

# Gentrack

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Initial Public Offering of Shares in

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Gentrack Group Limited

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Investment Statement

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4 June 2014

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# THE SOFTWARE OF INFRASTRUCTURE\_

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Arranger, Lead Manager  
and Organising Participant



## IMPORTANT INFORMATION

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(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

In addition to the information in this document, important information can be found in the current registered prospectus for the investment (Prospectus). You are entitled to a copy of that Prospectus on request.

### THE FINANCIAL MARKETS AUTHORITY REGULATES CONDUCT IN FINANCIAL MARKETS

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>

### FINANCIAL ADVISERS CAN HELP YOU MAKE INVESTMENT DECISIONS

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check—

- the type of adviser you are dealing with;
- the services the adviser can provide you with;
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients.

So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>.

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

### IMPORTANT NOTICE

This Investment Statement has been prepared in accordance with the Securities Act and the Securities Regulations, as modified by the Securities Act (Gentrack Group Limited) Exemption Notice 2014, relating to the Offer of ordinary shares (Shares) in Gentrack Group Limited (GGL) by GGL and the Gentrack Share Sale Company Limited (the Offeror) and, together with GGL, the Issuers). It is prepared as at, and dated 4 June 2014. There is a registered Prospectus containing an offer of securities to which this Investment Statement relates.

This Investment Statement is an important document and should be read carefully before deciding whether or not to invest in GGL.

No one is authorised by the Directors of GGL to give any information or make any representation in connection with this Offer which is not contained in this Investment Statement, the Prospectus or in other communications from the Directors and GGL. Any information or representation not so contained may not be relied upon as having been authorised by GGL or the Directors.

If you are in any doubt as to any aspect of the Offer, you should consult your financial or legal adviser or an NZX firm.

You should seek your own taxation advice on the implications of an investment in the Shares.

### NO GUARANTEE

No person guarantees the Shares offered under this Investment Statement. No person warrants or guarantees the performance of the Shares or any return on any investments made pursuant to this Investment Statement.

### SELLING RESTRICTIONS

The Retail Offer is being made to members of the public in New Zealand, Directors, and eligible employees in New Zealand, Australia and the United Kingdom, and the Institutional Offer is being made to selected Institutional Investors.

You may not offer, sell (including resell), or deliver or invite any other person to so offer, sell (including resell) or deliver any Offer Shares or distribute any documents (including this Investment Statement) in relation to the Offer Shares to any person outside New Zealand or Australia, except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with the Issuers, by applying for the Offer Shares under the Retail Offer you will, by virtue of such Application, be deemed to represent that you are either a resident of New Zealand or an eligible employee in New Zealand, Australia or the United Kingdom and are not acting for the account or benefit of any other person. None of the Issuers, nor any of their respective Directors, officers, employees, consultants, agents or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

### INFORMATION FOR AUSTRALIAN INVESTORS

Potential investors under the Offer who are resident in Australia should read the Information for Australian Investors accompanying this Investment Statement before deciding whether or not to purchase Shares under the Offer. The Information for Australian Investors contains disclosure relevant to potential investors under the Offer who are resident in Australia and important notices required for the Offer to qualify as a 'recognised offer' under Chapter 8 of the Australian Corporations Act 2001 (Cth) and the Australian Corporations Regulations 2001 (Cth).

### FORWARD LOOKING STATEMENTS

This Investment Statement contains certain statements that relate to the future, including, in particular, the information set out in the Appendix *Prospective Financial Information*. Forward looking statements should be read together with the other information in this Investment Statement, and the Prospectus, including the risk factors in Section 8 *What are my Risks?* and the assumptions and sensitivity analysis set out in the Appendix *Prospective Financial Information*.

Such forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of the Issuers and which may cause the actual results, performance or achievements of the Shares to differ materially from those expressed or implied by such statements.

The Issuers disclaim any responsibility to update any such risk factors or publicly announce the results of any revisions to any of the forward looking statements contained in this Investment Statement to reflect developments or events, except to the extent required by the Securities Act, the Securities Regulations, the NZX Listing Rules, the ASX Listing Rules or the Financial Reporting Act.

Given these uncertainties, you are cautioned not to place undue reliance on any forward-looking statements contained in this Investment Statement. Under no circumstances should you regard the inclusion of forward looking statements as a representation or warranty by the Issuers or their respective Directors or officers, or any other person referred to in this Investment Statement with respect to the achievement of the results set out in any such statement, or that the underlying assumptions used will in fact be realised.

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## IMPORTANT NOTICE\_

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This document is an investment statement. The purpose of an investment statement is to:

- provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to subscribe for securities; and
- bring to the attention of such a person the fact that other important information about the securities is available to that person in other documents.

For more information to assist you in deciding whether or not to purchase Offer Shares offered to you, you are recommended to read the Prospectus which has been prepared in respect of this Offer.

The Prospectus, which includes the most recent financial statements of Gentrack, can be obtained, free of charge:

- by downloading it from [www.gentrackshareoffer.com](http://www.gentrackshareoffer.com); or
- from the Companies Office website at [www.business.govt.nz/companies](http://www.business.govt.nz/companies).

### DEFINITIONS

Capitalised terms used in this Investment Statement have the specific meaning given to them in the Glossary (including certain industry specific terms with which you may not be familiar with). If you do not understand the technical terms used in this Investment Statement, please refer to the “Call-out-boxes” in Section 5 *Market Overview* and Section 6 *Business Description* of this Investment Statement or to the Glossary at the back of this document.

Unless otherwise indicated, \$ or NZ\$ refers to New Zealand Dollars, A\$ refers to Australian Dollars and all references to times and dates are to times and dates in New Zealand.



## GENTRACK SNAPSHOT\_

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### MISSION CRITICAL SOFTWARE SOLUTIONS FOR UTILITIES + AIRPORTS



WATER\_



GAS\_





## GENTRACK SNAPSHOT\_

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### REFERENCES TO “GENTRACK”

In this Investment Statement, the term Gentrack refers to: (a) GGL and its subsidiaries, for so long as GGL has been the ultimate parent company of Gentrack Limited; and (b) in respect of periods before that, means the group of companies comprising the ultimate parent company of the two trading subsidiaries (Gentrack Limited and Gentrack Pty Limited) and its subsidiaries, including Talgentra Pacific Group Pty Limited (once incorporated in 2007).

### GENTRACK FINANCIAL INFORMATION

Unless otherwise noted, all of the financial information presented in this document is shown on a Pro Forma basis in order to show the underlying performance of Gentrack through time in a consistent manner. For a full explanation of the term Pro Forma and descriptions of the Pro Forma adjustments made by Gentrack, please see Section 9.2.1 *Financial Information Presented*. Financial information shown on a Pro Forma basis will be denoted by the suffix PF (i.e., FY2013PF). Relevant definitions are set out in Section 11 *Glossary* of this Investment Statement.

Gentrack designs, develops, implements and supports specialist software solutions for electricity, gas and water utilities and airports. Gentrack’s software is designed to support the core billing, customer care and collections processes for utilities in competitive and reforming markets, as well as the real-time information flows and resources of modern airports.



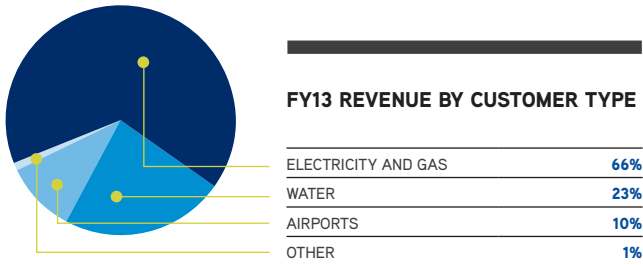
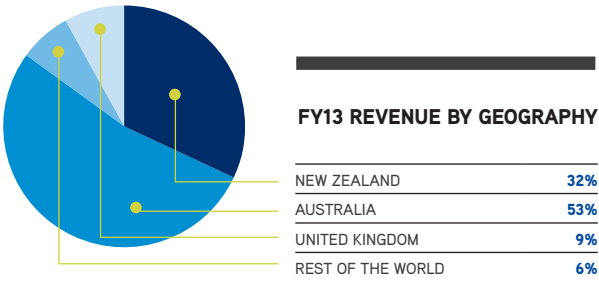
# GENTRACK'S FLAGSHIP SOFTWARE SOLUTIONS INCLUDE:

**FOR UTILITIES:** 

Gentrack Velocity is an intelligent customer relations, billing, process management and payment collections product used by electricity, gas and water utilities. Gentrack Velocity is designed to enable utilities to bill customers accurately, improve customer engagement and optimise the cost of servicing customers.

**FOR AIRPORTS:** 

Airport 20/20 is a comprehensive airport operational system. This fully integrated system includes solutions for aeronautical billing, flight information display, resource management, airport operational database, interactive dashboards, message broking and collaborative decision making. Airport 20/20 is designed to help airports improve their efficiency, reduce costs and optimise revenue.



**PURPOSE OF THE IPO AND USE OF PROCEEDS**

- To provide additional assurances to Gentrack’s existing and future customers as to its status as a robust contracting counterparty.
- To enhance Gentrack’s financial flexibility to pursue further growth opportunities. As part of the IPO, capital will be raised to pay off all of Gentrack’s existing debt of \$33.1 million and transaction costs associated with the Offer.
- To allow Selling Shareholders to sell down some of their investment in Gentrack.
- To provide a liquid market for the Shares and an opportunity to improve the breadth of its share register, including ownership by Gentrack employees.

## OFFER AT A GLANCE\_

This is an initial public offering of ordinary shares in Gentrack Group Limited (GGL) by GGL and Gentrack Share Sale Company Limited (the Offeror and, together with GGL, the Issuers).

Your decision whether or not to invest in Offer Shares should be based on your consideration of this Investment Statement taken as a whole (and of the Prospectus) and not just this section, which provides an overview of the Offer.

As with any investment, there are risks associated with an investment in the Offer Shares. Therefore, you should consider the risk factors that could affect GGL's performance described in Section 8 *What are my Risks?* of this Investment Statement.

### HOW IS THE OFFER STRUCTURED?

The Offer comprises an offer by the Issuers of between 40.7 million and 44.3 million Offer Shares with a value of between \$88.6 million and \$101.8 million, based on the Indicative Price Range. These Offer Shares comprise:

- \$36.0 million worth of new Shares, which are to be issued by GGL (being between 14.4 million to 18.0 million Shares based on the Indicative Price Range); and
- 26,310,972 existing Shares, which are to be transferred by the Selling Shareholders to the Offeror (with a value of between \$52.6 million and \$65.8 million based on the Indicative Price Range).

The Offer comprises the Retail Offer (which in turn comprises a Broker Firm Offer and Employee Offer) and the Institutional Offer. You can find more about the Offer in Section 10 *Details of the Offer*.

### KEY DATES<sup>1</sup>

Prospectus registered	26 May 2014
Bookbuild, Pricing and Allocation	5 June 2014
Offer Opening Date	9.00am, 9 June 2014
Offer Closing Date	5.00pm, 20 June 2014
Allotment Date	24 June 2014
Expected commencement of trading on the NZX Main Board and ASX	25 June 2014
Mailing of holding statements	No later than 2 July 2014
Expected date of first dividend payment following the Offer	December 2014

### KEY OFFER STATISTICS

Indicative price per Offer Share <sup>2</sup>	\$2.00 to \$2.50
Expected number of Offer Shares <sup>3</sup>	40.7 million to 44.3 million
Total number of Shares on issue upon completion of the Offer <sup>4</sup>	72.1 million to 75.7 million
Total gross proceeds under the Offer <sup>5</sup>	\$88.6 million to \$101.8 million
Total gross proceeds from the issue of new Shares under the Offer	\$36 million
Shareholding of all existing shareholders following the Offer <sup>6</sup>	41.5% to 43.5%

### CAPITALISATION

Implied Market Capitalisation	\$151.4 million to \$180.2 million
Prospective Net Cash (at 30 June 2014)	\$1.2 million
Implied Enterprise Value	\$150.1 million to \$179.0 million

1. This timetable is indicative only. The Issuers reserve the right to vary or extend the dates of the Offer, withdraw the Offer at any time before the Allotment Date and accept late Applications (either generally or in individual cases).

2. The indicative price per Offer Share is indicative only. The Price will be set after the conclusion of the bookbuild process and may be within, above or below this range. The Indicative Price Range may be varied at any time by the Issuers.

3. Consisting of 14.4 million to 18.0 million new Shares to be offered by GGL and 26.3 million shares offered by Selling Shareholders through the Offeror. The actual number of Offer Shares may be below, within or outside this range.

4. Based on the number of existing Gentrack shares on issue as at the date of this Investment Statement of 57,699,510 million plus 14.4 million to 18.0 million of new Shares to be issued under the Offer (based on the Indicative Price Range).

