a value per share of \$1.69 to \$1.89 on a control basis.

Details of our analysis are set out below.

4.1 Capitalisation of earnings

Our valuation of Royal Wolf using the capitalisation of earnings method is set out in the table below.

Table 12: Valuation summary

	Section	Unit	Low	High
Adjusted FY17 EBITDA	4.1.1	\$ million	35.0	35.0
EBITDA multiple	4.1.2	times	7.5x	8.0x
Enterprise value		\$ million	262.5	280.0
Net debt	4.1.3	\$ million	(100.0)	(100.0)
Surplus Assets				
Mining camp fleet	4.1.4	\$ million	7.9	10.6
Equity value		\$ million	170.4	190.6
Number of shares adjusted for notional dilution	4.1.5	million	101.0	101.0
Fair market value of a share		\$	1.69	1.89

Source: Deloitte Corporate Finance analysis

Note:

1. Figures presented are subject to rounding

4.1.1 Forecast earnings

We have selected an adjusted FY17 EBITDA of \$35.0 million for the purpose of our analysis. We have also separately referred to an adjusted FY18 EBITDA range of \$38.8 million to \$39.8 million for valuation cross-check purposes.

In selecting EBITDA as an appropriate measure of earnings, we have considered that whilst Royal Wolf and comparable companies are capital intensive businesses, earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies, than other broadly used measures of earnings such as EBIT or NPAT. This allows for a better comparison with earnings multiples of other companies.

In selecting an appropriate level of EBITDA for FY17 and FY18, we have considered a range of factors including historical performance (especially over the three preceding financial years), budget accuracy, broker consensus and discussions with management about the future prospects of the business.

On 11 May 2017, in the company update for the quarter ended 31 March 2017, Royal Wolf announced FY17 EBITDA guidance to be roughly in line with the prior year result (FY16 EBITDA was \$37.4 million) and noted the following factors would have an impact on FY17 EBITDA:

- a \$2.6 million increase in lease revenues, largely attributed to revenue in the building and construction market, which has grown 27.0% from the prior year, driven by new worksite stackable solutions
- YTD utilisation of 80.5% (compared to 80.3% in the prior year), despite the mining camp fleet being largely idle
- a \$15.4 million reduction in sales revenues as a result of several large low margin sales in the freight sector in the previous year.

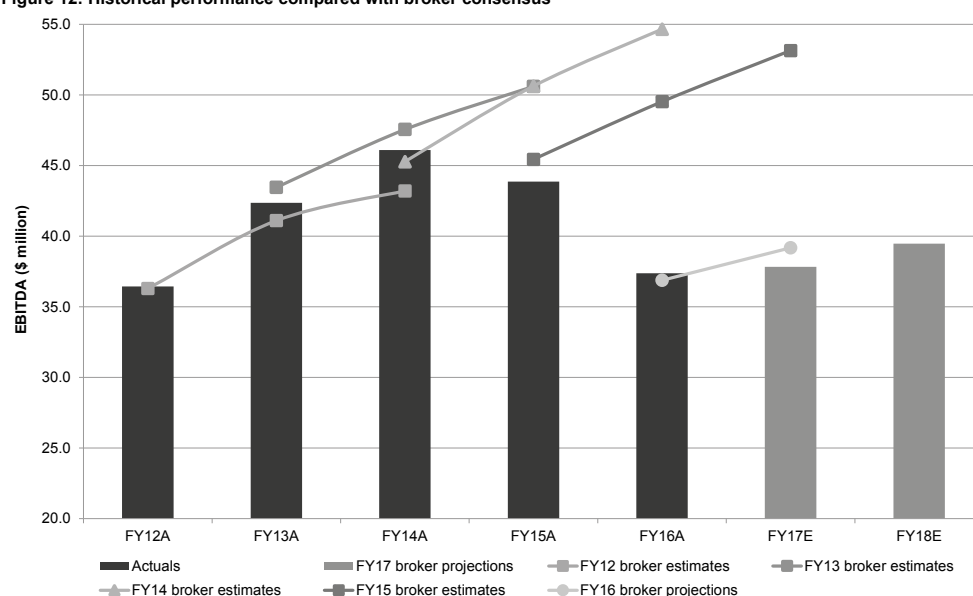
As set out in the Target's Statement (Section 4.4.2), management's latest expectation is that FY17 EBITDA will be approximately \$36.4 million (management also expect the NPAT for FY17 to be \$6.2 million). We understand that the FY17 guidance is not impacted by any substantial expenses relating to the Takeover Offer.

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Broker consensus indicate a FY17 EBITDA forecast of \$37.8 million. However, this is based on four broker reports dated February 2017 to July 2017. Since then, one of the four brokers has ceased coverage. The latest consensus estimate excluding this broker, is for EBITDA of \$37.1 million for FY17. The broker consensus for FY18 ranges from \$38.0 million to \$39 million, with an average of \$38.6 million.

Historically, the earnings achieved by Royal Wolf have been in line with earnings guidance issued by the Company, including the initial earnings projections set out in the IPO Prospectus, and with current year broker projections. The following figure shows the actual EBITDA achieved by the Company, compared with previous earnings guidance and broker projections (approximately at the beginning or in the middle of the relevant financial year), along with the average broker projections for FY17 and FY18.

Figure 12: Historical performance compared with broker consensus



Source: Deloitte Corporate Finance analysis

While Royal Wolf's actual earnings have generally been in line with broker projections for the current financial year, the Company has substantially underperformed brokers' consensus made in FY14 and FY15 for the following financial years, as activity in the energy and resources sectors declined, with a flow-on impact on Royal Wolf's earnings. Further, the latest company guidance on FY17 EBITDA is below broker estimates for the corresponding period. In general, broker consensus estimates have been accurate or optimistic.

Appendix A

INDEPENDENT EXPERT'S REPORT

Deloitte.

The following table sets out the historical financial performance, FY17 earnings guidance and broker projections of future earnings for Royal Wolf, including normalisation adjustments we consider appropriate.

Table 13: Historical performance, Royal Wolf guidance and broker consensus

(\$ millions)	Actual FY14	Actual FY15	Actual FY16	Guidance FY17	Broker analysis FY18
EBITDA	46.1	43.9	37.4	36.4	38.0-39.0²
<i>EBITDA growth</i>	8.8%	(4.8%)	(14.5%)	0.0%	6.1%
Adjustments					
ASX listing expenses	0.8	0.8	0.8	0.8	0.8
Mining camp earnings	(7.9)	(6.3)	(4.0)	n/a	n/a
Titan administration payments	0.0	0.0	(2.5)	(2.8)	0.0
Restructuring costs (one-off)	0.0	0.0	1.0	0.0	0.0
Total	(7.1)	(5.5)	(4.7)	(2.0)	0.8
Adjusted EBITDA	39.0	38.4	32.7	34.4	38.8-39.8
<i>Adjusted EBITDA growth</i>	2.9%	(1.5%)	(14.8%)	5.2%	12.8%-15.7%

Source: Deloitte Corporate Finance analysis, Broker reports (May 2017 to July 2017), Royal Wolf interim and annual reports

Note:

1. Guidance per Section 4.4.2 of the Target's Statement
2. Range million is based on the range of broker forecasts for FY18 excluding the broker which ceased coverage. The broker consensus forecast for FY18 is \$38.6 million.

We have made the following adjustments to the historical and projected financial performance of Royal Wolf:

- **ASX listing expenses:** as noted in the Bidder's Statement, GFN's intention is to delist Royal Wolf from the ASX. As a result, Royal Wolf would no longer incur ASX listing and associated compliance expenses. We have added back current annual expenses associated with the ASX listing, including listing fees, directors fees and other associated costs, as estimated by Royal Wolf management, to account for the cost savings which we expect would be realisable by any acquirer of Royal Wolf
- **mining camp earnings:** we have deducted the EBITDA attributable to the mining camp product line for the years up to FY16. The fleet is almost completely idle and management are currently in the process of seeking sale or redeployment opportunities. Accordingly, we have removed the earnings relating to this business. We note that this business has contributed approximately \$0.2 million to FY17 YTD EBITDA. We have not adjusted for this in the FY17 or FY18 EBITDA as a marginal contribution to earnings will be viable in the future
- **Titan receivership payments:** the FY17 result includes \$2.8 million which has been received as the full and final payment from the Titan administrators. Given that this is a one-off payment, we have removed it from the FY17 earnings. We note Royal Wolf did not write down its receivables owing from Titan after it went into administration, due to its position as a first ranking secured creditor
- **restructuring costs:** the FY16 result included approximately \$1.0 million in redundancy activities and CEO severance costs. Given these are one-off expenses relating to a strategic restructuring we have removed it from the FY16 earnings. We understand that the FY17 forecast does not include any material costs relating to restructuring activities
- **foreign exchange gains/losses:** we note that the EBITDA presented by Royal Wolf in its ASX disclosures include foreign exchange gains and losses, which are the result of the timing of foreign currency transactions and foreign exchange rate movements (predominantly AUD:USD). In the last four years this has resulted in a foreign exchange losses in the range of \$0.1 million to \$1.1 million³. Whilst we have not specifically adjusted for these losses in the historical performance set out in Table 13, we note that FY17 EBITDA is also likely to be impacted by foreign exchange losses.

Broker consensus estimates, excluding the single broker that has ceased coverage, project FY18 EBITDA to increase by 6.1% to \$38.6 million.

³ Prior to FY15, unrealised gains/(losses) on foreign exchange forward contracts were recognised in the income statement.

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We have reviewed Royal Wolf management's internal forecasts and made enquiries to understand the basis for, and upside and downside risks to, these estimates. We note this information and analysis is commercially sensitive. Future growth will be dependent on Royal Wolf's ability to find new markets for its container solutions. Broker consensus indicates that FY18 EBITDA will experience modest growth, despite the non-recurring nature of the Titan receivership payment in FY17.

Given the greater level of uncertainty associated with FY18 earnings, we have referred to adjusted FY17 EBITDA as the primary basis for our valuation and have cross-checked the results of this analysis having regard to an adjusted FY18 EBITDA.

For the purpose of our analysis we have selected an adjusted FY17 EBITDA of \$35.0 million. Whilst management expectations suggest an adjusted FY17 EBITDA of \$34.4 million, we have also placed a degree of weighting to the adjusted results in the precedent three financial years and have sought to remove the impact of foreign currency exchange movements.

We have cross-checked the reasonableness of our valuation based on adjusted FY18 EBITDA in the range of \$38.8 million to \$39.8 million.

4.1.2 Earnings multiple

We have applied an earnings multiple (on a control basis) in the range of 7.5 times to 8.0 times FY17 adjusted EBITDA for Royal Wolf.

The selection of an earnings multiple range is somewhat subjective and depends, to a large extent, on views of the future growth prospects of the business which, in turn, is a function of the risks and opportunities facing Royal Wolf and management's ability to execute on its future growth plans for the business.

