

ASX RELEASE

28 July 2017

Termination of LGS Contract by Brisbane City Council a Positive Step Forward

Brisbane City Council's (BCC) wrongful termination of the contract was expected, and TechnologyOne previously highlighted this to our shareholders on a number of occasions since our half year results.

TechnologyOne sees this as a positive step forward for our business, as BCC was no longer genuinely pursuing a resolution to the dispute because of reasons outside TechnologyOne's control. Given the contract with BCC did not afford TechnologyOne an effective mechanism to terminate the contract, now that the contract has been terminated by BCC, TechnologyOne is able to pursue the matter in court, and at the same time redeploy our resources to constructive projects.

TechnologyOne's Executive Chairman, Adrian Di Marco said: "I personally find BCC's behaviour both disingenuous and unprofessional. BCC had made it clear through both its actions and its statements that it did not want to complete this project, and was endeavouring to engineer a termination of the contract for breach. This charade has now come to an end, but unfortunately this now exposes the ratepayers of Brisbane to a \$50+million damages claim for wrongful termination by BCC.

"TechnologyOne at all times remained ready, willing and able to complete the BCC contract. TechnologyOne as the leading supplier to over 300 Councils in Australia, is uniquely placed to provide a compelling value proposition to the ratepayers of Brisbane. If BCC lawyers had not assumed control of this project in January, and common sense had prevailed, we would still be on track to meet the contracted 'go live date'.

"This matter should never have been put in the public arena by the Lord Mayor. BCC should have first followed the remedial processes allowed for in the contract away from the public spotlight. This would have allowed us to find a commercial resolution. The Lord Mayor's public announcement in January put both organisations on a collision course. I also remind shareholders that at the time of the Lord Mayor's announcement there was no dispute between BCC and TechnologyOne, and both parties were still working to the contracted 'go live date'. TechnologyOne was at the time caught by surprise by the Lord Mayor's announcement and remains bewildered and disappointed by his actions.

"Projects at times have problems, and in my 30 years in business, when this happens people get in a room to discuss it and find a commercial resolution. People do not go public until all avenues have been exhausted, especially if they have not previously raised a problem, let alone attempted to resolve the matter," Mr Di Marco said.

TechnologyOne refers its shareholders to the following ASX statements for greater clarity on the situation:

- Update on BCC LGS Contract – dated 24 July 2017
- Update on LGS Contract – dated 28 June 2017
- The Chronology of Events for the BCC LGS Project – dated 3 May 2017
- Update on LGS Project – dated 28 April 2017
- Update on LGS Project – dated 30 January 2017
- TNE Responds to Brisbane City Council Press Release – dated 25 January 2017

TechnologyOne reiterates that this is a unique event in the company's 30 year history, as BCC was a development partner of TechnologyOne for its new generation digitally enabled local government rating and property solution. BCC found it difficult and increasingly uncomfortable to fulfil its obligations under the contract. This was highlighted in the report by the Lord Mayor's LGS independent review committee which BCC has continued to refuse to release.

Mr Di Marco said “If the report is damning on TechnologyOne then BCC would have released it. BCC are hiding this report from the public because it is damning on BCC and it will expose their unprofessional and disingenuous behaviour.”

TechnologyOne has previously recommended on numerous occasions expedited arbitration to BCC to resolve the matter, but this was never accepted by BCC who sought in the end to wrongfully terminate the contract.

TechnologyOne remains confident of its legal position.

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About TechnologyOne

TechnologyOne (ASX:TNE) is Australia’s largest enterprise software company and one of Australia’s top 200 ASX-listed companies, with offices across six countries. We create solutions that transform business and make life simple for our customers. We do this by providing powerful, deeply integrated enterprise software that is incredibly easy to use. Over 1,000 leading corporations, government departments and statutory authorities are powered by our software.

We participate in only eight key markets: government, local government, financial services, education, health and community services, asset intensive industries, project intensive industries and corporates. For these markets, we develop, market, sell, implement, support and run our preconfigured solutions, which reduce time, cost and risk for our customers.

For 30 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on the business and not technology. Today, our software is available on the TechnologyOne Cloud and across smart mobile devices.

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