5. Based on the expected number of Offer Shares multiplied by the Indicative Price Range.

6. Based on the Indicative number of new Shares to be offered by GGL.



## KEY INVESTMENT METRICS

	FY2014PF	FY2015
Price / NPATA ratio	15.2x to 18.1x	14.0x to 16.7x
EV / EBITA multiple	10.9x to 13.0x	9.9x to 11.8x
Implied cash dividend yield <sup>7</sup>	1.4% to 1.7%	4.5% to 5.4%
Implied gross dividend yield <sup>8</sup>	2.0% to 2.4%	6.3% to 7.5%

These metrics are provided to help you assess Gentrack's value. Indicative Market Capitalisation, Implied Enterprise Value, prospective Price / NPATA ratio, prospective EV / EBITA multiple and prospective

implied dividend yields are shown based on the lower and upper values of the Indicative Price Range. The calculations are explained in the table set out at the end of the Glossary.

Gentrack has presented the financial information below on a 'Pro Forma' basis. Gentrack believes this Pro Forma information more closely reflects the Group's post-Offer organisation and provides a better basis for investors to assess both historical and prospective financial information. Gentrack has made Pro Forma adjustments for management buyout and other costs, one-off listing costs, public

company costs and finance costs. For a full explanation of the term Pro Forma, the adjustments Gentrack has made to its financial information and why these adjustments have been made, please see Section 9.2.1 *Financial Information Presented* under the heading 'Pro Forma adjustments'.

### SELECTED PRO FORMA FINANCIAL INFORMATION

\$MILLION (YEAR ENDED 30 SEPTEMBER)	HISTORICAL					PROSPECTIVE	
	FY2009 PRO FORMA	FY2010 PRO FORMA	FY2011 PRO FORMA	FY2012 PRO FORMA	FY2013 PRO FORMA	FY2014 PRO FORMA	FY2015 STATUTORY
Revenue	23.6	25.9	32.2	34.3	40.1	40.6	44.7
EBITDA	7.8	8.6	11.4	11.8	14.0	14.0	15.5
EBITA	7.6	8.4	11.2	11.6	13.8	13.7	15.2
NPATA						10.0	10.8
Net Profit (Statutory)	3.5	4.7	6.0	4.1	6.6	3.7	9.3

Wherever prospective financial information appears in this Investment Statement (including in the selected financial information and key investment metrics presented in this section) you should read that financial information together with the

assumptions set out in the Appendix *Prospective Financial Information* and also the risk factors set out in Section 8 *What are my Risks?* There is no guarantee that the results set out in the Prospective Financial Information will be achieved.

The non-GAAP financial information used in this Investment Statement has the following meaning:

<b>NPATA</b>	Net profit after tax, excluding amortisation of acquisition related intangibles.
<b>EBITDA AND UNDERLYING EBITDA</b>	Earnings before net finance expense, income tax, depreciation and amortisation. Underlying EBITDA is EBITDA before non-operating costs.
<b>EBITA</b>	Earnings before net finance expense, income tax and amortisation of acquisition related intangibles.
<b>Pre-tax Free Cash Flow</b>	Pre-tax Free Cash Flow is calculated as EBITDA less changes in working capital less capital expenditure.

You can find an explanation of trends in financial information and of EBITDA, underlying EBITA, EBITA and NPATA, and why Gentrack uses these non-GAAP measures of financial performance, in Section 9.2.2 *Overview of Financial Information*.

A reconciliation of statutory Net Profit to Pro Forma NPAT, NPATA, EBITA, EBITDA and Pre-tax Free Cash Flow is also included in Section 9.2.1 *Financial Information Presented*

7. Based on the Indicative Price Range. Forecast dividend for FY2014 to be paid in December 2014 in respect of the three month period from allotment to 30 September 2014.

8. Cash dividend yield grossed up for imputation credits at the New Zealand corporate tax rate of 28%.

## LETTER FROM THE CHAIRMAN\_

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### DEAR INVESTOR

On behalf of the GGL Board, I am pleased to invite you to become a Shareholder in our company. Gentrack's vision is to be a recognised leader in the provision of enterprise application software to electricity, gas and water utilities and airports around the world.

By investing in Gentrack, you will have a direct stake in a suite of leading software solutions, designed to support the meter-to-cash cycle for electricity, gas and water utilities, as well as the complex billing and resource management requirements of airports. Our software is used to perform these mission critical functions in many well-known utilities across Australia, New Zealand and the United Kingdom, and in large commercial airports globally. Our reputation for delivering these complex systems on time and on budget is a competitive advantage, which gives us long-term partnerships with our growing customer base.



Gentrack's markets are characterised by high technical and reputational barriers to entry. This is evident in our strong and consistent EBITA to revenue margins, which were 34.4% in FY2013PF.

The Gentrack business is driven by highly motivated staff and an experienced management team who have delivered EBITA growth for the five years to FY2013PF averaging 16.1% per annum. This growth is underpinned by a high level of contracted and recurring revenues, which together with Gentrack's capital light business model deliver a high conversion rate of earnings into cash.

Gentrack has exciting growth opportunities to pursue in its core markets of Australia, New Zealand and the United Kingdom. Our market opportunity is large and our continued growth is underpinned by attractive industry fundamentals, including on-going electricity, gas and water industry regulatory reform and innovations such as smart metering. In Gentrack's experience, utility investment in systems to drive efficiency and customer engagement is relatively immune from the economic environment. Gentrack has experienced several recent successes in the implementation of its growth strategy, particularly in Australia and the United Kingdom where we have recently announced new projects with Sydney Airport, Sembcorp Bournemouth Water, Alinta Energy and LoC02 Energy.

This Investment Statement contains detailed information about Gentrack, and importantly, the risks associated with an investment of this type. I encourage you to read both the Investment Statement and Prospectus carefully before making an investment decision.

The Board and management are excited about the future for Gentrack. On behalf of the Board, I commend the Offer to you and look forward to welcoming you as a Shareholder.

Yours sincerely,

A handwritten signature in black ink that reads "John Clifford". The signature is written in a cursive, flowing style.

John Clifford

Chairman  
Gentrack Group Limited



04

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# INVESTMENT HIGHLIGHTS\_

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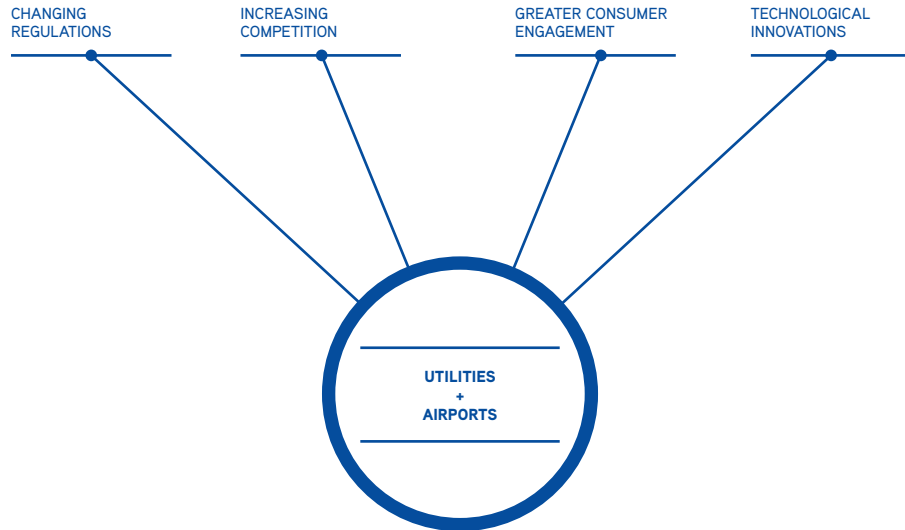


# STRONG INDUSTRY FUNDAMENTALS DRIVING DEMAND FOR GENTRACK'S SOFTWARE.

01

Changing regulations, increasing competition, new consumer engagement strategies and technological innovations are driving increasing demand for flexible and robust software solutions like Gentrack Velocity and Airport 20/20. Gentrack's software solutions provide utilities and airports with the tools required to harness large information flows, achieve greater operational efficiency and improve service delivery.

Globally, the utilities billing and customer relationship management market and the airport operational systems market are large and growing. Gentrack's software is specifically designed for these markets, providing utilities and airports the flexibility and capability required to meet changing customer expectations and market conditions.



# MISSION CRITICAL SOFTWARE FOR WORLD-CLASS UTILITIES AND AIRPORTS.

## 02

Gentrack’s customers include world-class, consumer focused utilities in Australia, New Zealand and the United Kingdom and airports globally. Gentrack’s software solutions are ‘mission critical’ to these utilities and airports, sitting at the very heart of their businesses and managing their most important information flows.

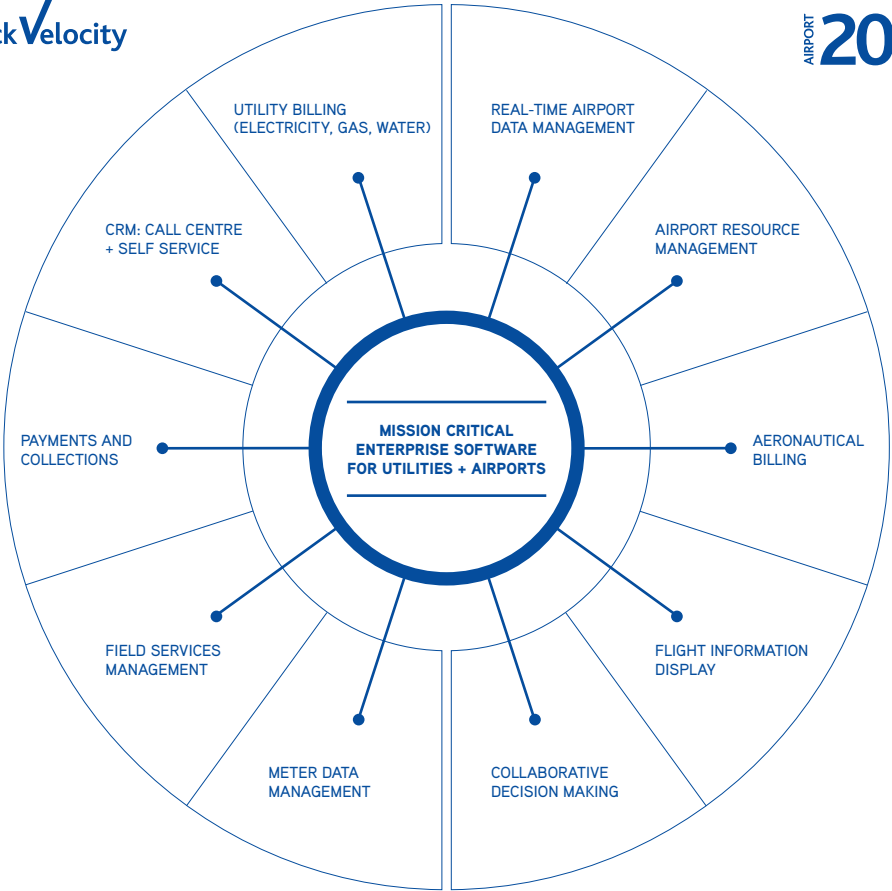
Gentrack has maintained long-term, unbroken relationships with the majority of its utilities and airports

customers, the average tenure of which now exceeds nine years.

Gentrack’s long-term relationships, the mission critical nature of its products and the industry environment create significant barriers for new entrants to the sector. Once a customer implements a Gentrack product, there are high risks for customers in switching to other providers, in terms of time, cost, and operational risk.

Gentrack **Velocity**

AIRPORT **20/20**





## STABLE REVENUE BASE WITH HIGH NEAR-TERM VISIBILITY.

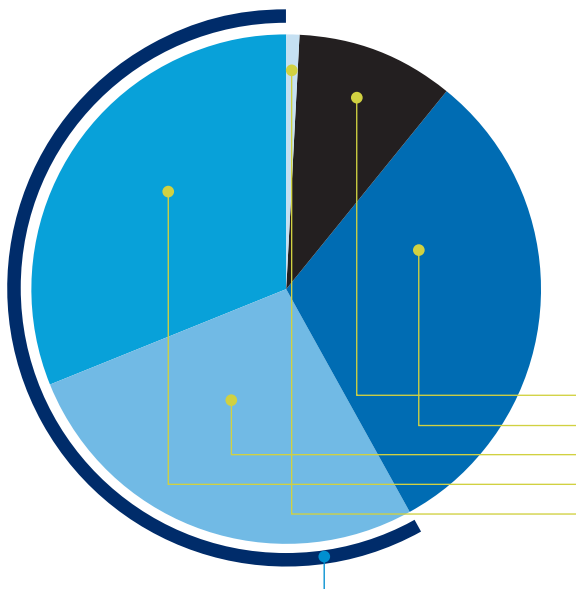
### 03

Gentrack's business model provides a stable core of recurring revenues consisting of annual fees payable by customers for software licensing, support and maintenance. This is supplemented by revenues from one-off license payments and project services including any major software implementation projects. Gentrack considers that 50-60% of revenue in any financial year is "highly likely" to recur in the following financial year.

86% of Gentrack's FY2013PF revenue came from Gentrack's existing utilities and airports customers, including from additional software modules and new

features to meet evolving business requirements. The stable demand profile of utilities and airports for Gentrack's software and services supports the ongoing nature of these recurring and service based revenue streams.