The subjectivity in selecting an earnings multiple for Royal Wolf is exacerbated by the reduction in earnings in FY16 and FY17 as a result of the reduced contribution of the mining camps business to earnings, and the uncertainty surrounding the extent to which the earnings from this segment of the business can be replaced by earnings from new sources. Having regard to the continuing subdued spend in the resources sector, Royal Wolf's diversification away from the resources sector, and the already high market share of Royal Wolf in Australia, we see limited potential for substantial growth in the near future. This is a key factor that has influenced our assessed earnings multiple range. We note that surplus assets that could underpin Royal Wolf's growth have been separately valued (refer to Section 4.1.4).

In identifying relevant market valuation benchmarks for Royal Wolf, we have considered earnings multiples derived from share trading of listed companies with operations broadly comparable to those of Royal Wolf. We have also had regard to the implied multiples paid to acquire companies with operations comparable to those of Royal Wolf, and the multiple implied by Royal Wolf's IPO in 2011.

Earnings multiples derived from share market trading do not typically reflect the fair market value for control of a company as they are based on portfolio holdings in the subject companies. The difference between the fair market value of a controlling interest and a minority interest is referred to as the premium for control.

The owner of a controlling interest has the ability to do many things that the owner of a minority interest does not. These include:

- control the cash flows of the company, such as dividends, capital expenditure and compensation for directors and managers
- determine and change the strategy and policies of the company
- make acquisitions, restructure the business or divest operations
- control the composition of the board of directors.

Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values. Research undertaken by Deloitte Corporate Finance on control premia is set out in Appendix D.

In comparison, the acquisition price achieved in mergers or acquisitions of companies represents the fair market value of a controlling interest in that company. We have valued Royal Wolf on a control basis, therefore we have selected an earnings multiple including a premium for control. For the purpose of this analysis we have therefore disregarded Royal Wolf's current shareholding which has one shareholder, GFN, able to exercise substantial influence, if not control, over the company.

Appendix A

INDEPENDENT EXPERT'S REPORT

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Market trading multiples

Selection of comparable companies

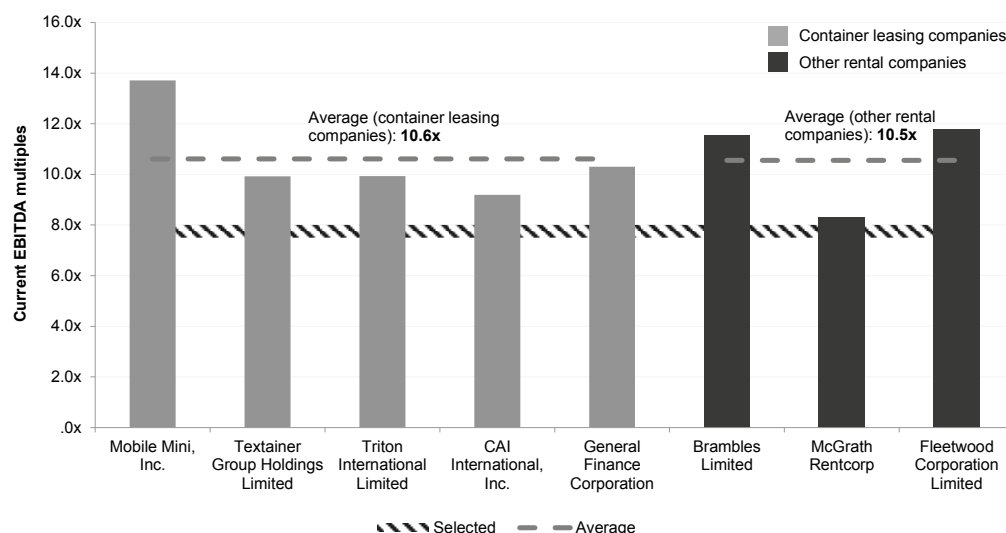
There are no listed companies in Australia that are directly comparable to Royal Wolf. In order to benchmark Royal Wolf's fair market value against relevant listed businesses, we have considered trading multiples for the following:

- **GFN (Royal Wolf's majority shareholder):** in addition to operating a business similar to Royal Wolf in North America, GFN consolidates Royal Wolf's financial performance on a 100% basis. Royal Wolf's earnings comprise a substantial portion (approximately 80% on a 'look-through' basis) of GFN's FY16 earnings
- **international container leasing companies:** we have identified one international container leasing company, Mobile Mini Inc. (**Mobile Mini**) which we consider to be comparable to Royal Wolf, although it is larger and operates in the US, Canada and UK. In addition, we have identified three international container leasing companies which primarily service the global freight industry and we consider to be broadly comparable to Royal Wolf
- **other rental companies:** we have considered other companies that provide broader rental services in Australia and internationally. The operations of these companies include the sale and/or leasing of other product offerings. While some of these companies face similar opportunities and risks to Royal Wolf, the nature of the products has a different impact on both the profitability and return on capital of these companies.

Current EBITDA multiples

For detailed analysis of the selected comparable companies refer to Appendix E. Current EBITDA multiples (assuming a notional control premium to the recent share trading of 30%) implied by share market trading for the selected comparable companies, and our selected multiple range, are summarised in the following figure.

Figure 13: Current EBITDA trading multiples and our selected range



Source: Deloitte Corporate Finance analysis

Note:

1. Multiples include a control premium of 30%.
2. Some of the comparable companies have a different financial year end to Royal Wolf. As a result current forecasts for companies with a 30 June 2017 year end are likely to be more accurate than current forecasts for companies with a 31 December 2017 year end. The year-ends of the comparable companies are set out in Appendix E.

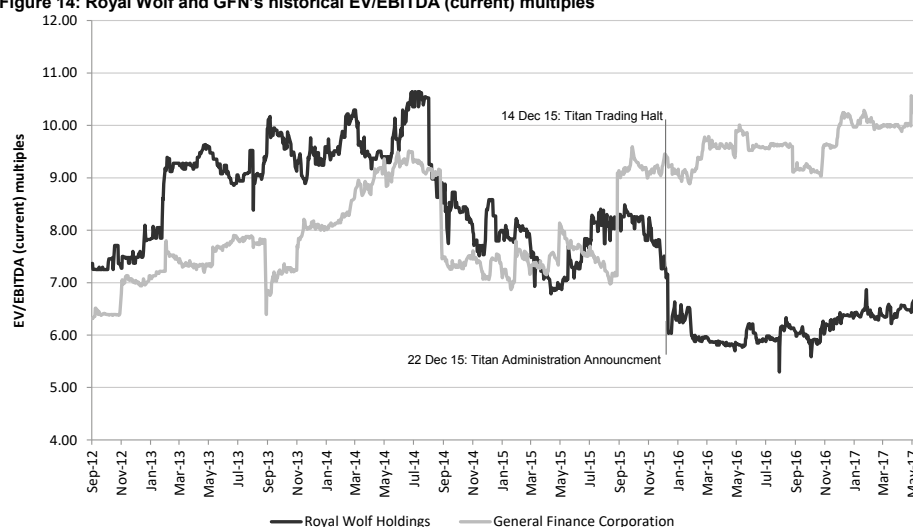
In selecting an earnings multiple for Royal Wolf we have had more regard to container leasing companies than the other rental companies, given that the rental fleets of the container leasing companies and associated returns, are more comparable to those of Royal Wolf. In considering the relevance of the earnings multiples for the container leasing companies to Royal Wolf we note the following:



- larger companies generally trade at higher multiples than smaller companies. Of the container leasing companies, GFN is the smallest yet is more than twice the size of Royal Wolf based on enterprise value. The other comparable companies considered are even larger than Royal Wolf (Triton International Limited (**Triton**) is approximately 40 times the size of Royal Wolf). These companies are also more diversified in terms of geographical spread and product range. Their larger size and access to the US debt markets mean that they are also likely to have better access to debt than Royal Wolf. These companies have relatively high gearing levels compared with Royal Wolf
- we consider GFN to be the most comparable company to Royal Wolf. GFN's interest in Royal Wolf has historically made up approximately one-third of its business⁴, however it contributed 80% of FY16 operating income as two of its other three divisions were loss making. GFN's North American leasing business is broadly comparable to the operations of GFN (although we note that it also offers non-container storage solutions). As shown in the following figure, historically Royal Wolf has typically traded at a higher EBITDA multiple than GFN⁵. However, since September 2015, this trend reversed and, after it was announced that Titan was being placed into administration, GFN has traded at a significantly higher multiple than Royal Wolf. GFN is less exposed to the Australian energy and resources industry than Royal Wolf, which may be a cause of GFN's higher trading multiple. However, it is exposed to the North American oil and gas industry, via its Lone Star Tank Rental Inc. and Southern Frac LLC businesses, which suffered operating losses in FY16 of USD 1.5 million and USD 9.5 million, respectively, as a result of declining demand in the oil and gas industry. GFN's other business unit, Pac Van, which provides a range of storage products (including container solutions), has grown revenue at a CAGR of 23.3% since FY13 and now contributes a larger portion of EBITDA than Royal Wolf. It is arguable that the multiple implied by share trading in GFN reflects the strength of this business unit.

GFN has limited free float in its share trading, with its top three shareholders holding approximately 38% of outstanding shares. In addition, similar to Royal Wolf, only 13.4% of total shares outstanding were traded over the past twelve months.

Figure 14: Royal Wolf and GFN's historical EV/EBITDA (current) multiples



⁴ In the year ended 30 June 2016, Royal Wolf represented 89% of GFN's operating income on a consolidated basis, and approximately 80% on an attributable interest basis.

⁵ We note that GFN's forecast FY17 consensus earnings comprise three equity research analysts' forecasts.

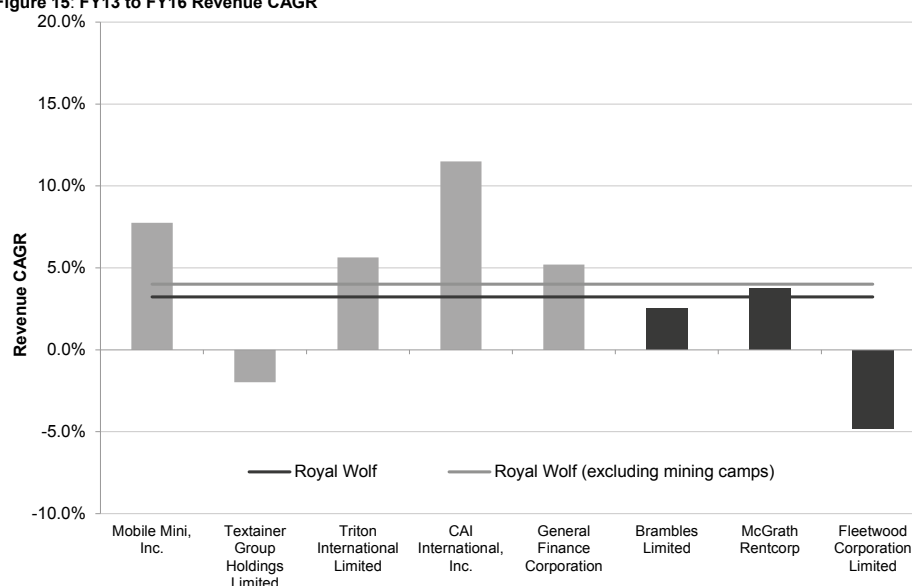
Appendix A

INDEPENDENT EXPERT'S REPORT

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- all other things being equal, companies with higher growth prospects should attract higher multiples. The revenue growth of the selected comparable companies over the period FY13 to FY16, compared with that of Royal Wolf, is illustrated in the following figure.

Figure 15: FY13 to FY16 Revenue CAGR



Source: Deloitte Corporate Finance analysis

Note:

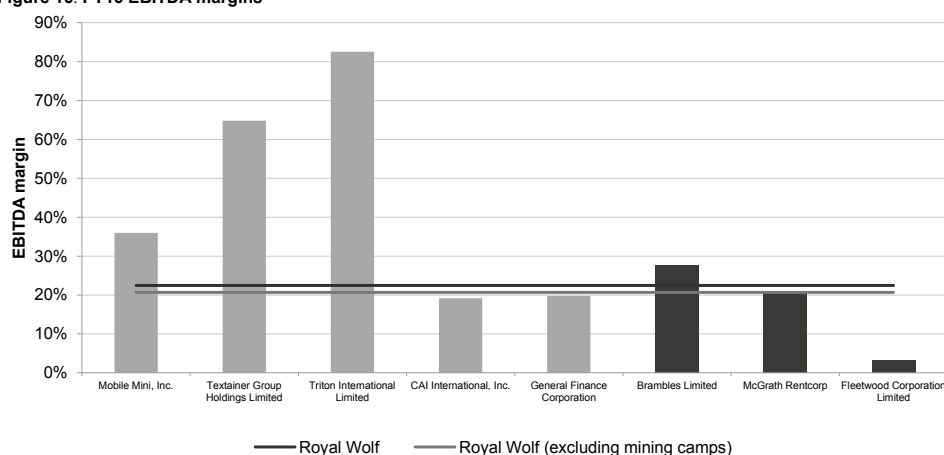
1. We have adjusted Royal Wolf's revenue CAGR to exclude leasing revenue related to its mining camp products.

Our analysis of revenue growth rates suggests that the earnings multiple for Royal Wolf should be lower than the average of the container leasing companies, given the lower historical revenue growth rates experienced. Royal Wolf's recent revenue growth, adjusted for mining camp related revenue is the lowest out of the container leasing companies with the exception of Textainer Group Holdings Limited (**Textainer**). While Royal Wolf's growth profile is only slightly lower than GFN, this does not reflect the significant growth generated by GFN's Pac Van business as noted above

- EBITDA margins for rental companies are largely linked to the proportion of leasing revenue compared to sales and other services revenue. Rental income can be considered of a 'higher quality' given the recurring nature of the business compared to the more volatile sales part of the business. Royal Wolf's EBITDA margin is in line with that of GFN, but below that of Mobile Mini, Textainer and Triton, as set out in the Figure overleaf.

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Figure 16: FY16 EBITDA margins



Source: Deloitte Corporate Finance analysis

Note:

1. We have adjusted Royal Wolf's EBITDA margin to exclude both leasing revenue and EBITDA related to its mining camp products.

The risk profiles of Textainer, Triton and CAI International Inc. (CAI) are likely to be lower than that of GFN, Mobile Mini and Royal Wolf. Textainer, Triton and CAI primarily service the global freight industry. These companies tend to be almost entirely focused on leasing (with the exception of CAI⁶), as opposed to sales, with long-term leases of between three to four years and utilisation in excess of 90%. While this de-risks the business, we note that due to the bargaining power of the global freight companies, the decision to lease or buy is largely dependent on prevailing steel prices at the time of the contract renewals resulting in lower returns on capital.

Mobile Mini, one of the market leaders in container leasing in the US, provides very similar product offerings to Royal Wolf. However, it is on a substantially higher growth trajectory compared with Royal Wolf. In addition, Mobile Mini only has a 2% exposure to the oil and gas industry. Mobile Mini trades at a significant premium to the other container leasing companies.

- we consider the other rental companies to be less comparable to Royal Wolf. In considering the relevance of the earnings multiples for these companies to Royal Wolf we note the following:
 - like Royal Wolf, Fleetwood has been affected by a decline in earnings from the energy and resources sectors. However it has shifted to targeting the education and government sectors with its modular accommodation solutions. Over the last 12 months it has improved revenues and margins, partially driven by its modular accommodation segment, and has reduced its debt significantly. The share price has increased by 43% over the last twelve months increasing its current multiple to 11.8 times. Fleetwood also manufactures recreational vehicles (RV), for which the sales and related parts and accessories business contributed approximately 40% of FY16 revenue. Fleetwood's observed multiple reflects the performance of its RV business in addition to its modular accommodation business
 - while we have had less regard to the multiples for these companies, they provide directional support for our selected EBITDA multiple for Royal Wolf.

As a result of the factors set out above, and the uncertainty around Royal Wolf's growth prospects, we consider it reasonable for Royal Wolf to be valued at lower multiples than those observed for the container leasing companies.

⁶ In addition to container leasing, CAI also provides rail equipment leasing and logistics services.

Appendix A

INDEPENDENT EXPERT'S REPORT

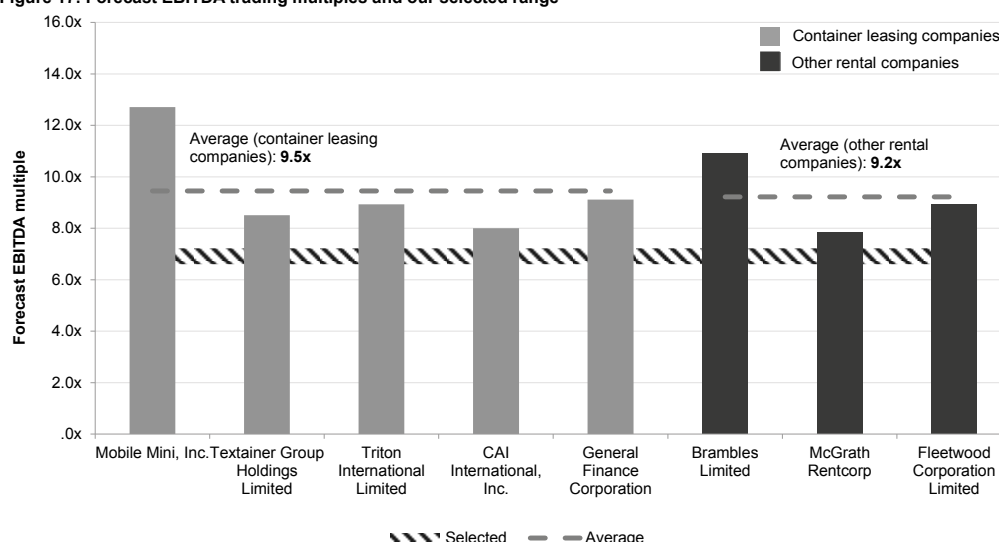
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Forecast EBITDA multiples

While our valuation of Royal Wolf has been based on adjusted FY17 EBITDA, we have also had regard to the implied forecast multiple based on the adjusted FY18 EBITDA range presented in Table 13.

Forecast EBITDA multiples (on a notional control basis⁷) implied by share market trading for comparable companies, and the forecast multiple range implied by our valuation of Royal Wolf (6.6 times to 7.2 times) are summarised in the following figure.

Figure 17: Forecast EBITDA trading multiples and our selected range



Source: Deloitte Corporate Finance analysis

Note:

1. Multiples reflect control premium of 30%.

The forecast EBITDA multiples highlight the differences in growth profiles between the comparable companies and Royal Wolf. In particular, we note that despite poor historical performance, Fleetwood's current multiple is driven by expectations of forward looking growth, with forecast EBITDA growth of 32%. The average forecast growth of the container leasing companies is approximately 12.7%, which is greater than broker consensus forecast EBITDA growth for Royal Wolf of 6.2%.

We consider that based on similar observations set out in the previous pages, this analysis supports our selected current multiple range.

Royal Wolf's IPO

In addition to the market trading multiples set out above, we have had regard to the EBITDA multiples implied by Royal Wolf's IPO in 2011. The implied current and forward EBITDA multiples implied by Royal Wolf's IPO and forecasts disclosed in the prospectus were 8.3 times and 7.1 times, respectively. We note that approximately 50% of the share capital in Royal Wolf was offered at IPO and, accordingly, it is arguable that these multiples reflect a minority interest.

However, the IPO prospectus stated that the proceeds of the IPO were to be invested in the mining camp product fleet which, at the time, was expected to generate significant growth (forecast EBITDA growth of 17.3%). In contrast, as a result of the reduced contribution of the mining camps business to earnings there has been a reduction in earnings since FY15. Further, there is currently uncertainty surrounding the extent to which the earnings from this segment of the business can be replaced by earnings from new sources.

Having regard to the above, we do not consider our selected valuation range to be unreasonable in the context of the multiples implied by the IPO, given the substantial difference in growth prospects for the business between 2011 and now.

⁷ Comparable trading multiples reflect a notional control premium of 30%.



Merger and acquisition multiples

The acquisition price of a company represents the market value of a controlling interest in that company.

We have compiled merger and acquisition multiples for companies broadly comparable to Royal Wolf. These companies, together with their earnings multiples, are summarised as follows.

Table 14: Selected comparable transaction multiples

Closed date	Target	Buyer	Country of target	Interest acquired	Implied EV (\$ million)	Implied EV / EBITDA ¹
20/01/2015	Cronos Ltd.	Bohai Financial Investment Holding Co.	Bermuda	80%	2,545	10.2x
9/09/2014	Goodpack Limited	KKR & Co. L.P.; KKR Asian Fund II L.P.	Singapore	100%	1,234	14.1x
27/12/2013	SeaCo SRL	Bohai Financial Investment Holding Co.	Barbados	100%	2,954	9.1x
23/04/2013	SeaCube Container Leasing Ltd.	Ontario Teachers' Pension Plan	US	100%	1,786	6.2x
1/08/2007	Cronos Ltd.	Fortis Private Equity	Bermuda	100%	134	5.8x
16/02/2007	CAI International Inc.	DBJ Value Up Fund	US	15%	280	8.4x
Average						9.0x

Source: CapitalIQ, MergerMarket, Company announcements and Deloitte Corporate Finance analysis

Note:

1. EV/EBITDA multiples reflect historical EBITDA.

Additional information regarding the comparable transactions is provided at Appendix F.

We note the following in respect of the earnings multiples implied by mergers and acquisitions involving broadly comparable companies:

- the target companies, with the exception of Cronos Ltd (2007) and CAI, were significantly larger than Royal Wolf. In general, larger companies will transact at higher earnings multiples; accordingly we would expect these larger companies to transact at higher multiples
- excluding the transaction in CAI, the transactions considered above involved the acquisition of a majority interest in the target company, and the implied EBITDA multiples therefore incorporate a premium for control.