Gentrack has good visibility on a large number of new project or product upgrade revenue opportunities. The Group has confidence in its ability to forecast near-term<sup>9</sup> revenue from these opportunities and therefore the investment required in resources to support its growth targets.



**FY2013PF REVENUE BY CATEGORY**

LICENSE FEES	10%
PROJECT SERVICES	22%
ANNUAL CONTRACTED REVENUE	27%
SUPPORT SERVICES	40%
OTHER	1%

ANNUAL FEES AND SUPPORT SERVICES ARE CONSIDERED 'HIGHLY LIKELY' TO RECUR IN THE NEXT YEAR

9. In this context Gentrack considers 'near-term' to mean the next 18-24 months.

# CAPITAL LIGHT BUSINESS MODEL DELIVERING SUSTAINED EARNINGS GROWTH.

## 04

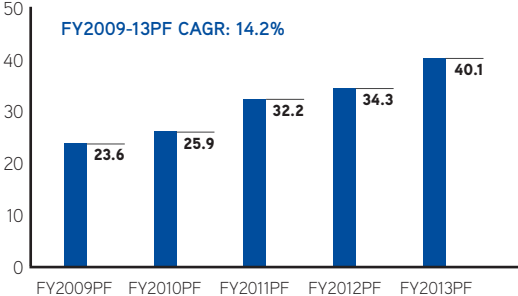
Gentrack has realised consistent revenue and EBITA growth over the past five financial years. Gentrack had a compound annual growth rate between FY2009PF and FY2013PF of 14.2% for revenue and 16.1% for EBITA.

Gentrack’s growth has been underpinned by a proven strategy of product and geographic expansion, combined with increasing global demand for billing, customer relationship management (CRM) and airport operational systems. Gentrack’s focused approach to product research and development, as well as project delivery, has allowed it to achieve sustainable growth and maintain its EBITA to revenue margins, which were 34.4% in FY2013PF.

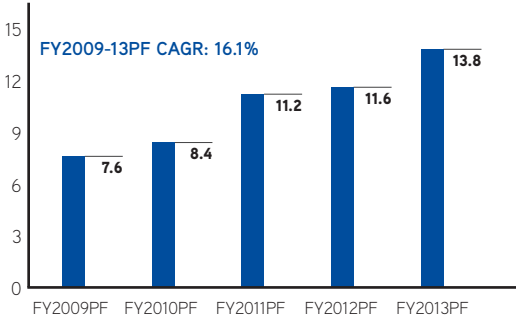
Gentrack has low on-going capital expenditure and working capital requirements, resulting in a high EBITDA to operating cash flow conversion ratio. EBITDA to operating cash flow conversion<sup>10</sup> has averaged 88% over the past five financial years (FY2009PF-FY2013PF).

This is supported by Gentrack’s policy to fully expense research and development costs, with \$2.5 million of R&D costs expensed in FY2013PF.

REVENUE (NZ\$M)



EBITA (NZ\$M)



10. Pre-tax cash flow is calculated as EBITDA less changes in working capital less capital expenditure. Further information on this metric, and why Gentrack considers it useful for investors, can be found in Section 9.2.2 *Overview of Financial Information*.

## ATTRACTIVE GROWTH OPPORTUNITIES AND STRATEGIC POSITION.

05

Gentrack has strong growth prospects and intends to build on its established market positions in Australia, New Zealand and a developing position in the United Kingdom. The Group has identified and established relationships with a long list of prospective customers who Gentrack consider likely to be contemplating an upgrade to their billing and CRM systems over the next three years.

Gentrack has identified three primary areas of focus:

1. Industry developments and reform generating new opportunities.
2. Growth from existing customers.
3. Expansion into new geographies and markets, including through acquisition.

Gentrack will fund its current growth strategy from existing earnings. Given its strong balance sheet, Gentrack retains the ability to take on debt to fund acquisitions.

## HIGHLY EXPERIENCED MANAGEMENT TEAM AND BOARD WITH STRONG INDUSTRY CREDENTIALS.

06

Gentrack has a stable and proven management team, led by CEO James Docking, with significant experience both at Gentrack and in the software and utilities sectors. There are ten other senior managers, with an average tenure of over ten years.

The Gentrack team are industry specialists, not IT generalists, and pride themselves on their high level of commercial, technical and leadership expertise. Gentrack takes full end-to-end responsibility for product delivery,

and it is this low risk, proven model that has helped build the Group's strong long-term customer relationships. Considered experts in their field, Gentrack's people live and breathe the 'Play with Passion' philosophy, along with Gentrack's core values of Agility, Ability and Attitude.

The management team is supported by a highly qualified and experienced Board, including non-executive Chairman John Clifford and independent Directors Graham Shaw, Leigh Warren and Andy Coupe.



05

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# MARKET OVERVIEW\_

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## MARKET OVERVIEW\_

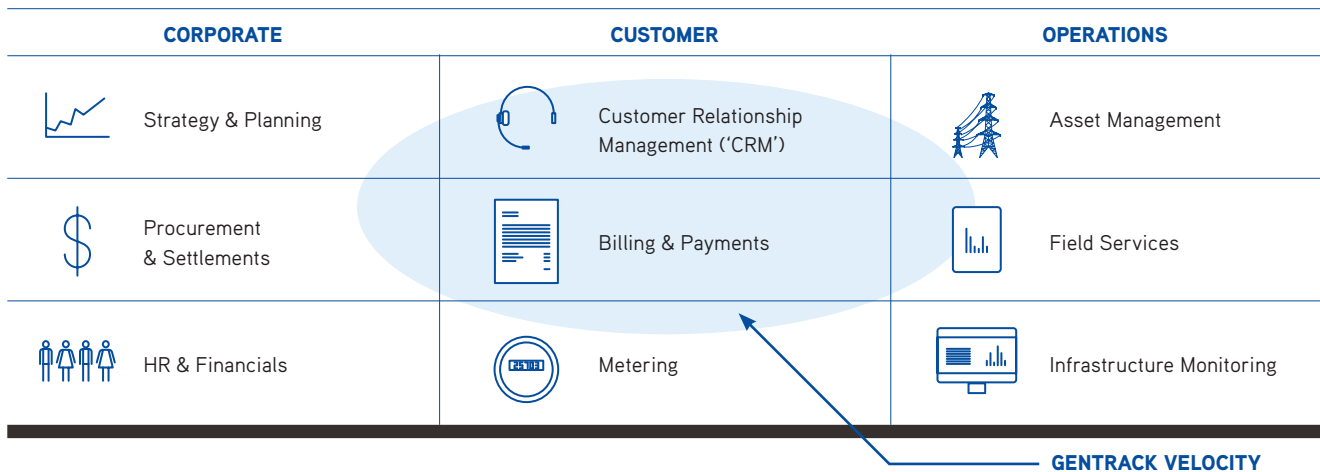
Gentrack operates in the large and growing global enterprise software market. Enterprise software is designed to improve enterprise level productivity by streamlining and automating core data flows and business processes.

### UTILITIES

#### BILLING AND CRM SOFTWARE

Enterprise software is an important component of the business model employed by electricity, gas and water utilities. Their operations are data intensive, leading to demand for solutions that facilitate the provision of accurate, real-time reporting of customer and network information and the streamlining of high-volume processes such as customer billing.

The utilities enterprise software market can be divided into nine different sectors covering a broad range of corporate, customer and operational processes.



Gentrack's core utilities software product - Gentrack Velocity - is focused on the billing & payments and CRM sub-segments of the market. Gentrack Velocity facilitates the key customer interactions for these utilities, including:

- Enabling electricity, gas and water utilities to collect, store and use customer, property and usage related data to accurately bill their customers and manage the 'meter-to-cash cycle'.
- Integrating with a number of other enterprise software sub-segments to optimise data and process flows.



### METER-TO-CASH

The meter-to-cash process is the customer revenue cycle for a utility. The process includes:

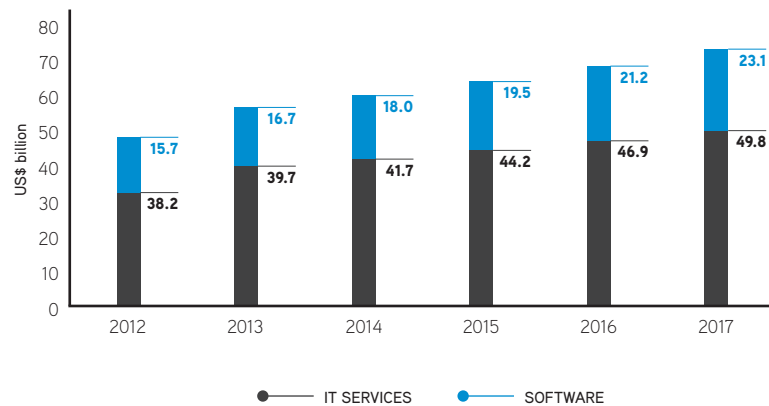
- Receiving data from the meter.
- Validating data and applying tariffs.
- Billing the customer.
- Reconciling payments and managing arrears.
- Responding to customer queries via call centres or electronic interfaces.

### LARGE AND GROWING GLOBAL MARKETS

Gentrack operates in large and growing global software markets. In 2013, IT spending by utilities was estimated to be US\$138 billion, including US\$56 billion on software and IT services.

In the specific sector in which Gentrack operates, utilities spent US\$3 billion on billing and customer information software in 2013. This market is expected to grow at 11% per annum through to 2020, well above the broader software and IT services market.

### GLOBAL UTILITIES SOFTWARE AND IT SERVICES SPEND



### GENTRACK'S CORE MARKET

Gentrack is primarily focused on utilities with up to three million consumers that operate in competitive market sectors in Australia, New Zealand and the United Kingdom. While the functionality of Gentrack Velocity is primarily oriented towards competitive markets, Gentrack's systems also support utilities in regulated market conditions such as those in the Pacific Islands and parts of Australia.

Gentrack estimates that there are approximately 385 contestable utilities sites in its core regions, each with specific requirements for billing and CRM applications. Gentrack's software is currently installed in 43 of the 385 utility sites. Gentrack estimates that each of these sites could spend between \$0.5 and \$5.0 million annually on Gentrack's software solutions.

### GENTRACK MARKET SHARE BY SITES AND CONNECTIONS\*

	SITE PENETRATION			CONNECTION SHARE
	Total	Gentrack	%	Gentrack
New Zealand	57	19	33%	69%
Australia	217	17	8%	8%
United Kingdom	111	7	6%	4%
<b>Total</b>	<b>385</b>	<b>43</b>	<b>11%</b>	

\*Sites with up to three million connections; excludes utilities sites in the Pacific Islands and Asia.

## DEREGULATION AND MARKET REFORM

Gentrack's core target energy markets within Australia (particularly Victoria), New Zealand and the United Kingdom have been early adopters of market deregulation. Significant market reforms have subsequently been pursued in the majority of developed countries, including Europe and parts of the United States. Water markets are less developed with many still in the process of privatising or deregulating.

The process of deregulation and market reform has resulted in significant changes to the structure of utilities markets. However, once deregulation has taken place, supply, pricing and service frameworks have continued to evolve as further improvements and efficiencies are developed. In more competitive and liberalised market environment, consumers are increasingly expecting higher quality services, better communication, more flexible offerings and choices and a higher quality of consumer experience overall. Most utilities now believe that customer service and retention are among the major industry challenges today.

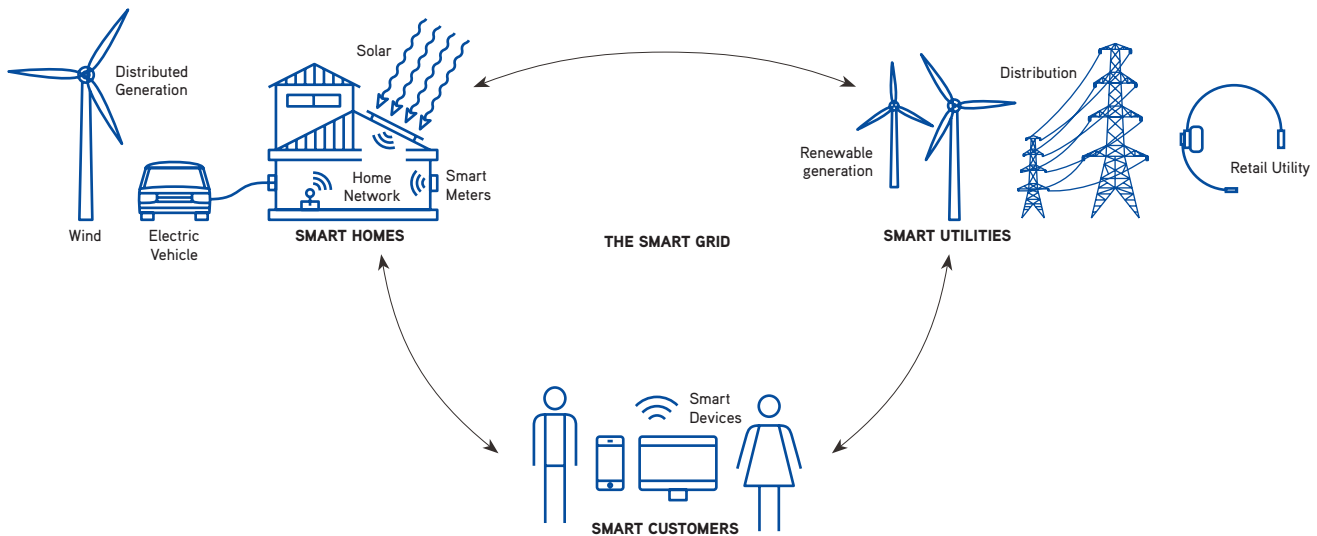
In Gentrack's experience, many older software solutions have struggled to adapt to these changes, which include increasing information volumes, new technology and innovative charging models. This has resulted in significant new investment in software and IT services, including billing and CRM software.