We consider that this analysis provides directional support for our selected earnings multiple range.

4.1.3 Net debt

The net debt position of Royal Wolf as at 30 June 2017⁸ is expected to be \$100 million. We understand that hedging liabilities as at 30 June 2017 should not materially impact this balance.

The forecast net debt balance reflects a decrease of \$6.4 million from 31 March 2017, the latest publicly reported net debt position of Royal Wolf. The decline in net debt is in line with the Company's current strategy to reduce net debt as current demand and the available fleet do not require substantial capital spend. Management do not expect any substantial transactions to impact the forecast net debt in the short term subsequent to 30 June 2017. Since we have assessed the fairness of the Takeover Offer on a 'cum-dividend' basis, we have not adjusted the net debt balance for the Special Dividend amount of \$2.7 million.

4.1.4 Surplus assets

Royal Wolf owns mining camp fleet assets which are currently idle and are held on the balance sheet at circa \$18.2 million. We understand that the company plans to redeploy or sell the vast majority of the remaining idle leasing fleet.

⁸ We note that on 1 July 2017, Royal Wolf settled Robert Allan's performance rights which vested on the same date, using shares held in an Employee Share Trust. Therefore this transaction did not impact the net debt balance.

Appendix A

INDEPENDENT EXPERT'S REPORT

Deloitte.

Since this asset did not materially contribute to Royal Wolf EBITDA in FY17, we have considered whether a separate value should be ascribed to it from our estimate of value of the core business. In forming a view on this matter we have considered the following:

- to a certain extent, while this asset is not directly contributing to earnings, it is likely that the selected comparable entities are subject to similar fleet dynamics (i.e. holding idle or slow moving product lines). Further, we note that Royal Wolf has managed to maintain its target utilisation range, albeit at the low end, despite holding the mining camp fleet on its balance sheet. Accordingly it could be argued that the business will always hold a degree of spare capacity and, therefore, the ability to redeploy or sell the idle mining camp fleet is part of Royal Wolf's ongoing business
- however, due to the substantial size of this balance and the fact that management expects future sales to be at cost, a value could be ascribed to it separately from the core operations. On the other hand, we note that Royal Wolf has made very limited progress in selling the mining camp fleet assets in FY17 and, following Titan entering voluntary administration, there is likely to be a surplus supply of mining camp products available for sale in the domestic market.

Having regard to the above and also considering the limited growth options embedded in our selected earnings multiple (refer to section 4.1.2), we have estimated a separate value for the idle mining camp fleet asset ranging from \$7.9 million to \$10.6 million as set out below. The range has been estimated based on a discounted cash flow approach assuming circa 75% of the fleet will be sold over one to three years at cost. It reflects an additional one to three years of depreciation with the estimated proceeds discounted to a present value⁹.

Table 15: Valuation of surplus assets

	Low (\$ million)	High (\$ million)
Mining camp fleet	7.9	10.6

Source: Deloitte Corporate Finance analysis

4.1.5 Number of shares outstanding

As noted in Section 2.8, as at 12 July 2016, Royal Wolf had 100,387,052 fully paid ordinary shares on issue. In addition we note that the following performance rights had been granted to key management personnel:

- **Long term incentive performance rights issued in 2015 and 2016 (1,086,100 rights outstanding):** Performance rights are measured over a three year period with a 50% tranche relating to total shareholder return compared with Industrial companies in the ASX 200-300 bracket and a 50% tranche relating to EBITDA/Average Total Tangible Assets (ATTA) targets set by the Board (with a minimum threshold EBITDA/ATTA of 15%). 50% of the performance rights will vest if the threshold targets are met, and 100% vests if the stretch targets are met, with a pro-rata straight line vesting between 50% to 100%
- **Long term incentive performance rights issued in 2017 (783,000 rights outstanding):** Performance rights are measured over a three year period relating to an EPS growth performance measure
- **Special incentive performance rights (35,370 rights outstanding):** Performance rights issued to the ex CEO, Robert Allan, based on continued service with Royal Wolf. The rights are divided into three tranches which vest on 1 July 2016, 2017 and 2018 respectively. While Robert retired with effect from 1 July 2016, he is still entitled to any unvested performance rights.

We note that as a result of a takeover event, the Board has absolute discretion to determine what proportion, if any, of performance rights will vest. Based on discussions with independent directors of the Board, we understand that the long-term incentive performance rights will lapse if the transaction proceeds as the performance conditions have not been met with the exception of Robert Allan's long term performance rights (547,000). In addition 35,370 special incentive performance rights are expected to vest, as these are determined based on tenure as opposed to performance. We understand that GFN has offered to replace the performance rights expected to lapse with a similar scheme in GFN.

We note that Robert Allan's performance rights will be settled in cash. However, due to the cash outflow relating to these performance rights, the impact for existing shareholders is equivalent to a dilution equal to the total number of performance rights vested for nil consideration.

⁹ We have discounted the sale proceeds at a discount rate of 10% over one to three years.

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The table below summarises the notional dilution of total shares outstanding based on only the special incentive performance rights vesting.

Table 16

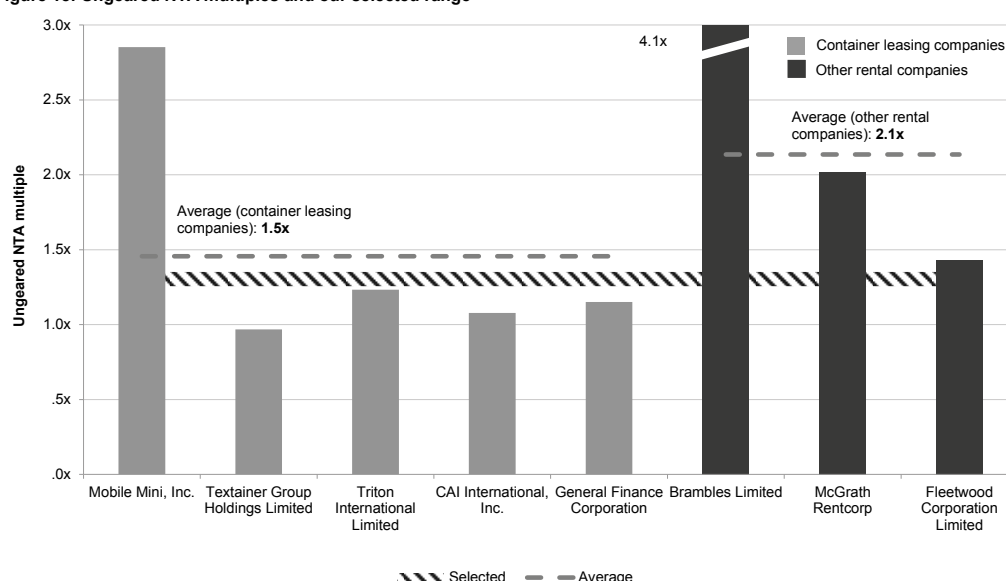
	No.
Total Shares outstanding	100,387,052
Special incentive performance rights which will vest	582,370
Total shares outstanding after notional dilution	100,969,422

Source: Royal Wolf, Deloitte Corporate Finance Analysis

4.1.6 Valuation cross-check: Ungear NTA multiples

We have considered the ungeared NTA multiples implied by share trading in comparable companies to provide additional evidence of the fair market value of Royal Wolf. As previously mentioned, multiples derived from share market trading do not reflect a premium for control, and accordingly, for the purpose of our analysis, we have adjusted the multiples set out below to reflect a notional control premium of 30%. The ungeared NTA multiples implied by our valuation range and the ungeared NTA multiples implied by share trading in comparable companies are set out in the following figure.

Figure 18: Ungear NTA multiples and our selected range



Source: Deloitte Corporate Finance analysis

Note:

1. Multiples reflect control premium of 30%.
2. The ungeared NTA multiple implied by our valuation is calculated as our selected enterprise value divided by NTA (net assets, excluding intangible assets, plus net debt as at the Valuation Date).

The multiple implied by our selected enterprise value is 1.3 times to 1.4 times. We do not consider the ungeared NTA multiples implied by our selected enterprise value range to be unreasonable, given Royal Wolf's leading market position in Australia and its ability to generate returns from its lease fleet and maintain high levels of utilisation.

As noted above, Mobile Mini has achieved higher revenue growth at greater margins than Royal Wolf. Royal Wolf's relative value is limited to the extent that Mobile Mini has stronger growth prospects, and therefore greater opportunity to continue to reinvest capital.

Based on the above, we consider the ungeared NTA multiples provide support for our valuation range.

Appendix A

INDEPENDENT EXPERT'S REPORT

Deloitte.

4.1.7 Analysis of recent share trading

In order to assess the reasonableness of our estimate of the fair market value of a Royal Wolf share, we have also compared our assessed fair market value to recent trading in Royal Wolf shares.

The market can be expected to provide an objective assessment of the fair market value of a listed entity, where the market is well informed and liquid. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's securities (on a minority basis). We note the following in relation to Royal Wolf's share trading:

- the share price has declined significantly following the announcement that Titan, one of Royal Wolf's key customers in the portable camps segment, had been placed into voluntary administration and has not recovered
- Royal Wolf's trading volumes have been limited by GFN's 51% shareholding with approximately 18% of shares outstanding traded over the past twelve months. In general, the lower the liquidity, the less reflective trading is of the underlying value of the security.

We have presented our selected valuation range per share together with recent share trading and broker target prices in the figure below:

Figure 19: Recent share trading in Royal Wolf compared with our selected value



Source: CapitalIQ, Deloitte Corporate Finance Analysis

Note:

- Brokers 1 to 3 reflect the broker target price estimates for Royal Wolf, based on the most recent reports issued prior to the Announcement Date, between February and May 2017. We note that subsequent to the Announcement Date, two of the three brokers have updated their share price targets.

Our selected valuation range implies a premium of approximately 28% to 43% to Royal Wolf's volume weighted average share price over the past three months preceding the Announcement Date. Such a premium is not inconsistent with control premiums typically observed in takeovers of publicly listed entities (refer to Appendix D). Given Royal Wolf's shareholding, we consider it unlikely that the share trading price of Royal Wolf before the Announcement Date incorporates any premium for control in anticipation of the Takeover Offer. Accordingly, the price implied by our valuation can be ascribed to a premium for control. While it is not clear whether the brokers covering Royal Wolf are specifically factoring in a discount for a minority holding or limited free float, our selected valuation range may suggest Deloitte has a more optimistic view on the value of Royal Wolf than the brokers.

On balance we consider this analysis to be supportive of our valuation conclusion.