For Gentrack, the most notable opportunities being provided by market reform are in the Australian water and United Kingdom electricity and water markets. Further information on these opportunities can be found in Section 6 *Business Description* under the heading 'Growth Strategies'.

## THE SMART GRID

The traditional utility model is undergoing a transformation empowered by the emergence of 'smart grids'. Smart grids utilise electronic metering devices called 'smart meters' to provide accurate recording of interval consumption data. Usage data is typically recorded in intervals of 30 minutes or less.

## SMART UTILITIES



The introduction of smart grids is having the following impacts:

**For utilities:** Electricity demand usually peaks at certain predictable times. Smart grids permit differential pricing to be applied to power consumption at set intervals according to the overall level of demand on the power system. A key aim behind the installation of smart metering is to encourage reduced power consumption during peak periods and therefore limit the growth in new generation capacity needed to meet increasing demand.

The improved flexibility of the smart grid is also permitting greater usage of highly variable renewable energy sources such as solar power and wind power, even without the addition of energy storage.

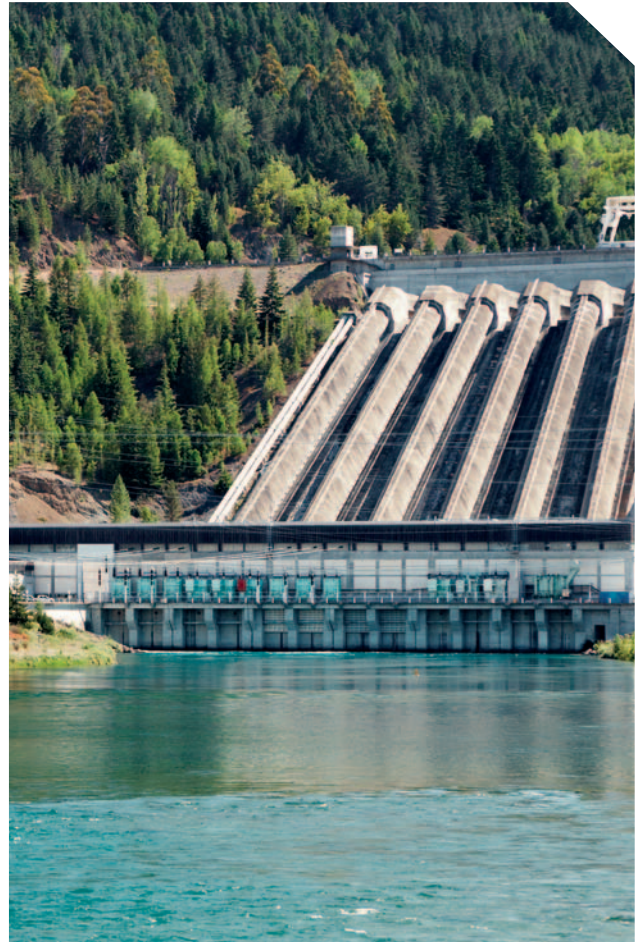
**For consumers:** The information provided by smart meters allows for a more efficient and consumer focused service through greater flexibility in billing frequency, billing and consumption data provision and payment options for consumers. Consumers with smart meters can, for example, use devices in their home to monitor the cost of usage and thus choose to consume electricity, gas or water when it is less expensive.

Household and business consumers are also transforming into dual consumers/suppliers through distributed generation, requiring new billing processes that support two-way metering, feed-in-tariffs and more sophisticated accounts receivable functions.

For further information on smart grid rollouts in Gentrack's core markets, see Section 5 *Market Overview* of the Prospectus under the heading "The Smart Grid".

#### A SHIFT TO BEST-OF-BREED SOFTWARE SOLUTIONS

Gentrack Velocity is a 'Best-of-Breed' system. The failure of several large scale 'Enterprise-Wide' software roll-outs in the utilities sector has, in Gentrack's opinion, resulted in greater demand for more agile and flexible applications. Gentrack believes that utilities are increasingly seeking to reduce the cost to serve consumers through 'Best-of-Breed' software applications that offer a strong level of cost and delivery certainty.



#### 'BEST-OF-BREED' AND 'ENTERPRISE-WIDE' SYSTEMS

'Best-of-Breed' systems use specific software solutions for each application or requirement within a utility or airport; these solutions are typically then integrated to enable the flow of data and information across the business. For example, an organisation utilising a 'Best-of-Breed' approach may purchase a human resource package from one vendor, a financial package from another and a billing and CRM solution from Gentrack.

'Enterprise-Wide' systems typically enable utilities and airports to apply a single software solution across the entire organisation. These solutions are designed to meet all of an enterprise's business requirements, from financials and human resources to asset management and CRM.

'Best-of-Breed' software has the advantage of a higher degree of specialisation and enables organisations to reduce risks regarding reliance on a single vendor for mission critical systems. While 'Enterprise-Wide' systems avoid the need to integrate multiple solutions, the emergence of 'open' software architecture has added a new level of systems flexibility, enabling organisations to pick, implement and integrate a variety of specialist solutions to meet their business requirements.







## AIRPORTS

In the airports sector, Gentrack is a provider of airport operational systems software. Airport operational systems enable airports to capture and use multiple streams of data in 'real-time' to maximise airport efficiency.

Airport operational systems such as Airport 20/20 serve as information hubs for airports, allowing airports and airport operators to manage their aeronautical billing, flight information display, resource management, and passenger and baggage processing solutions on one integrated system. The outputs of the system are either used by or are visible to most airport stakeholders including airport employees, ground handlers, airlines, air traffic controllers and passengers.

## MARKET OPPORTUNITY

The airport operational systems market had an estimated size of US\$370 million globally in 2013. The airport operational systems market is forecast to reach approximately US\$430 million in 2018, representing a 3.5% compound annual growth rate.

The market opportunity for Airport 20/20 is very broad, as Gentrack's systems can be modified to meet the needs of almost any commercial airport. For example, Gentrack provides Airport 20/20 to Australasian airports, large international hubs like Hong Kong International Airport (the third largest airport in the world, with approximately 59 million passenger movements in 2013) and modest airports with approximately one million passenger movements. There are currently more than 10,000 airports with active airport codes.

Airport 20/20 has a market leading position in Australasia and a growing market position internationally. Airport 20/20 is installed in nine of the top 100 busiest airports (by passenger numbers) and is used by airports representing approximately 7% of global passenger traffic.

## GENTRACK AIRPORT MARKET SHARE BY PASSENGER NUMBERS\*



\*Percentage of passengers at airports with >1 million passengers per annum.





## AIRPORT MARKET TRENDS

In Gentrack's view, there are several significant trends driving airports to invest in new airport operational systems.

These key drivers include:

- **Legacy system replacement:** Airports are now focusing on the replacement of legacy IT systems that no longer provide the flexibility or functionality to support their business strategy.
- **Privatisation of airports:** The privatisation of airport businesses globally is associated with an increased focus on operational costs and management of resources. Airports are using airport operational systems such as Airport 20/20 to streamline and automate airport processes and procedures.
- **The passenger experience:** Airports are increasingly competing for passenger numbers on the basis of the experience they provide passengers, including facilities and retail opportunities.
- **Resource utilisation:** The demand on many airport resources requires airports to invest in IT solutions that optimise their usage. Passenger numbers are expected to increase substantially in the medium term, stretching the capacity of airports.



06

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# BUSINESS DESCRIPTION\_

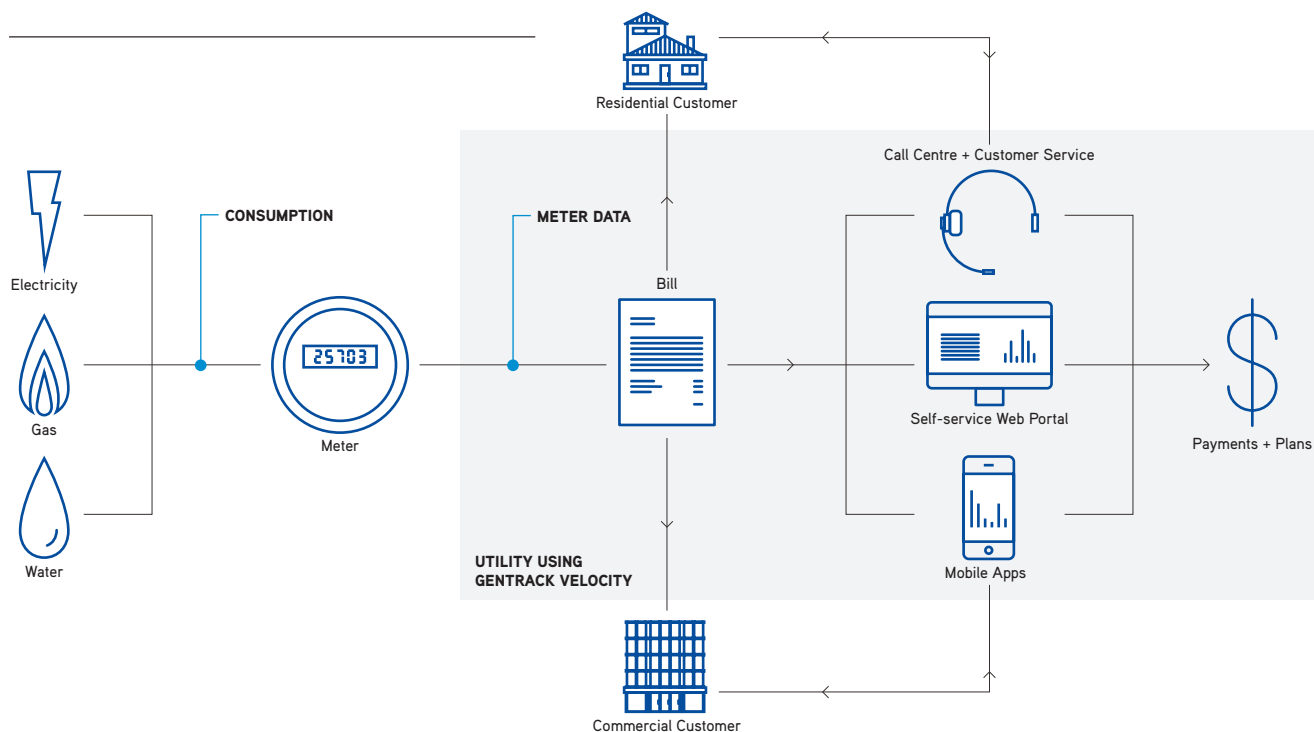
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# GENTRACK DESIGNS, SUPPORTS AND IMPLEMENTS 'BEST-OF-BREED' SOFTWARE SOLUTIONS FOR ELECTRICITY, GAS AND WATER UTILITIES AND AIRPORTS.



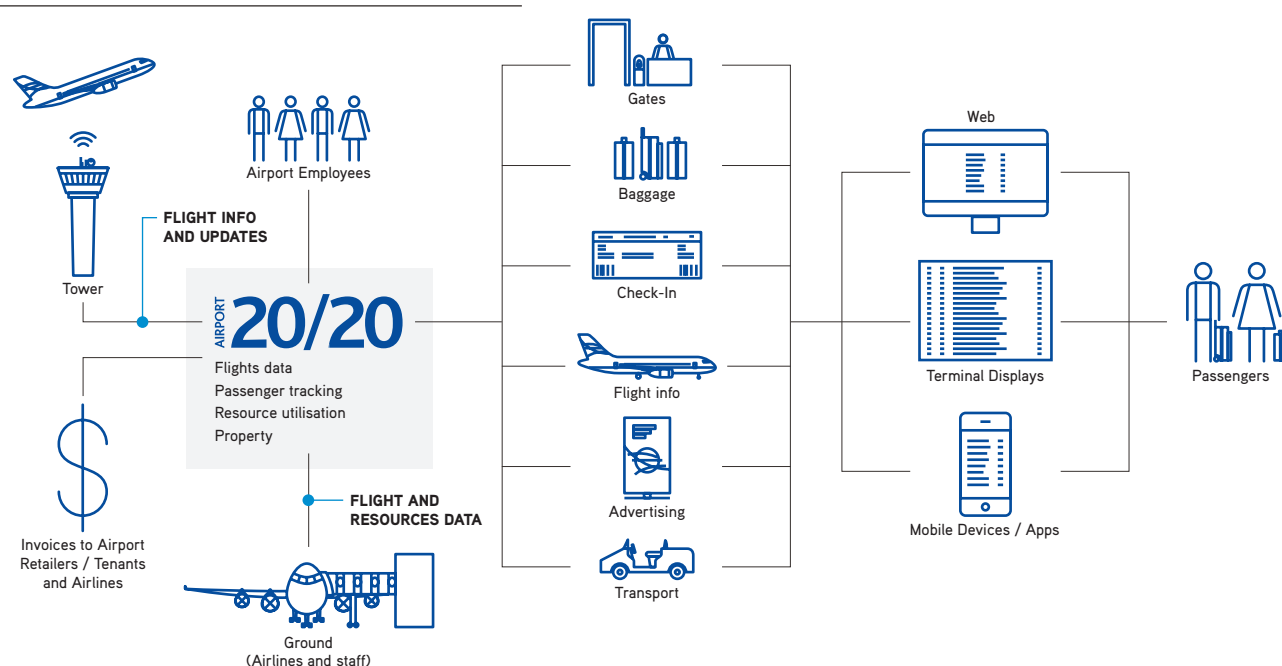
## GENTRACK VELOCITY



Gentrack Velocity processes a myriad of utility related data, including energy and water usage, meter data and asset data required for operating a modern energy or water utility business. Aligned with a utility's 'meter-to-cash' processes, the software provides a series of integrated modules encompassing billing, CRM, credit management, field services, meter data management and asset management. It is the foundation system within many call centres delivering a suite of tools and screens that enable customer service teams to easily navigate customer information and engage with customers on a daily basis.

Further information on Gentrack's products can be found in Section 6 *Business Description* of the Prospectus under the heading 'Gentrack's Products'.

AIRPORT 20/20

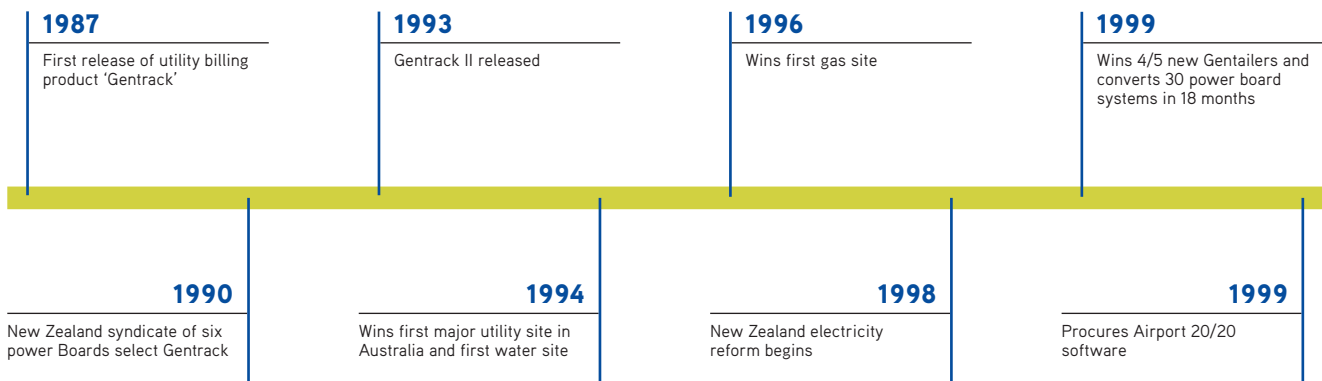


Airport 20/20 is a fully integrated suite of airport information management tools essential to the operation of commercial airports and aviation authorities. The software includes modules for aeronautical billing, property management, flight information display, resource management, collaborative decision making and airport messaging. These capabilities interact in real-time with each other as well as numerous other airport and industry systems, bringing real-time information and operational intelligence to airport employees, ground handlers, airlines, air traffic controllers and passengers. Airport 20/20 ensures that airports and aviation authorities can access the right information at the right time to assist in optimising operational efficiency and maximising financial returns.

**Gentrack Velocity** and **Airport 20/20** are 'Best-of-Breed' products made up of functional modules that are configured to meet the requirements of different utility and airport markets. A modularised approach provides opportunities for Gentrack customers to take additional software modules to support new business requirements and strategies. Gentrack's software is subject to ongoing development and improvement, with additional product releases occurring on a six month recurring cycle.

Gentrack will typically implement its software solutions on the customer's site. Over the past few years, Gentrack has developed a proven ability to deliver its software through open source, cloud based or 'SaaS' frameworks if required by the customer. Two cloud based deployments have been made to date.

# GENTRACK HAS SUCCESSFULLY GROWN INTO A LEADING SPECIALIST BILLING AND CRM SOFTWARE PROVIDER.



## HISTORICAL OVERVIEW

Gentrack launched its first utility software product in 1987, commencing a long history as a provider of software solutions to the electricity, water, gas and airport industries.

New Zealand led the world in the reform of its electricity sector in the 1990's and this allowed Gentrack to develop market ready software for the competitive utility markets that have emerged around the world since that time. After establishing a strong market position in New Zealand, including winning software implementation contracts for the

majority of the New Zealand electricity retail and distribution market, Gentrack has subsequently expanded into Australia and more recently into the United Kingdom.

In 1999 Gentrack purchased the Airport 20/20 software. Since purchasing Airport 20/20, Gentrack has grown the business from three customers to 33 today. Gentrack now has a market leading position in the Australasian airport market and has won major airport contracts in the United Kingdom, North America, Asia and Scandinavia.



**2000**

Wins first airport site in Australia

**2003**

Melbourne office established

**2010**

London office established  
Wins first airport site in Asia

**2013**

NZTE International Business of the Year  
Wins first water site in the UK

**2002**

Gentrack III released  
Wins first airport site in the United States

**2009**

Gentrack Velocity IV released

**2012**

Brisbane office established

**2014**

Receives government R&D grant from Callaghan Innovation



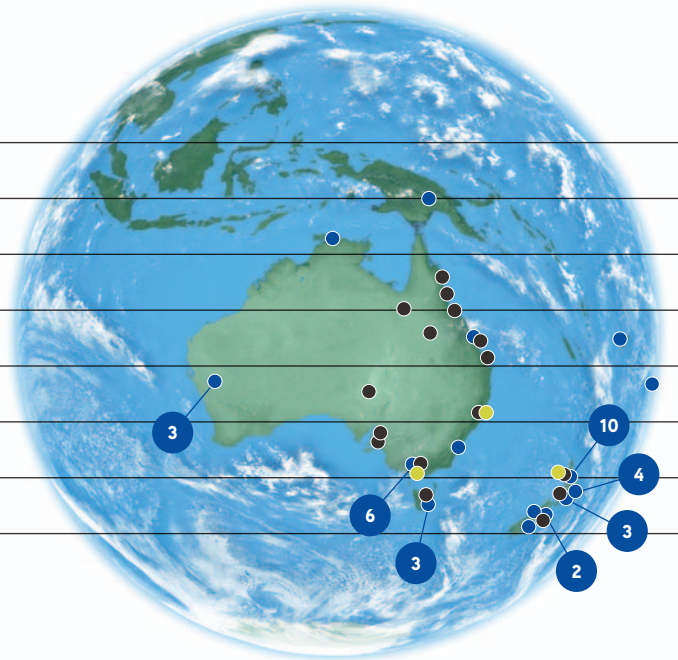
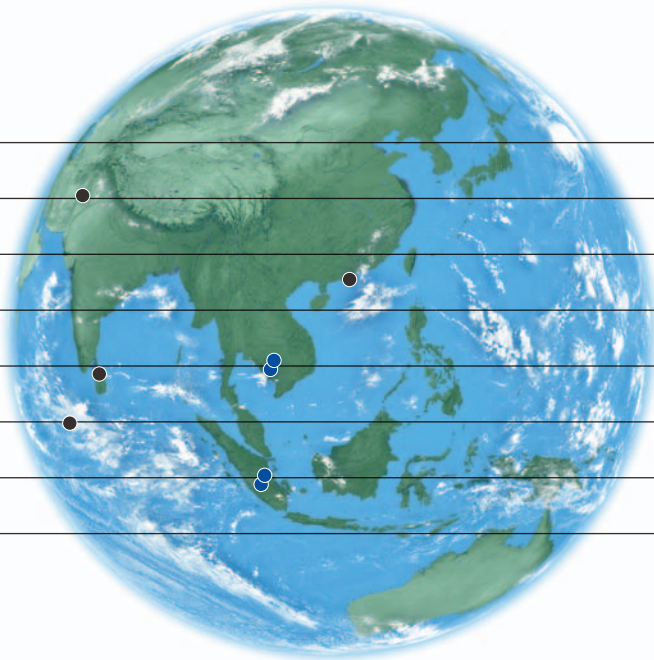
Airport 20/20 Software



Gentrack Velocity Software

Since its inception Gentrack has undergone a number of ownership changes. In 2007 Gentrack was purchased by a consortium comprised of management and directors, ANZ Capital and Landis + Gyr. This was followed by a management-led buyout in 2012 resulting in the current ownership structure. Further details of this transaction are set out in the Appendix 2 *Gentrack Group Limited Audited Financial Statements* of the Prospectus under the heading 'Note 2 Business Combination'.

# 150 customer sites in 17 countries



## GENTRACK'S CUSTOMERS

Gentrack's utilities customers are primarily large scale electricity, gas and water providers. Gentrack also provides software solutions to start-up energy companies, particularly in markets undergoing regulatory reform. Gentrack's airports customers are primarily large commercial international and domestic airports and aviation authorities.

Gentrack's customer focus and consistent service delivery have fostered strong long-term customer relationships. Average customer tenure is nine years, and over a third of customers have been with Gentrack for ten years or more.

Gentrack has a diversified revenue base with limited customer concentration.

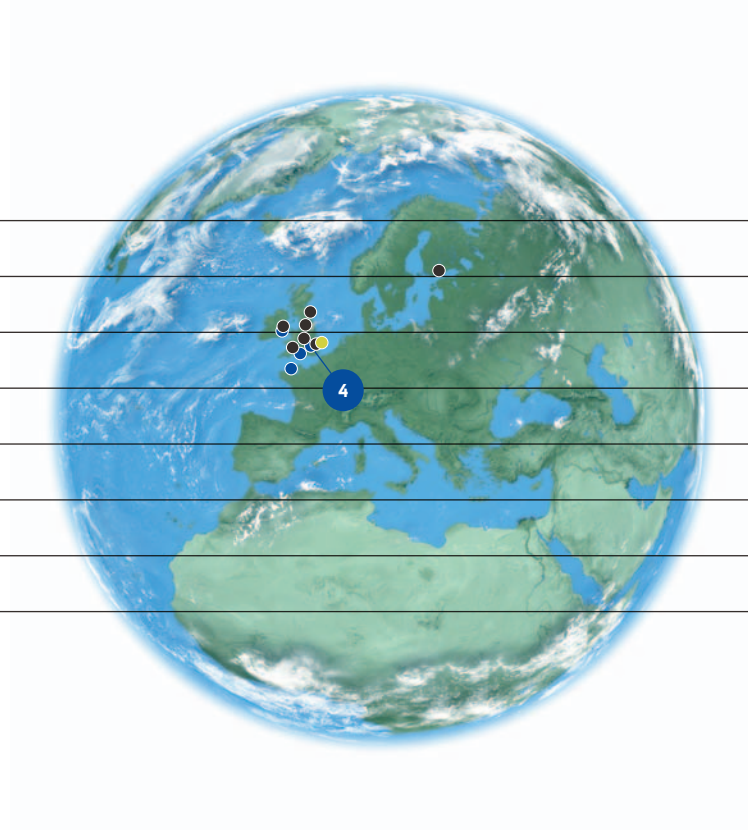
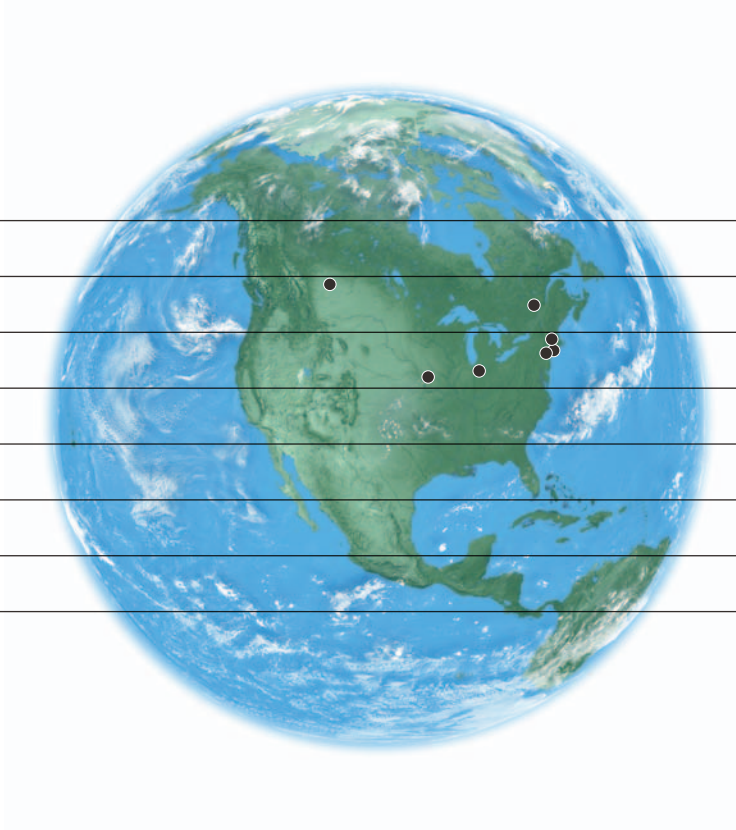
## COMPETITORS

Gentrack's major competitors for large electricity, gas and water utilities customers are Enterprise-Wide systems vendors SAP and Oracle. For clients with a smaller consumer base Gentrack also faces competition from other providers including Agility and Echo Managed Services.