Appendix A: Context to the Report

Individual circumstances

We have evaluated the Takeover Offer for Shareholders and have not considered the effect of the Takeover Offer on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Takeover Offer from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Takeover Offer is fair and reasonable. If in doubt, investors should consult an independent adviser who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

The report has been prepared at the request of the Independent Directors of Royal Wolf and is to be included in the Target's Statement to be given to Shareholders for their consideration of the Takeover Offer in accordance with Section 640. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Target's Statement in their assessment of the Takeover Offer outlined in this report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and Royal Wolf, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Takeover Offer. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Takeover Offer is fair and reasonable in relation to Section 640. Deloitte Corporate Finance consents to this report being included in the Target's Statement.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Royal Wolf and its officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Royal Wolf management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Royal Wolf and its officers, employees, agents or advisors, Royal Wolf has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Royal Wolf may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by Royal Wolf and its officers, employees, agents or advisors or the failure by Royal Wolf and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Takeover Offer.

To the extent that this report refers to prospective financial information, we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of Royal Wolf personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board (AUASB) or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for Royal Wolf included in this report has been prepared on a reasonable basis in accordance with RG 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of Royal Wolf referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Michele Picciotta, Authorised Representative, AR Number 462446, B.Com (Hons) and Stephen Reid, Authorised Representative, AR Number 461011, MAppFin (Secinst), BEc (Macquarie), CA, F.Fin. Each has

Appendix A

INDEPENDENT EXPERT'S REPORT

Deloitte.

many years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- Royal Wolf proposes to issue a disclosure document in respect of the Takeover Offer for Royal Wolf and the Shareholders (the **Target's Statement**)
- the Target's Statement will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Target's Statement (**draft Target's Statement**) for review
- it is named in the Target's Statement as the 'independent expert' and the Target's Statement includes its independent expert's report in Appendix A of the Target's Statement.

On the basis that the Target's Statement is consistent in all material respects with the draft Target's Statement received, Deloitte Corporate Finance Pty Limited consents to it being named in the Target's Statement in the form and context in which it is so named, to the inclusion of its independent expert's report in Appendix A of the Target's Statement and to all references to its independent expert's report in the form and context in which they are included, whether the Target's Statement is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Target's Statement and takes no responsibility for any part of the Target's Statement, other than any references to its name and the independent expert's report as included in Appendix A.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- Target's Statement and Bidder's Statement issued on 19 July 2017
- audited financial statements for Royal Wolf for the years ending 30 June 2014, 30 June 2015 and 30 June 2016
- unaudited financial information for the half year ended 31 December 2017 and the three quarters ended 31 March 2017
- annual reports for Royal Wolf for the year ending 30 June 2014, 30 June 2015 and 30 June 2016
- management forecasts, budgets and strategic presentations
- annual reports for comparable companies
- company websites for Royal Wolf and comparable companies
- publicly available information on comparable companies and market transactions published by ASIC, Thompson research, Capital IQ, and Mergermarket
- IBIS company and industry reports
- other publicly available information, media releases and brokers reports on Royal Wolf, comparable companies and the container leasing industry.

In addition, we have had discussions and correspondence with certain directors and executives, including Neil Littlewood, Chief Executive Officer and Greg Baker, Chief Financial Officer in relation to the above information and to current operations and prospects.



Appendix B: Valuation methodologies

To estimate the fair market value of a share in Royal Wolf we have considered common market practice and the valuation methodologies recommended by RG 111, which provides guidance in respect of the content of independent expert's reports. These are discussed below.

Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company's recent share trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable.

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting a company's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Asset based methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies

Appendix A

INDEPENDENT EXPERT'S REPORT

Deloitte.

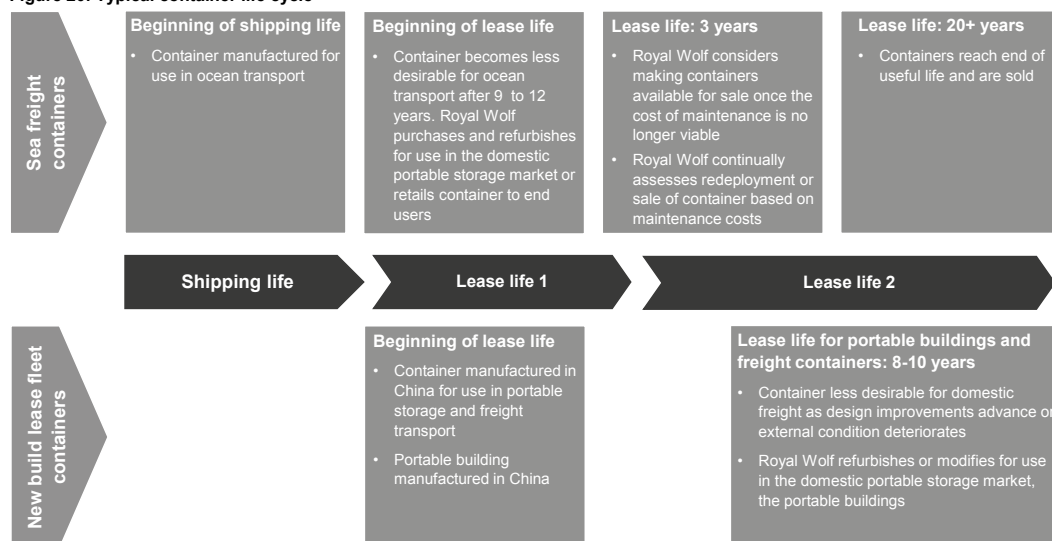
Appendix C: Industry overview

Introduction

Royal Wolf's container leasing fleet comprises retired shipping containers that have been refurbished, as well as new purpose-built containers from China.

Shipping containers are built with corrugated steel walls and minimal moving parts, to withstand the physical demands of ocean transport. They are extremely durable and are able to stack up to seven stories high (full of goods) in transit. As a result, they have a long useful life with minimal required maintenance. However, as shown in Figure 20, after approximately nine to twelve years the containers are no longer desirable for ocean transport. At this point, shipping companies typically dispose of containers in the second hand market, often at favourable prices given that it is cheaper for shipping companies to dispose of empty containers once goods are delivered to Australia, rather than shipping them back to their initial destination empty. The useful life of sea freight containers can be extended by using them in non-shipping applications.

Figure 20: Typical container life cycle



Source: Royal Wolf IPO prospectus (2011)

Royal Wolf provides portable container solutions in three product segments: portable storage, freight and portable buildings. In the following two sections we separately comment on the Australian container leasing industry (for both portable storage and freight end demand) and the broader Australian pre-fabricated metal building industry, within which Royal Wolf's portable buildings segment operates.

We have focused on the Australian industry as Royal Wolf generates the majority of its revenue in Australia (84% in FY16).

Container leasing industry (portable storage and freight) in Australia

Overview

The container leasing industry involves the leasing of standardised intermodal containers for freight and portable storage applications. Intermodal containers are internationally standardised shipping containers built for intermodal transport, which allows them to be used across different modes of transport including ship, rail and road. Industry participants also sell intermodal containers, however the leasing business is a substantially higher margin operating model. Royal Wolf primarily leases containers for portable storage purposes, comprising approximately 64% of total revenue in FY16. Royal Wolf also leases containers used for road and rail freight, comprising approximately 20% of total revenue in FY16.

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Today, IBIS World¹⁰ report estimates the size of the container leasing industry in Australia to be approximately \$217 million¹¹, which is largely dominated by portable storage, contributing approximately 73% of total revenue. Demand from the freight industry, which contributes approximately 27% of total revenue, has declined over recent years due to the dominance of foreign shipping firms and the ability of larger customers to buy containers outright. Due to freight customers' bargaining power, this is typically a lower margin business.

As the industry has grown in Australia, suppliers in the industry have progressed to target the portable storage market directly, with containers designed and built specifically for storage purposes. This includes many containers being built to Australian standards, with some containers designed slightly wider to accommodate two Australian standard pallets side-by-side in a container. One of the main benefits of containers, compared to other portable storage solutions, is the ability to transport the containers by ship, road and rail, with rail transport being substantially cheaper than road over long distances.

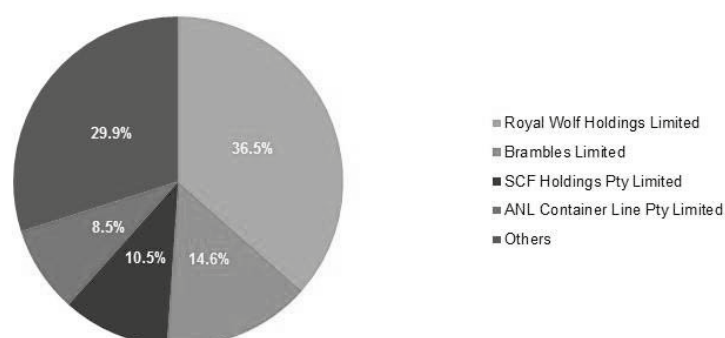
Demand for container leasing comes predominantly from the following end users:

- retailers and manufacturers: storage containers are a secure, sturdy and cheap alternative to permanent warehousing structures. In addition, they allow for the management of temporary peaks in inventory and facilitate distribution by road or rail. Specialised products developed for this industry include dangerous goods containers and liquid storage units in a range of sizes
- energy and resources companies: this includes containers used for storage of machinery, building materials and other general uses. Specialised products developed for this industry include blast resistant containers and accommodation containers
- freight and logistics companies: this includes containers for sea, road, rail and air freight, with customers including the major shipping and logistics companies
- infrastructure and construction companies: this includes containers used for storage of machinery, building materials and other uses on site. Specialised products developed for this industry include container hoardings and gantries and site offices
- general public: this segment is mainly attributed to containers leased via removalist companies which allow individuals as well as commercial and government entities to pack and unpack their belongings at their own pace with the container then delivered to their new house by road or rail.

Competitive landscape

The container leasing industry is dominated by four companies, which are projected to account for approximately 70.1% of industry revenue in FY16, as shown in the following figure.

Figure 21: Major container leasing industry participants



Source: IBISWorld

Note:

1. The proportion of market share is based on revenue from the container leasing segment of each company.

¹⁰ IBISWorld Intermodal Container Leasing in Australia Industry Report – January 2017

¹¹ Includes revenue from leasing only, and excludes sales of containers.

Appendix A

INDEPENDENT EXPERT'S REPORT

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Industry concentration has increased over time as the larger companies have grown through acquisitions of smaller competitors.

Royal Wolf and ANL Containers operate as pure-play container sales and leasing businesses in Australia and New Zealand, while Brambles is more diversified across pallets and crates and in other geographies and SCF Holdings also provides tank containers. Royal Wolf has a significant size advantage with a hire fleet of 42,230 containers as at 30 June 2017, compared to SCF Holdings, its largest competitor by hire fleet, with approximately 13,000 containers.

The remainder of the industry is highly fragmented, with a number of small players operating across regional Australia often with only one location. Due to the costs of transporting containers out to these locations, the pricing across these regions can vary depending on the competition and amount of hire equipment in the area.