As a global supplier of airport operational systems, Gentrack's primary competitors include global providers Lockheed Martin (Amor), SITA and AirIT. Other competitors include Amadeus, Arinc and Ultra.

In Gentrack's opinion, the mission critical nature of the products, the time, risk and cost of new system implementations and the specialist knowledge and intellectual property required to develop specialist software for utilities and airports, present high barriers to entry for new competitors.

**KEY** | VELOCITY CUSTOMERS ● | NUMBER OF SITES # | AIRPORT 20/20 SITES ● | GENTRACK OFFICES ●



**NOTABLE GENTRACK VELOCITY CUSTOMERS**

NEW ZEALAND	AUSTRALIA	UNITED KINGDOM
Genesis Energy	ActewAGL	Dalkia
Meridian Energy	Aurora	Flow Energy
Mighty River Power	Barwon Water	Insite Energy
Trustpower	City West Water	LoCO2 Energy
Vector	Horizon Power	Ovo Energy
	Origin Energy	Sembcorp Bournemouth Water
	Red Energy	
	TasWater	
	Unitywater	

**NOTABLE AIRPORT 20/20 CUSTOMERS**

NEW ZEALAND	AUSTRALIA	REST OF THE WORLD
Auckland International Airport	Adelaide Airport	Birmingham Airport
Christchurch International Airport	Brisbane Airport	Hong Kong International Airport
Wellington International Airport	Melbourne Airport	John F. Kennedy International Airport
	Sydney Airport	London City Airport
		Newark Liberty International Airport

## GENTRACK'S BUSINESS MODEL

Gentrack gathers revenue from up-front licence charges, recurring contract revenues and from billing for software related professional services. Gentrack revenue can be divided into four main types:

- **Licence Fees** are charged for the initial software implementation, subsequent software module upgrades and increases in volumes (for example, end users or client customers) on which the licensing is based.
- **Project Services revenue** is generated from existing customer software upgrades and new customer software implementations and relates to system implementation, testing and other associated business services.
- **Annual Contracted Revenues** are based on annual fees for the ongoing use and support of Gentrack Velocity and Airport 20/20 software.
- **Support Services revenue** is charged to existing customers for the ongoing consultation, programming and site support work associated with Gentrack's products that is not covered by the Licence Fee and can also include small scale software upgrades.

In respect of non-recurring revenue, in any given year, Gentrack has good visibility on a large number of new project or product upgrade revenue opportunities. The Group has high confidence in its ability to forecast earnings from these opportunities. Gentrack has the ability to structure requests for ongoing services around new implementations and upgrades in order to fully utilise technical resource capacity and smooth customer demand.

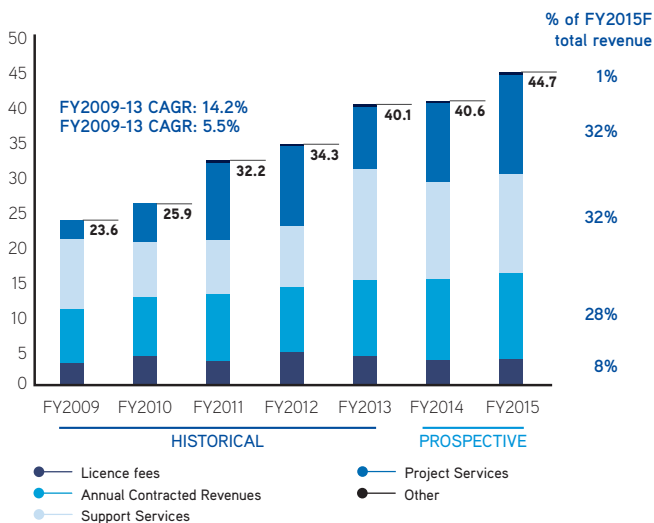
Further information on Gentrack's revenue model can be found in Section 9.1 *Introduction to Gentrack's Financial Information*.

## GENTRACK'S COMPETITIVE ADVANTAGE

Gentrack has focused on five key areas of differentiation from competitors:

- **Specialists:** Gentrack's software solutions are designed specifically for utilities and airports and are implemented by industry specialists with detailed market knowledge. Gentrack is a utilities software specialist, not an IT generalist.
- **Proven value proposition:** Gentrack Velocity and Airport 20/20 offer a 'Best-of-Breed' product that represents a compelling low-risk alternative to an integrated 'Enterprise-Wide' solution and delivers price and delivery certainty to the customer.
- **Direct deployment:** Gentrack takes full end-to-end responsibility throughout the lifecycle of a product, including design, sales, implementation and support. Gentrack typically exercises full control over the implementation and support of its software, and rarely uses third party contractors (known as systems integrators). Gentrack's major competitors have historically required a systems integrator for implementation and management of their products. Gentrack believes this model often leads to substantial cost and time overruns that can be mitigated by the use of a single supplier model with fewer conflicts of interest.
- **Implementation approach:** Gentrack uses an innovative implementation methodology for utility and airport projects that is closely aligned to many of the proven agile principles. This approach aims to reduce implementation times, relative to its major competitors, as well as risk. Using this innovative approach, Gentrack has successfully implemented projects within a 6-9 month timeframe, while 'Enterprise-Wide' projects can last several years. In contrast to several notable 'Enterprise-Wide' projects that have ended in significant time and cost overruns, Gentrack has a strong track-record of delivering on-time and on-budget and maintains a 100% implementation success rate.
- **Partnerships:** Gentrack considers that its customers are its most valuable asset, and it trains staff on the concept and value of long-term customer relationships. More than 90% of the customer relationships Gentrack held five years ago remain in place today.

## REVENUE MIX (NZ\$M)



Gentrack's business model provides a stable core of recurring revenue from annual contracted fees and support services. Gentrack considers that 50-60% of its revenue in any year is considered highly likely to recur in the following year.

## TECHNOLOGY

### VENDOR INDEPENDENT

Gentrack Velocity and Airport 20/20 are both 'vendor independent' products using the same technology to support a broad range of databases (including Oracle and Microsoft) and operating systems (such as Unix, Linux and Windows). Gentrack's products are not restricted to the technologies of any single vendor. This enables Gentrack to:

- Maintain a competitive advantage over competitors with products designed around a single vendor's technology.
- Move employees between the products, creating efficiencies for Gentrack's employee utilisation.

The flexibility provided by Gentrack's products allows them to operate within the existing IT Infrastructure of almost any utility or airport and integrate with other enterprise software with the latest real-time integration technology.

### RESEARCH AND DEVELOPMENT INFRASTRUCTURE

Gentrack has a strong track-record of investing in product development to drive innovation and meet customer needs, industry changes and technological advances. Each year Gentrack invests approximately 17% of its software specific revenue into research and development (R&D). Gentrack has received a number of R&D grants, and in 2014 was the recipient of an R&D grant from Callaghan Innovation, a New Zealand Crown Agency.

By maintaining full internal control of product development, Gentrack is more readily able to safeguard the quality and reliability of both its existing products and development pipeline. By centralising its development personnel in Auckland, Gentrack has been able to maintain high developer utilisation rates and exercise close control over its R&D cost base.

### INTELLECTUAL PROPERTY

Gentrack's ownership of its intellectual property is established as a result of its long history of development and innovation. Gentrack's products cannot easily be replicated and it protects its intellectual property in the terms of its contracts with customers. Gentrack typically retains the ownership of any intellectual property shared with customers or developed as part of specific project work or ongoing support.

### PEOPLE

Gentrack's ongoing success reflects the knowledge and expertise of its key people. Gentrack views its key people as the product and industry experts and considers them to be the main reasons why customers have the confidence to purchase its software and stay with Gentrack long-term.

Gentrack has a growing geographic reach and now has more than 180 staff operating in four offices split between New Zealand, Australia and the United Kingdom. Gentrack remains proud of its New Zealand heritage and has a strong commitment to the recruitment and retention of New Zealand programming and technical resources.

A key feature of Gentrack's recruitment and retention strategy is a focus on developing its own people and promoting (where possible) from within. The success of this strategy is demonstrated by Gentrack's low staff turnover rate and average staff tenure of approximately 6 years.

Between FY2009 – FY2014, UK utilities revenue increased from:

**\$.4m**

to

**\$4m**

**20+**

Gentrack aims to build relationships with its customers that last more than 20 years.



## GROWTH STRATEGIES

### INDUSTRY DEVELOPMENT AND REFORM GENERATING NEW OPPORTUNITIES

Gentrack's software solutions are specifically designed for the demands of modern utilities and airports, and help these companies manage their key information flows. The continued transformation of the electricity, gas, water and airport sectors is driving a new wave of opportunity for Gentrack, positioning the Group for significant growth over the next five years. For Gentrack, the most notable opportunities are in the Australian water and UK electricity and water markets where ongoing market reform is altering the competitive and consumer landscape.

### GROWTH FROM EXISTING CUSTOMERS

Gentrack has identified a number of opportunities from its existing customer base to grow its business. These initiatives include:

- The development of new revenue streams from the addition of new modules or extensions to existing products (for example, executive dashboards for Gentrack Velocity).

- The expansion of existing products to cover new service areas (such as the introduction of field service management tools to monitor smart meters).
- Increasing Gentrack's offerings of ancillary professional services that support its products (such as training, testing and on-site support to enable customers to more effectively use Gentrack's products).

### EXPANSION INTO NEW GEOGRAPHIES AND MARKETS, INCLUDING THROUGH ACQUISITION

Gentrack is currently pursuing an offshore expansion strategy into the United Kingdom which is aided by ongoing utilities sector reform and commercialisation in that market, for example the introduction of competition in the UK water sector. Once critical scale is achieved within the UK Gentrack may look to other geographies, with the United States and Canada the most prospective. Additionally, Gentrack has identified several potential acquisition opportunities that it may seek to execute, subject to internal investment criteria being met.



07

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**BOARD AND SENIOR  
MANAGEMENT TEAM\_**

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## BOARD AND SENIOR MANAGEMENT TEAM\_

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Gentrack's ongoing success reflects the knowledge and expertise of its people. Gentrack's people are product and industry experts who give customers the confidence to purchase Gentrack's software and stay with Gentrack long-term.

### GENTRACK'S BOARD OF DIRECTORS

Gentrack has an experienced and balanced Board with diverse skills drawn from industry leaders. The Board comprises a non-executive Chairman, three independent Directors, and one executive director.

### GENTRACK'S BOARD OF DIRECTORS.



01

JOHN CLIFFORD

Chairman

Australia

John was appointed Chairman of Gentrack in 2007. He brings a wealth of experience in private equity investing in the UK, South East Asia and Australia with 3i Group and N.M. Rothschild & Sons. Since 2003 John has been an investing Chairman or Director of nine private equity controlled businesses. This includes a role as an Executive Director of Bayard Capital, which acquired multiple electricity metering businesses world-wide to form Landis+Gyr Group, a leader in smart metering. Currently John is Chairman of three businesses involved in utility smart metering including Gentrack. John is also currently a director of McPherson's Ltd, an ASX listed consumer goods business. John has a Masters degree in Engineering.

John is not considered an independent director due to his interest in Shares.





**02**

**LEIGH WARREN**

**Independent/Non-Executive Director**

Australia

Leigh has over 25 years' experience in the Information Technology sector and has held several executive positions with large multinational software companies, including that of Managing Director for Oracle in South Africa and Australia-New Zealand, Chief Operating Officer for SAP in North Asia, President of Ventyx Europe, Middle East, India and Africa, and Vice President Asia Pacific for BlueCoat systems. Leigh is also a Non-Executive Director for ASX listed Objective Software and Hong Kong based Solution Access.



**03**

**ANDY COUPE**

**Independent/Non-Executive Director**

New Zealand

Andy is a former investment banker with more than 30 years' experience, and is a member of the Institute of Directors. He previously worked for UBS New Zealand Limited. Andy currently Chairs the Board of Farmright Limited, and serves on the boards of Solid Energy New Zealand Limited (where he Chairs the Audit and Risk Committee) and three NZX listed investment companies, Kingfish Limited, Barramundi Limited and Marlin Global Limited. Andy has a Bachelors degree in Law.



**04**

**GRAHAM SHAW**

**Independent/Non-Executive Director**

New Zealand

Graham is a chartered accountant with 30 years' business experience. Graham spent ten years at KPMG before moving into senior corporate positions, including CEO of Works Infrastructure and CEO of Kensington Swan. Graham currently serves on a number of boards including the Board of Xero Limited, where he Chairs the Audit and Risk Management Committee and is a member of the Remuneration Committee.