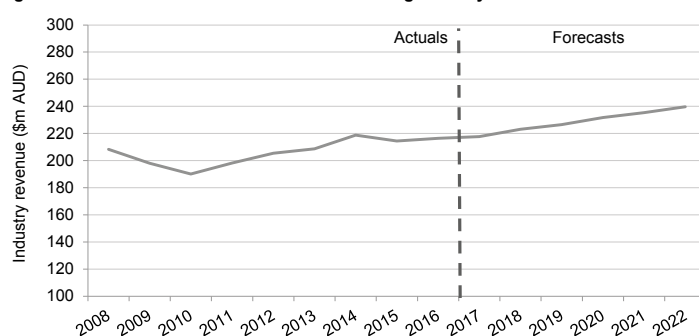
The container leasing industry is capital intensive, which acts as a natural barrier to entry. While individual shipping containers are relatively cheap, a substantial investment is required to accumulate a competitive fleet size for lease. Due to the upfront investment required and the payback period of typically four to five years, it is difficult for new market entrants to build up their fleet size and distribution network to compete with established market participants.

Outlook and growth drivers

The container leasing industry has grown at a CAGR of 1.2% over the past five years. IBISWorld projects limited growth of 0.6% in FY17 due to reduction in demand for containers, and a CAGR of approximately 1.9% from FY17 to FY2022. Container leasing for freight purposes is largely driven by merchandise trade, which creates demand for the transport of goods. The portable storage component of the container leasing industry is influenced by a broader range of factors, including activity levels in the retail, manufacturing, construction and resources sectors. The adoption of containerised solutions for storage purposes is still a relatively new market. Growth in the industry will also be determined by the ability of the market participants to convert potential customers from existing storage alternatives, through directed marketing and continued product development.

The following figure shows the changes in container leasing revenue since 2007.

Figure 22: Historical and forecast container leasing industry revenue



Source: IBISWorld

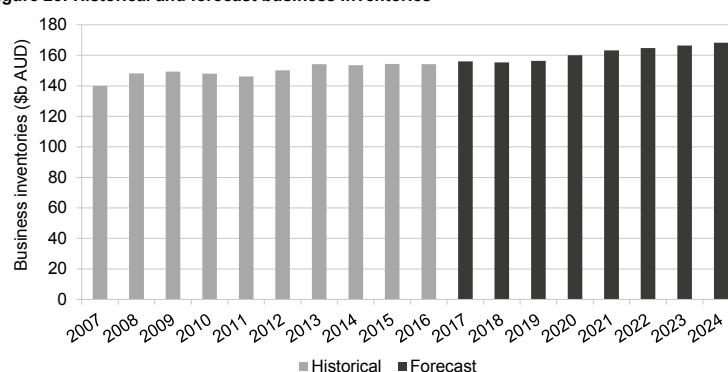
Outlook for freight industry in Australia

The freight industry is expected to return to modest growth in the short term following a recent decline in 2014, largely driven by population growth and lower oil prices reducing the cost of transport, particularly by road. Business inventories, measured as the book value of inventories held by Australian businesses, is often used as a proxy for freight demand in the economy. IBISWorld forecasts business inventories to increase by 1.2% in FY17 to \$156.0 billion as a result of manufacturing and retail trade, offset by mining inventories which are expected to decline with reduced production under a lower commodity price environment. Business inventories are projected to increase at a CAGR of 1.1% from 2017 to 2024.

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The historical and forecast business inventories are presented in the figure below.

Figure 23: Historical and forecast business inventories



Source: IBISWorld

Pre-fabricated metal buildings industry in Australia

Overview

Royal Wolf's portable building products compete in the pre-fabricated metal buildings industry. While Royal Wolf's competitors in the container leasing industry offer similar products, the application of containers as portable building products is relatively new and developed largely in the past five years, due to the demand for portable camps in the resources industry and secure stackable solutions in the construction industry.

As a result, Royal Wolf's products mainly compete with non-container substitute products in the "relocatable and hire buildings" segment within this industry. According to IBISWorld¹², this segment contributes approximately 63.3% or \$1.3 billion in revenue to the pre-fabricated metal buildings industry, with the remainder of the industry relating to permanent structures.

Due to their modular design and ease of transport, containers designed as portable buildings are used in the following market segments:

- **Energy and resources:** the demand for portable mining camps, as a result of high levels of activity in the resources sector, was the key driver of the industry between 2010 and 2012. Container building products can be transported to remote locations, via rail or road, and are suited to sites where space is constrained. In addition, they are more transportable than other modular building substitutes which is beneficial in the industry (e.g. to allow the camp sites to move with drilling rigs)
- **Construction:** portable building products are also common in the construction industry for site offices and workers' facilities, particularly in congested areas where facilities are on relatively small sites
- **Other segments:** portable buildings can be refurbished for a range of purposes and have been used for infrastructure projects, defence, tourism, entertainment, retail and general public use.

Competitive landscape

The pre-fabricated metal buildings industry is highly fragmented with the top four companies controlling less than 40% of market share. The largest participants, Ausco Holdings and Fleetwood Corporation, provide modular portable building products. Royal Wolf competes with SCF Holdings and ANL Containers in the market for portable container building products, which make up a small portion of the larger overall market.

Similar to the intermodal leasing industry, the upfront capital requirement for a competitive lease fleet and distribution network acts as a barrier to entry for smaller players.

¹² Prefabricated Metal Building Manufacturing in Australia Industry Report – October 2016

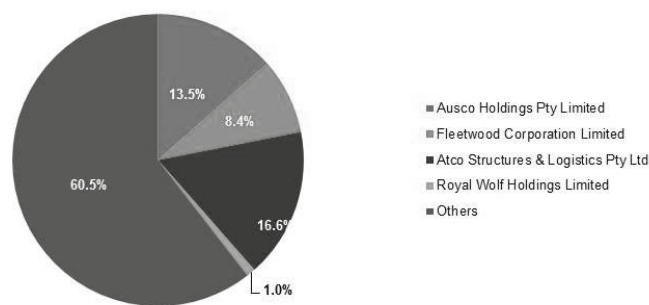
Appendix A

INDEPENDENT
EXPERT'S REPORT



The figure below presents the major companies operating in the pre-fabricated metal buildings industry.

Figure 24: Major pre-fabricated metal buildings industry participants



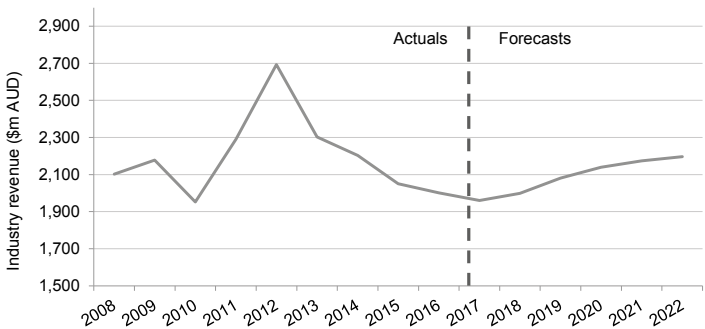
Source: IBISWorld

Key demand drivers

IBIS World projects that the pre-fabricated metal buildings industry will continue to decline through to 2017 from its peak in 2012 driven by lower levels of activity in the resources sector, and projects a slight recovery from 2017, with a CAGR of approximately 1.6% from FY16 to FY22. Demand in the industry will largely come from the construction industry, as it fills the gap left by a reduction in the level of activity from the resource sector. While the pre-fabricated metal buildings industry in Australia is a mature industry, the use of containerised solutions is relatively new. As a result, growth will also be driven by continued innovation in product design and expansion into new markets.

The following figure shows the changes in pre-fabricated metal buildings industry revenue since 2008.

Figure 25: Historical and forecast pre-fabricated metal buildings industry revenue



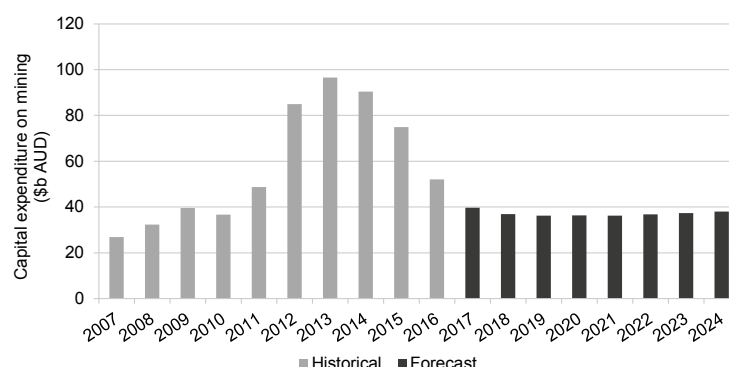
Source: IBISWorld

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Outlook for the energy and resources industries

Demand from the energy and resources sectors drove growth in this industry over the last five years as a result of high levels of activity in the mining sector, and subsequently within the LNG sector. However, as a result of falls in commodity prices and the completion of major LNG projects across Australia, capital expenditure in the industry has declined significantly and is expected to decline at a CAGR of negative 0.6% over the long term between 2017 and 2024, as shown in the figure below.

Figure 26: Historical and forecast capital expenditure within the mining sector

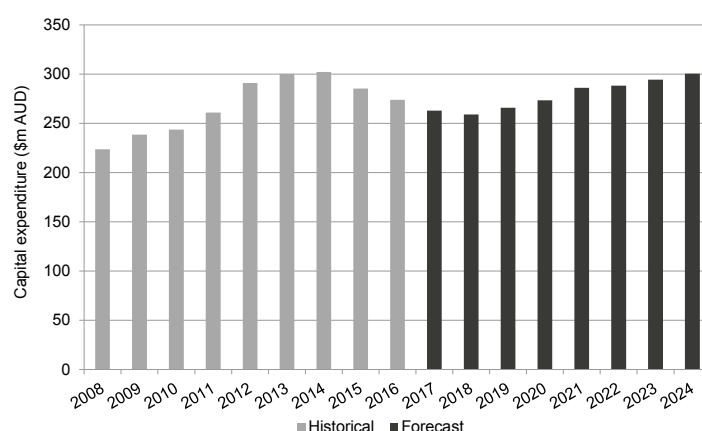


Source: IBISWorld

Outlook for the building and construction industry

Over the period 2008 to 2014, capital expenditure in the construction industry was driven mainly by the non-residential sector, due to a number of resources projects. Since 2014, levels of activity in the resources sector have fallen, which has had a negative impact on capital expenditures in the broader building and construction industry. Future growth in capital expenditure is largely projected to be driven by residential construction, as a result of increased property values and low interest rates. Capital expenditure in the public sector is also projected to increase due to spending on defence installations, transport projects and the continued rollout of the National Broadband Network. IBISWorld projects a decline in capital expenditure of 4.0% in 2017, followed by modest growth at a CAGR of 1.9% per annum from 2017 to 2024, as shown in the figure below.

Figure 27: Historical and forecast capital expenditure within the building and construction industry



Source: IBISWorld

Appendix A

INDEPENDENT EXPERT'S REPORT

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Appendix D: Control premium

Deloitte study

We conducted a study of premiums paid in Australian transactions completed between 1 January 2000 and 31 March 2017. Our merger and acquisition data was sourced from MergerMarket, Capital IQ and ThomsonReuters along with publicly available news and information sources. This identified 592 transactions that were completed during the period under review.