Graham has a Bachelors degree in Commerce. He is a Member of the New Zealand Institute of Chartered Accountants and the Institute of Directors in New Zealand, a Fellow of the New Zealand Institute of Management, and a Companion of the Institution of Professional Engineers of New Zealand.



**05**

**JAMES DOCKING**

**Executive Director**

New Zealand

James is Gentrack's Chief Executive Officer. James has been with Gentrack for almost 19 years, having joined Gentrack in 1995 with the New Zealand energy sector in the midst of its market reforms. As an engineer with a background in the energy industry he was able to successfully guide Gentrack through these reforms and establish the platform from which Gentrack could launch itself internationally. James has an industrial background encompassing information technologies, electronics and power engineering. Before joining Gentrack he held various roles within the energy sector including at ECNZ and two metering technology companies. James has been an executive director of the business for nearly nine years and is a Member of the Institute of Directors. James has a Bachelors degree in Engineering with Honours and a Diploma in Business Studies.

# GENTRACK'S SENIOR MANAGEMENT TEAM

The Gentrack senior management team brings together utility and technology expertise and diverse skills such as research and development, software engineering, finance management, commercialisation, marketing and sales. Full profiles for each member of Gentrack's senior management team are set out in Section 7 *Board, Senior Management Team and Corporate Governance of the Prospectus.*

**00** **JAMES DOCKING**

(Previous page) **CEO**



**01** **DAVID INGRAM**

Chief Financial Officer



**02** **ROBERT SHELWELL**

Group Operations Manager



**03** **TERRY MAUDE**

Chief Technology Officer



**04** **NIGEL FARLEY**

General Manager, Airport 20/20





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**05**      **GLENN SUTHERLAND**  
Global Sales Manager

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**06**      **AARON BAKER**  
Marketing Executive/General Manager  
Smart World Solutions

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**07**      **JON KERSHAW**  
Commercial Manager

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**08**      **ADAM PARGETER**  
Executive Manager Australia

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**09**      **JOANNE MCNISH**  
Business Services Manager

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**10**      **DAVID BROWN**  
Vice President Europe

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08

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# WHAT ARE MY RISKS?

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## WHAT ARE MY RISKS?\_

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### PRINCIPAL RISKS FOR INVESTORS

Your Shares will be fully paid and you will not have liability to make any further payments for them. However, you may not be able to get back any or all of your investment and you may not receive the returns you expect. This could be because you are unable to sell your Shares for the price you paid for them (or at all) or because the dividends are less than you expect.

The principal risks that may have an impact on Gentrack's business or financial results, and which could reduce or eliminate the value of your Shares or the returns on them, are set out below.

A full description of the risks that may have an impact on your investment is set out in Section 8 *What are my Risks?* on pages 43 to 48 of the Prospectus.

### GENTRACK SPECIFIC RISKS

#### FAILURE TO SUCCESSFULLY IMPLEMENT PROJECTS

A significant portion of Gentrack's core business is the implementation of challenging, complex software projects. There can be a range of factors that might result in a project not being delivered, either in a timely fashion or at all. Some factors are within Gentrack's control (for example, human error and the level of resources deployed), while others are outside of Gentrack's control (such as a failure by a third party). A failure to successfully implement a project for a customer in a timely fashion could have a material and adverse effect on that customer. Any such failure could erode the revenues that Gentrack would receive from the project, or expose Gentrack to significant additional costs or contractual penalties. As a result, Gentrack's financial performance may be adversely affected if it fails to implement projects, or experiences delays in the implementation of projects, for its customers. Such failures or delays may also adversely affect Gentrack's reputation in the market, which may reduce future revenues.

#### FIXED PRICE PROJECTS

At any one time Gentrack's financial performance is vulnerable to a relatively small number of projects, which Gentrack often undertakes on a fixed price basis. Unexpected factors can significantly affect Gentrack's ability to successfully deliver these projects and, if such factors arise they can materially impact on the profitability of the relevant project, as Gentrack carries the risk on fixed price projects of time and cost overruns. Gentrack's ability to recognise revenue and collect payment could also be adversely affected as these are often linked to the project's percentage of completion and/or milestones.

#### CUSTOMER RETENTION

The majority of Gentrack's customer support contracts are on a rolling basis and are terminable on a specified period of notice. In addition, certain of Gentrack's contracts with customers have change of control provisions that may be triggered as a result of the Offer. While Gentrack has had high customer retention rates, there is no certainty that this will continue. A decline in retention rates would adversely

affect Gentrack's performance (see further detail under the heading 'Sensitivity Analysis' in the Appendix *Prospective Financial Information* of this Investment Statement).

#### KEY PERSONNEL, RECRUITMENT AND STAFF RETENTION

Gentrack's success depends on key people in the business, including the senior management team discussed in Section 7 *Board and Senior Management Team* of this Investment Statement, and key technical and sales personnel. Attracting and retaining a talented senior management team, sales, operations and development staff is important to the implementation of Gentrack's growth strategy. A failure to hire, train and retain qualified, talented and effective personnel may adversely affect Gentrack's ability to grow, deliver projects successfully and adequately service its existing customer base.

#### PRODUCT ERRORS

Despite testing prior to their release, software products sometimes contain errors. Gentrack's software applications are complex and there is a risk that defects or errors could arise, particularly when first introduced or when new versions or enhancements are released. The detection and correction of errors can be time consuming and costly. Errors in Gentrack's software solutions could affect the ability of its products to work with other software, could delay the development or release of new products or new versions of products and could adversely affect market acceptance of its products. Gentrack's financial performance may be adversely affected if it experiences errors or delays in releasing its new software, or new versions of its software, as existing and potential customers may respond negatively. Further, errors in Gentrack's software or services could expose it to various liabilities, including product liability, performance and/or warranty claims. Any of these events could harm Gentrack's reputation, which could impact its future sales of software solutions and service. This could result in lost revenue or a delay in market acceptance.

#### COMPETITION

Gentrack has significant competition in the market for its software solutions and services. Some of Gentrack's competitors are significantly larger, multinational vendors who have greater access to capital and are able to devote greater resources to the development, marketing and sale of their solutions and services. Further, some competitors have access to significant customer bases and wider distribution agreements with system integrators and resellers.

The utilities and airports software industries in which Gentrack competes are characterised by relatively rapid technological advancement. Gentrack and its competitors are constantly endeavouring to develop their software solutions. Relative to its competitors, Gentrack may not be able to develop, enhance and improve its products and services in a timely manner, or to effectively position and/or price Gentrack products and services. The emergence of new technologies and evolving standards in software development and communications infrastructure to replace existing offerings could render Gentrack's existing or future products







obsolete or less competitive. Customers and potential customers may respond to these developments by preferring Gentrack's competitors' products or other new technologies to Gentrack's product offering. This could materially reduce Gentrack's revenues.

Other competitive factors which could cause Gentrack to lose potential sales or existing customers, and/or materially reduce its prices or margins include:

- competitors offering to sell their software products and services at a lower price when tendering for new projects;
- increasing competition from open source software initiatives in which competitors may provide software and intellectual property for free;
- the emergence of new technologies and evolving standards in software development and communications infrastructure to replace existing offerings could render Gentrack's existing or future products obsolete or less competitive; and
- an increased distribution of applications through cloud-based or SaaS providers in the future may require Gentrack to change its pricing model.

#### RESEARCH AND DEVELOPMENT

Developing software is expensive and the investment in product development often involves a long return on investment cycle. Gentrack has made, and expects to continue to make, significant investments in research and development and related product opportunities. Accelerated product introductions and short product life cycles require high levels of expenditure for research and development that could adversely affect Gentrack's operating results if not offset by revenue increases. Gentrack believes that it must continue to dedicate a significant amount of resources to its research and development efforts to maintain its competitive position. However, given the nature of research and development, it is difficult to predict, with any certainty, when Gentrack will receive additional revenues from this investment (if it does so at all).

In addition, Gentrack has received research and development grants, including recently a grant from Callaghan Innovation. The terms of those grants provide that funding provided may need to be repaid in certain limited circumstances. If the grant provider took a negative view of the Offer, or any other change in Gentrack's business, it may be entitled to require the funding to be repaid.

#### CURRENCY RISK

Gentrack reports its financial results in New Zealand dollars; however, a material portion of Gentrack's sales are denominated in other currencies (primarily Australian dollars and British Pounds). Most of Gentrack's operating expenses are incurred in New Zealand dollars with the balance from other currencies. See further details in the Appendix *Prospective Financial Information* of this Investment Statement under the assumption 'Exchange Rates'. Any fluctuation in the exchange rates of these currencies (and in particular the NZD:AUD and NZD:GBP exchange rates) may negatively impact Gentrack's financial condition and operating results.

#### BUSINESS DISRUPTIONS

Gentrack depends on the information technology systems, servers, networks, hardware and software that it has in place. Gentrack's research and development activities, IT infrastructure and certain other critical business operations are concentrated in a few geographic areas. Given this reliance on a few key sites, Gentrack's systems may be relatively vulnerable to a disruption as a result of events such as natural disasters, flood, fire, power loss, communications failure, sabotage, human error or terrorism. A significant disruption, repeated or on-going failure, loss of data, security breach, or an incidence of fraud could reduce Gentrack's customers', or potential customers', confidence in its software solutions and services and adversely affect Gentrack's financial performance.

**These and other risks are more fully described in Section 8 *What are my Risks?* of the Prospectus. You should carefully consider the more fully described risks in the Prospectus before making your investment decision.**

#### CONSEQUENCES OF INSOLVENCY

Shareholders will not be liable to pay any money to any person as a result of the insolvency of GGL. All of GGL's creditors (secured and unsecured) will rank ahead of Shareholder claims if GGL is liquidated. After all such creditors have been paid, any remaining assets will be available for distribution between all holders of Shares who will rank equally amongst themselves. There may not be sufficient surplus assets to enable Shareholders to recover all or any of their investment.





## FINANCIAL INFORMATION

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This section provides an overview of Gentrack's financial information. Audited Group financial statements for FY2013 and summary financial statements for Gentrack for FY2012 to FY2013 are set out in the Prospectus. The historical financial information included in this section has been sourced from the TPG, GGL and management accounts as discussed under the heading 'Historical financial information'.

Gentrack has prepared PFI for FY2014 and FY2015 in accordance with Financial Reporting Standard No. 42 'Prospective Financial Statements' for inclusion in the Prospectus and the Appendix *Prospective Financial Information*. The PFI provided in this section has been extracted from this information. The PFI includes historical trading results for the six month period to 31 March 2014, based on unaudited interim financial statements. The PFI is forward looking and based on certain assumptions, and therefore involves risks and uncertainties. **Actual results could differ from those expressed or**

**implied by such forward looking statements, with factors that could cause such differences including, but not limited to, those discussed in Section 8 *What are my Risks?* in this Investment Statement and in the Prospectus. You should read the basis of preparation, assumptions and sensitivities relating to the PFI (as detailed in the Appendix *Prospective Financial Information*) so that you fully understand the PFI.**

Certain information included in this section (including EBITDA, underlying EBITDA, EBITA and NPATA) is non-GAAP financial information, including Pro Forma financial information and profit measures other than net profit for the financial year as reported in the statutory financial statements in accordance with NZ GAAP. You can find an explanation of why Gentrack uses these measures of financial performance and a reconciliation of statutory Net Profit to Pro Forma NPAT, NPATA, EBITA, EBITDA, and Pre-tax Free Cash Flow later in this section.

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### 9.1 INTRODUCTION TO GENTRACK'S FINANCIAL INFORMATION

#### A SUMMARY OF HOW GENTRACK MAKES MONEY

The following provides a simplified overview of how Gentrack makes money as an introduction to assist in reading the detail in the rest of this section.

Gentrack's core business is the development, implementation and support of specialist billing and CRM software for utilities and operational management software for airports. Gentrack's customers include world-class, consumer focused electricity, gas and water utilities based in Australia, New Zealand and the United Kingdom and airports globally.

Gentrack derives revenue from its customers through four main sources:

- **Licence Fees** are charged for the initial software implementation, subsequent software module upgrades and increases in volumes (for example, end users or client customers) on which the licensing is based.
- **Project Services revenue** is generated from existing customer software upgrades and new customer software implementations and relates to system implementation, testing and other associated business services.
- **Annual Contracted Revenues** are based on annual fees for the ongoing use and support of Gentrack Velocity and Airport 20/20 software. Gentrack typically charges customers Annual Licence Fees on a monthly or annual basis.
- **Support Services revenue** is charged to existing customers for the ongoing consultation, programming and site support work associated with Gentrack's products that is not covered by the Licence Fee and can also include small scale software upgrades.