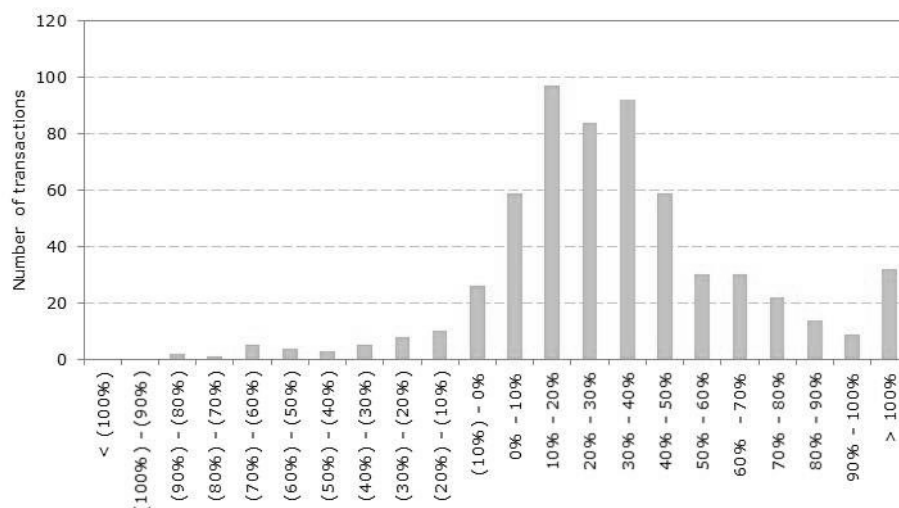
Our data set consisted of transactions where an acquiring company increased its shareholding in a target company from a minority interest to a majority stake or acquired a majority stake in the target company.

We assessed the premiums by comparing the offer price to the closing trading price of the target company one month prior to the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the day prior to the date of the offer.

Summary of findings

As the following figure shows, premiums paid in Australian transactions between 1 January 2000 and 31 March 2017 are widely distributed with a long 'tail' of transactions with high premiums.

Figure 28: Distribution of data



Source: Deloitte Corporate Finance analysis



The following table details our findings.

Table 17: Premium analysis - findings

	Control premium
Average	35%
Median	30%
Upper quartile	48%
Lower quartile	12%

Source: Deloitte analysis

Notwithstanding the relatively wide dispersion of control premiums observed in our study we consider the control premium range of 20% to 40% to be representative of general market practice for the reasons noted below.

Many of the observed control premiums below 20% are likely to have been instances where the market has either been provided with information or anticipated a takeover offer in advance of the offer being announced. Accordingly, the pre-bid share trading price may already reflect some price appreciation in advance of a bid being received, which creates a downward bias on some of the observed control premiums in our study.

Many of the observed control premiums above 40% are likely to have been influenced by the following factors which create an upward bias on some of the observed control premiums in our study:

- some acquirers are prepared to pay above fair market value to realise 'special purchaser' value which is only available to a very few buyers. Such 'special purchaser' value would include the ability to access very high levels of synergistic benefits in the form of cost and revenue synergies or the ability to gain a significant strategic benefit
- abnormally high control premiums are often paid in contested takeovers where there are multiple bidders for a target company. In such cases, bidders may be prepared to pay away a greater proportion of their synergy benefits from a transaction than in a non-contested situation
- some of the observations of very high premiums are for relatively small listed companies where there is typically less trading liquidity in their shares and they are not closely followed by major broking analysts. In such situations, the traded price is more likely to trade at a deeper discount to fair market value on a control basis.

Accordingly, the observed control premiums to share trading prices for such stocks will tend to be higher.

Other studies

In addition to the study above, we have also had regard to the following:

- a study conducted by S. Rossi and P. Volpin of London Business School dated September 2003, 'Cross Country Determinants of Mergers and Acquisitions', on acquisitions of a control block of shares for listed companies in Australia announced and completed from 1990 to 2002. This study included 212 transactions over this period and indicated a mean control premium of 29.5% using the bid price of the target four weeks prior to the announcement
- 'Valuation of Businesses, Shares and Equity' (4th edition, 2003) by W. Loneragan states at pages 55-56 that: "Experience indicates that the minimum premium that has to be paid to mount a successful takeover bid was generally in the order of at least 25 to 40 per cent above the market price prior to the announcement of an offer in the 1980s and early 1990s. Since then takeover premiums appear to have fallen slightly."
- a study conducted by P. Brown and R. da Silva dated 1997, 'Takeovers: Who wins?', JASSA: The Journal of the Securities Institute of Australia, v4 (Summer):2-5. The study found that the average control premium paid in Australian takeovers was 29.7% between the period January 1974 and June 1985. For the ten year period to November 1995, the study found the average control premium declined to 19.7% (however, we note that during this period the Australian economy went through a period of unusually weak economic growth, including a recession)
- a study conducted by A. Gilmore, G. Yates and I. Douglas of RSM dated 2017, 'Control Premium Study 2017 – Insights into market dynamics, financial dynamics and other factors', on successful takeovers and schemes of arrangement completed between 1 July 2005 and 30 June 2016 for companies listed on the Australian Stock Exchange. The study included 463 transactions (for which meaningful data was available) and indicated an average implied control premium at 20 days pre-bid of 34.5% and a median implied control premium of 27.0%.

Appendix A

INDEPENDENT EXPERT'S REPORT

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Appendix E: Comparable entities

Table 18: Trading multiples of comparable companies

Company name	Country	Market capitalisation (\$ million AUD)	Enterprise value (\$ million AUD)	Net debt / EV (%)	EV / EBITDA Current ³	Forward ³	EBITDA margin (%) historical	current	Ungeared EV / NTA ⁴
Royal Wolf Holdings Limited	Australia	130	242	46.4%	7.5x	7.2x	22.5%	26.1%	1.3x
<i>Container leasing companies</i>									
Triton International Limited	United States	3,206	11,692	71.0%	9.9x	8.9x	84.7%	85.2%	1.2x
Textainer Group Holdings Limited	Bermuda	1,041	4,891	77.2%	9.9x	8.5x	64.8%	80.7%	1.0x
Mobile Mini, Inc.	United States	1,676	2,890	42.0%	13.7x	12.7x	36.0%	36.2%	2.9x
CAI International Inc.	United States	590	2,463	76.0%	9.2x	8.0x	19.1%	63.9%	1.1x
General Finance Corporation	United States	169	755	58.3%	10.3x	9.1x	19.8%	21.8%	1.2x
Average					10.6x	9.5x	44.9%	57.5%	1.5x
<i>Other rental companies</i>									
Brambles Limited	Australia	15,036	18,460	18.5%	11.5x	10.9x	27.8%	27.4%	4.1x
McGrath Rentcorp	United States	1,064	1,486	28.4%	8.3x	7.8x	20.8%	38.1%	2.0x
Fleetwood Corporation Limited	Australia	151	161	5.9%	11.8x	8.9x	3.1%	5.4%	1.4x
Average					10.5x	9.2x	17.2%	23.7%	2.1x

Source: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. Royal Wolf's EBITDA multiples and margins are based on broker consensus and do not reflect the adjustments applied by Deloitte Corporate Finance as set out in Section 4.1.1.
2. Trading multiples as at 11 July 2017
3. Trading multiples presented on a control basis including a notional control premium of 30%.
4. EV refers to enterprise value
5. Ungeared NTA refers to net tangible assets excluding net debt
6. The enterprise value of GFN has been adjusted to reflect the market capitalisation of Royal Wolf prior to the announcement of the Takeover Offer.

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Table 19: Financial summary of comparable companies

Company name	Currency	FY – 3	FY – 2	Revenue ² FY – 1	Historical	CAGR
Royal Wolf Holdings Limited	AUD	149.4	175.7	147.9	164.3	3.2%
Container leasing companies						
Mobile Mini, Inc.	USD	406.5	445.5	530.8	508.6	7.8%
Textainer Group Holdings Limited	USD	529.0	565.0	544.3	498.2	-2.0%
Triton International Limited	USD	703.4	738.8	709.9	829.3	5.6%
CAI International Inc.	USD	212.4	227.6	249.7	294.4	11.5%
General Finance Corporation ⁵	USD	245.5	287.1	303.8	285.9	5.2%
Average		341.5	391.8	449.7	526.0	5.1%
Median		313.9	434.0	530.8	498.2	5.4%
Other rental companies						
Brambles Limited	AUD	15.0%	5,223.5	5,533.2	5,561.2	2.5%
McGrath Rentcorp	AUD	35.9%	379.5	408.1	404.5	3.8%
Fleetwood Corporation Limited	AUD	8.6%	332.9	366.3	272.8	-4.8%
Average		1,498.9	1,616.9	1,597.3	1,630.4	-0.3%
Median		356.2	387.2	338.7	355.6	-0.1%

Source: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. Revenue shown is in millions and in local currency unless noted otherwise

Appendix A

INDEPENDENT
EXPERT’S REPORT

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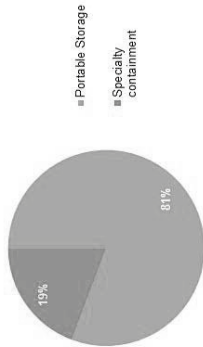
Mobile Mini, Inc. (Mobile Mini)

Mobile Mini is a US based provider of portable storage and specialty containment solutions including:

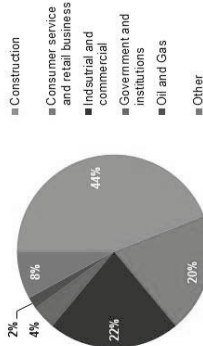
- portable storage and office products such as steel storage containers and steel ground level offices
- specialty containment equipment comprising steel tanks, stainless steel tank trailers, pumps and filtration equipment, as well as roll-off, vacuum, and dewatering boxes
- specialty containment services comprising transportation of containers for waste management, provision of waste management oversight and services; system design consisting of the assessment of pumping, filtration, and temporary storage needs; and field services to install and connect customer containment equipment.

Mobile Mini rents and sells its products through its network of branch locations in the US, Canada and the United Kingdom.

Revenue by product segment, FY16



Revenue by industry, FY16



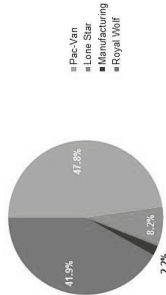
General Finance Corporation

GFN is a specialty rental services company that provides portable storage, modular space, and liquid containment solutions in North America and Asia-Pacific regions (via its 51% interest in Royal Wolf). Its product offerings include:

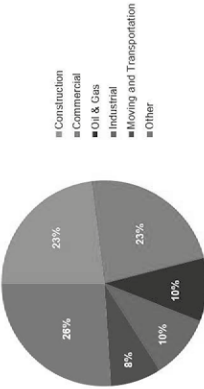
- portable storage products including storage containers used in classrooms, equipment storage, construction equipment and tool storage, disaster shelters, landscaping sheds, recreational equipment storage, and retail inventory storage applications; and freight containers used in freight transportation by road and rail
- modular space products comprising office container products, modular buildings, and mobile offices used in various applications
- liquid containment products consisting of portable liquid storage tanks for well-site liquid containment needs and other applications.

The company provides ancillary products used in connection with leased equipment, as well as manufactures portable liquid storage containers.

Revenue by product segment, FY16



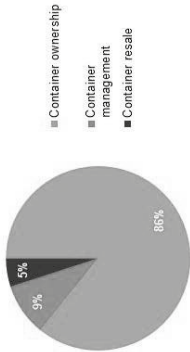
Revenue by industry, YTD 3Q FY17



Textainer Group Holdings Limited (Textainer)

Textainer engages in the purchase, ownership, management, leasing, and disposal of a fleet of intermodal containers worldwide. It operates through three segments: container ownership, container management, and container resale. The company owns and leases standard dry freight, special-purpose containers, as well as refrigerated containers. It also manages containers on behalf of container investors and provides acquisition, management, and disposal services. In addition, the company sells containers from its fleet, as well as purchases, leases, or resells containers from shipping line customers, container traders, and other sellers of containers. The company operates a fleet of approximately 3.1 million twenty-foot equivalent units (TEUs).

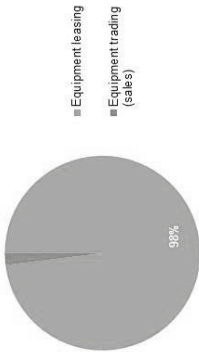
Revenue by product segment, FY16



Triton International Limited (Triton)

Triton leases intermodal transportation equipment and provides maritime container management services worldwide. The company operates in two segments, equipment leasing and equipment trading. The equipment leasing segment is involved in the acquisition, leasing, re-leasing, and sale of various types of intermodal containers, including standard dry freight containers, refrigerated containers and special-purpose containers. The equipment trading segment is involved in the purchase of containers from shipping line customers, and resale of these containers to container retailers and users of containers for storage and one-way shipments. The company operates a fleet of approximately 5.1 million TEUs.

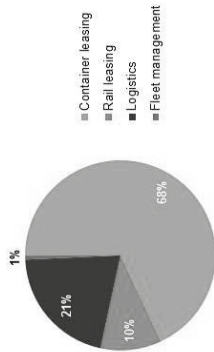
Revenue by product segment, FY16



CAI International Inc.

CAI operates as a container leasing and logistics company servicing the freight industry in the US and internationally. The company operates through three segments: container leasing, rail leasing and logistics. It leases, re-leases, disposes of containers, and contracts for the repair, repositioning, and storage of containers. It also provides container management services to third-party investors, as well as sells used containers. In addition, the company leases railcars consisting of box cars for paper and forest products, as well as offering domestic and international logistics services. The company operates a fleet of approximately 1.1 million TEUs.

Revenue by product segment, FY16



Appendix A

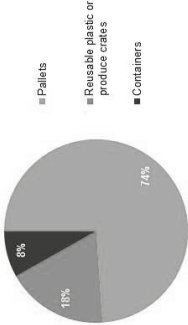
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Brambles Limited

Brambles Limited is a supply-chain logistics company that engages in the pooling of unit-load equipment and the provision of associated services in the Americas, Europe, the Middle East, Africa, and the Asia-Pacific. The company operates through three segments: pallets, reusable plastic or produce crates (RPCs), and containers and services a diverse range of industries. It offers recycled pallet management, transport management software, and container management solutions, as well as providing intermediate bulk, automotive, catalyst, and chemical containers. In addition, it maintains and rents containers and pallets for the transportation of baggage and cargo to airlines, as well as maintains other equipment. As of June 30, 2016, it owned approximately 550 million pallets, crates, and containers through a network of approximately 850 service centres.

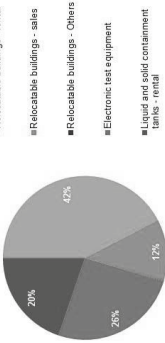
Revenue by product segment, FY16



McGrath Rentcorp

McGrath RentCorp rents and sells relocatable modular buildings, electronic test equipment, and liquid and solid containment tanks and boxes in the US and internationally. It operates through three segments: modular buildings, electronic test equipment and liquid and solid containment tanks. The modular buildings segment rents and sells relocatable buildings designed for a wide range of uses such as classrooms, temporary offices, construction field offices and restroom buildings.

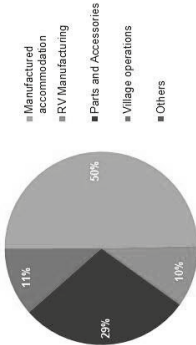
Revenue by product segment, FY16



Fleetwood Corporation Limited (Fleetwood)

Fleetwood provides accommodation solutions and recreational vehicles in Australia and New Zealand. The company engages in the design, manufacture, sale, and rental of manufactured accommodation to the resources, education, and affordable housing sectors. It also manufactures and sells caravans, pop-tops, campers, and recreational vehicle equipment and parts.

Revenue by product segment, FY16



Appendix F: Comparable transactions

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Table 20: Comparable transactions

Closed date	Target	Buyer	Target country	Transaction currency	Percent acquired	Implied EV	EBITDA	Historical	Implied EV / EBITDA	Forward
Relevant IPOs										
31/05/2011	Royal Wolf Holdings Limited		Australia	AUD	100%	249	30 ²	10.0x	8.3x	7.1x
Comparable transactions										
20/01/2015	Cronos Limited.	Bohai Financial Investment Holding Co.	Bermuda	USD	80%	2,545	250	10.2x	n/a	n/a
9/09/2014	Goodpack Limited	KKR & Co. L.P.; KKR Asian Fund II L.P.	Singapore	USD	100%	1,234	87	14.1x	n/a	n/a
27/12/2013	SeaCo SRL	Bohai Financial Investment Holding Co.	Barbados	USD	100%	2,954	325	9.1x	n/a	n/a
23/04/2013	SeaCube Container Leasing Limited	Ontario Teachers' Pension Plan	United States	USD	100%	1,786	289	6.2x	n/a	n/a
1/08/2007	Cronos Limited	CRX Acquisition Limited	Bermuda	USD	100%	134	23	5.8x	n/a	n/a
16/02/2007	CAI International Inc.	DBJ Value Up Fund	United States	USD	15%	280	33	8.4x	n/a	n/a
Low								5.8x		
Average								9.0x		
Median								8.7x		
High								14.1x		

Source: S&P Capital IQ, Mergemartket, company reports and announcements, Deloitte Corporate Finance analysis

Notes:

1. EV and EBITDA are in millions and in local currency unless noted otherwise

2. EBITDA shown for Royal Wolf is for the year ended 30 June 2011, which refers to the current EBITDA at the time of the IPO

Appendix A

INDEPENDENT EXPERT'S REPORT

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A description of the entities involved in each of the comparable transactions outlined in Table 20 is provided below.

Cronos Limited

In January 2016, Bohai Financial Investment Holding Co. (**Bohai**) acquired an 80% interest in Cronos Limited (**Cronos**), with Bohai indicating the rationale behind the transaction was to expand its market share in the container leasing sector.

Cronos designs, manufactures, leases, and sells dry, refrigerated, tank, and specialised intermodal container equipment to customers in various industries worldwide. The company also offers design and procurement services for companies needing specialised purpose-built container equipment, in addition to managing equipment leasing investment programs on behalf of third-party equipment owners.

Bohai operates as a leasing company in the People's Republic of China. The company leases infrastructure, real estate properties, as well as dry, tank, refrigerated, and special containers. Following the transaction, Bohai had a combined container fleet of 2.179 million TEUs.

Prior to the Bohai transaction, CRX Acquisition Limited (**CRX**) completed an all cash management buyout of Cronos, in August 2007. CRX is a Bermuda based acquisition vehicle formed by the management of Cronos.

Goodpack Limited

In September 2014, KKR & Co L.P. (**KKR**), through its Asian investment fund, acquired 100% of Goodpack Limited (**Goodpack**) via an all cash scheme of arrangement. Following the transaction, Goodpack was delisted from the Singaporean stock exchange and taken private.

Goodpack leases intermediate bulk containers that are used for packing and transporting bulk cargo. The company is also involved in marketing and leasing crates; and providing container supply chain and technical support solutions. It primarily serves tire and automotive manufacturers, chemicals and juice producers, and general merchandisers worldwide. At the time of the transaction, Goodpack owned and operated a total fleet of approximately 2.7 million steel intermediate bulk containers.

KKR is a private equity and real estate investment firm that specialises in acquisitions, leveraged buyouts and several other investments. KKR has an Asian focused investment fund, KKR Asian Fund II L.P., which acquired the interest in Goodpack.

SeaCo SRL

In December 2013, Bohai acquired a 100% interest in SeaCo SRL (**SeaCo**), from Hainan Airlines Group Company Limited via a cash and scrip offer.

SeaCo manufactures, sells and leases containers. It offers standard and high cube dry freight containers, refrigerated containers and specialised freight containers. The company serves its customers through a network of offices, agents, and depots worldwide.

SeaCube Container Leasing Limited

In April 2013, the Ontario Teachers' Pension Plan (**OTPP**) acquired a 100% interest in SeaCube Container Leasing Limited (**SeaCube**) via an all cash takeover.

SeaCube operates as a container leasing company worldwide. It primarily engages in the acquisition, leasing, re-leasing, and sale of refrigerated and dry containers, and generator sets. The company's containers are used to ship products internationally and facilitate movement of goods via multiple transportation modes, including ships, rail, and trucks. At the time of the transaction it owned or managed a combined fleet exceeding 1.2 million TEUs.

The OTTP is a privately owned pension fund that manages equity, fixed income, and alternative investment portfolios.

CAI International Inc.

In February 2007, The Development Bank of Japan (**DBJ**), through its subsidiary, DBJ Value Up Fund, acquired a 15% interest in CAI via an all cash offer.

CAI operates as a container leasing and logistics company servicing the freight industry in the US and internationally. The company operates through three segments: container leasing, rail leasing and logistics. It leases, re-leases, disposes of containers, and contracts for the repair, repositioning, and storage of containers. It also provides container management services to third-party investors, as well as sells used containers. In addition, the company leases railcars consisting of box cars for paper and forest products, as well as offering domestic and international logistics services.

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Hornsby NSW 2077

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Mr Peter Housden – Chairman and Non-Executive Director
Mr Neil Littlewood – Chief Executive Officer and Managing Director
Mr Daryl (Darce) William Corsie – Non-Executive Director
Mr Peter Dexter AM – Non-Executive Director
Mr Manuel Marrero – Non-Executive Director
Mr Jody Miller – Non-Executive Director
Mr Ronald Valenta – Non-Executive Director

COMPANY SECRETARY

Mr Greg Baker

CORPORATE WEBSITE

<https://www.royalwolf.com.au/>

Royal Wolf Shareholder information line

If you have any questions in relation to the Offer or this Target Statement, please contact the Royal Wolf Shareholder information line:

- 1800 992 793 (for calls made from within Australia); or
- +61 1800 992 793 (for calls made from outside Australia)

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