#### MAIN DRIVERS OF GENTRACK'S FINANCIAL PERFORMANCE

The following factors can have a significant impact on financial performance and net cash flows, but are not an exhaustive list of all relevant factors. This should be read in conjunction with 'Explanation of trends in financial performance' later in this section as well as Section 8 *What are my Risks?*

##### **New customer acquisition and expansion into new markets**

Gentrack's ability to win new customers is a key driver of its initial Licence Fee and Project Services revenue, as well as ongoing Annual Contracted Revenue and Support Services revenue. Gentrack's established position in Australia and New Zealand has created a platform for offshore growth. Gentrack's intention is to continue to grow customer numbers by further penetrating into the Australian electricity and gas markets and continuing its expansion into emerging electricity and gas utilities in the United Kingdom. Additionally, there are a growing number of opportunities within the Australian and United Kingdom water utility sectors as market reforms alter the competitive environment. Once Gentrack has established itself in the United Kingdom, it will consider additional geographies for targeted expansion of its billing and CRM products, with the US and Canada currently considered the most likely.

Over the past decade many airports have been undergoing renewal programmes for legacy systems. This has and is expected to continue to provide Gentrack with opportunities to acquire new customers and expand into new markets. Airport 20/20 also provides important customer reference points in geographies into which Gentrack is looking to expand with its Gentrack Velocity product.

For further detail on Gentrack's growth strategies see Section 6 *Business Description* under the heading 'Growth Strategies'.

### **Existing customer revenue from product upgrades, add-ons and improvements in functionality**

Gentrack has historically expanded its revenue base from its existing customers through product upgrades, add-ons and improvements in functionality. Continued utility industry development and reform, and the value recognition of billing and CRM products, is expected to continue to drive demand for increased functionality by customers, which is expected to provide potential new revenue streams for Gentrack from its existing customer base.

Gentrack's typically long-standing customer relationships provide high visibility on revenue opportunities from existing customers. These customers typically spend a predictable amount on a periodic basis to improve and upgrade their systems. As an example, more than 86% of FY2013 revenue came from Gentrack's existing utilities and airports customers where additional software modules and new features were implemented throughout the year to meet new business requirements.

### **Annual Contracted Revenues**

Gentrack's Annual Contracted Revenues are highly predictable given the mission-critical nature of its software products and the nature of its utilities and airports customer base. Gentrack has a stable customer base due to the quality of Gentrack's offerings and the high risks faced by customers in switching to alternative providers, in terms of time, cost, and operational risk. Annual Contracted Revenues typically increase in-line with increases in CPI and volume (for example, end-users or client consumers) on an annual basis.

### **Expenditure – personnel**

The provision of Gentrack's software requires personnel for research and development, implementation and ongoing support. The majority of Gentrack's operating expenditure in any given year is on its people, who provide the knowledge and expertise to drive earnings. Gentrack's low staff turnover (12%) and high average tenure (approximately 6 years) provide Gentrack with a high degree of visibility of the costs associated with its existing employees. Costs of additional personnel employed to support growth are forecast in line with known requirements from historical key performance indicator levels.

## **9.2 OVERVIEW OF GENTRACK'S FINANCIAL INFORMATION**

Presented in this section are selected historical and prospective financial information, operating metrics and a description of the non-GAAP financial information used in this Investment Statement. This is provided as an introductory overview, in addition to the financial information disclosure required under the Securities Regulations.

### **9.2.1 FINANCIAL INFORMATION PRESENTED**

There are four different types of financial information presented in this Investment Statement:

- **Statutory historical financial information** as reported in Gentrack's financial statements.
- **Pro Forma historical financial information** adjusts the statutory historical financial results to reflect the business structure of Gentrack following completion of the Offer.
- **Statutory prospective financial information** includes the forecast results presented on the same basis as that on which they will be reported under NZ GAAP in the future.
- **Pro Forma prospective financial information** adjusts the statutory prospective financial results to reflect the business structure of Gentrack following completion of the Offer.

## Historical financial information

On 15 May 2012 Gentrack Group Limited (GGL), a newly registered New Zealand company, through its Australian subsidiary Gentrack Group Australia Pty Limited, acquired Talgentra Pacific Group Pty Limited (TPG). The acquisition effected a management buyout (MBO) of Gentrack from its previous owners. The operating subsidiaries of GGL and TPG operated through the whole of the 12 month period ended 30 September 2012 without disruption. As a result of the acquisition, the statutory financial results for the underlying business are reported under two different legal structures. The historical financial information for each of the last five years has been drawn from financial statements as follows:

- Financial information for FY2009, FY2010 and FY2011 has been extracted from the audited financial statements of TPG.
- Financial information for FY2012 includes management accounts for the period 1 October 2011 to 15 May 2012 for TPG plus the GGL audited accounts for the period ended 30 September 2012 (which represents actual trading results for the period 16 May 2012 to 30 September 2012 as a result of the acquisition). This combination reflects the underlying business operations of the operating subsidiaries of GGL for the period 1 October 2011 to 30 September 2012. For a reconciliation of the financial information presented for the year ended 30 September 2012 see Section 9.3 *Reconciliation of FY2012 extracted financial information*.
- Financial information for FY2013 has been extracted from the audited statements of GGL.

The diagram below shows the entity under which the financial information has been extracted for each relevant year.

(YEAR ENDED 30 SEPTEMBER)	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Entity from which financial information has been extracted	TPG	TPG	TPG	TPG 7.5 months; (1 October 2011 to 15 May 2012)	GGL	GGL	GGL
				GGL 4.5 months (16 May to 30 September 2012)			

## Pro Forma adjustments

Gentrack believes that its statutory financial information does not reflect its underlying performance through time in a consistent manner. The forecasts for FY2014 (Statutory) and FY2015 (Statutory) are also shown on an unadjusted basis as this reflects the basis on which the Group will report its results for those financial years. Much of the financial information presented in this Investment Statement is 'Pro Forma' information. Pro Forma information adjusts statutory financial information to exclude certain items that Gentrack believes are non-recurring or unusual in nature and adjusts for Gentrack's expected capital structure and items expected to influence financial performance after the Allotment Date to provide a consistent view of Gentrack's underlying financial performance. Gentrack believes that the use of Pro Forma information allows investors to better compare its financial information both between years and with other comparable companies.

## Description of Pro Forma adjustments

Each of the adjustments made to derive the Pro Forma financial information are discussed below:

1. **Management buyout and other costs:** the May 2012 management buyout of TPG resulted in total direct costs of \$1.975 million in FY2012 and other costs associated with the subsequent organisational restructuring recognised in FY2013 and FY2014. The historical and prospective financial information for the years FY2012PF, FY2013PF and FY2014PF excludes these costs as an adjustment in order to reflect the underlying profitability of Gentrack during this period.
2. **One-off listing costs:** exclude the impact of \$3.9 million of the one-off listing costs required to be expensed through the income statement which are expected to be incurred in relation to the Offer.
3. **Public company costs:** include the full year impact of estimated additional ongoing public company costs associated with being a listed company of approximately \$245,000 per annum assumed to be incurred by Gentrack following the completion of the Offer. These costs are assumed to be incurred for the full year, and therefore, FY2014PF includes 12 months of these costs rather than the three months actually expected to be incurred by Gentrack. On-going public company costs comprise recurring NZX and ASX listing fees, additional audit fees, annual Shareholder meeting costs, annual report generation costs and other additional sundry listing costs.

4. **Finance costs:** the net interest expense in FY2014PF has been decreased by \$1.4 million to illustrate the impact of operating with no bank debt from the beginning of the financial year, which is consistent with the anticipated capital structure post the Offer. This adjustment effectively assumes that the Offer occurred on the first day of the financial year (1 October 2013).
5. **Tax expense normalisation:** adjusts the statutory tax expense for the impact of the Pro Forma adjustments, including management buyout and other costs, one-off listing costs, public company costs and finance costs. The tax expense normalisation is

calculated at Gentrack's effective tax rate, the average tax paid on profit before tax for each financial year.

#### Reconciliations of Non-GAAP financial information

Set out below is a reconciliation of non-GAAP profitability measures and Pro Forma adjustments to statutory historical financial statements and PFI referred to in this Investment Statement. The Pro Forma adjustment reference in the reconciliation table refers to the number of each adjustment in the description of Pro Forma adjustments above.

#### RECONCILIATION OF STATUTORY NET PROFIT TO PRO FORMA NPAT, NPATA, EBITA, EBITDA AND PRE-TAX FREE CASH FLOW

\$000S (YEAR ENDED 30 SEPT)	PRO FORMA ADJUSTMENT	HISTORICAL FY2009	FY2010	FY2011	FY2012 <sup>11</sup>	FY2013	PROSPECTIVE FY2014	FY2015
<b>Statutory Net profit<sup>12</sup></b>		<b>3,463</b>	<b>4,706</b>	<b>6,066</b>	<b>4,104</b>	<b>6,636</b>	<b>3,743</b>	<b>9,280</b>
Pro Forma adjustment: MBO	(1)	-	-	-	1,975	170	12	-
Pro Forma adjustment: one-off listing	(2)	-	-	-	-	-	3,854	-
Pro Forma adjustment: ongoing listing costs	(3)	(245)	(245)	(245)	(245)	(245)	(132)	-
Pro Forma adjustment: finance cost	(4)	-	-	-	-	-	1,382	-
Pro Forma adjustment: tax expense	(5)	63	71	74	(667)	22	(350)	-
<b>PRO FORMA NPAT<sup>13</sup></b>		<b>3,281</b>	<b>4,532</b>	<b>5,895</b>	<b>5,167</b>	<b>6,583</b>	<b>8,509</b>	<b>9,280</b>
Amortisation of intangibles		1,490	1,295	1,223	1,775	1,999	2,021	2,087
Tax adjustment for amortisation		(382)	(374)	(370)	(684)	(576)	(560)	(560)
<b>NPATA (Pro Forma)</b>		<b>4,389</b>	<b>5,453</b>	<b>6,748</b>	<b>6,258</b>	<b>8,006</b>	<b>9,970</b>	<b>10,807</b>
Income tax expense		1,511	2,214	2,924	3,923	3,238	3,940	4,384
Net finance expense		1,586	696	1,127	1,435	1,828	-	6
Exchange differences		113	81	356	(29)	722	(182)	-
<b>EBITA (Pro Forma)</b>		<b>7,599</b>	<b>8,444</b>	<b>11,155</b>	<b>11,587</b>	<b>13,794</b>	<b>13,728</b>	<b>15,197</b>
Depreciation		153	169	198	202	209	243	316
<b>EBITDA (Pro Forma)</b>		<b>7,752</b>	<b>8,613</b>	<b>11,353</b>	<b>11,789</b>	<b>14,003</b>	<b>13,971</b>	<b>15,513</b>
Change in working capital		1,325	(2,436)	(1,962)	(1,757)	(125)	724	517
Capital expenditure		(126)	(531)	(175)	(202)	(460)	(221)	(776)
<b>Pre-tax free cash flow (Pro Forma)</b>		<b>8,951</b>	<b>5,646</b>	<b>9,216</b>	<b>9,830</b>	<b>13,418</b>	<b>14,474</b>	<b>15,254</b>

11. FY2012 financial information has been derived from management accounts and audited GGL statutory financial statements as discussed in Section 9.2 *Overview of Gentrack's Financial Information* under the heading 'Historical financial information'.

12. Statutory net profit is a NZ GAAP measure.

13. Whilst noting that this is not statutory NPAT.

## 9.2.2 OVERVIEW OF FINANCIAL INFORMATION

### OVERVIEW OF INCOME STATEMENT

\$000S (YEAR ENDED 30 SEPT)	HISTORICAL					PROSPECTIVE		
	FY2009 PRO FORMA	FY2010 PRO FORMA	FY2011 PRO FORMA	FY2012 PRO FORMA	FY2013 PRO FORMA	FY2014 STATUTORY	FY2014 PRO FORMA	FY2015 STATUTORY
<b>Revenue</b>	<b>23,597</b>	<b>25,872</b>	<b>32,204</b>	<b>34,325</b>	<b>40,126</b>	<b>40,582</b>	<b>40,582</b>	<b>44,695</b>
<i>Growth (pcp)</i>	-	9.6%	24.5%	6.6%	16.9%	1.1%	1.1%	10.1%
Expenditure	(15,845)	(17,259)	(20,851)	(22,536)	(26,123)	(26,479)	(26,611)	(29,182)
<b>Underlying EBITDA</b>	<b>7,752</b>	<b>8,613</b>	<b>11,353</b>	<b>11,789</b>	<b>14,003</b>	<b>14,103</b>	<b>13,971</b>	<b>15,513</b>
Non-operating costs	-	-	-	-	-	(3,866)	-	-
<b>EBITDA</b>	<b>7,752</b>	<b>8,613</b>	<b>11,353</b>	<b>11,789</b>	<b>14,003</b>	<b>10,237</b>	<b>13,971</b>	<b>15,513</b>
Depreciation	(153)	(169)	(198)	(202)	(209)	(243)	(243)	(316)
<b>EBITA</b>	<b>7,599</b>	<b>8,444</b>	<b>11,155</b>	<b>11,587</b>	<b>13,794</b>	<b>9,994</b>	<b>13,728</b>	<b>15,197</b>
<i>Growth (pcp)</i>	-	11.1%	32.1%	3.9%	19.0%	(27.5%)	(0.5%)	10.7%
<i>EBITA margin</i>	32.2%	32.6%	34.6%	33.8%	34.4%	24.6%	33.8%	34.0%
Net finance costs	-	-	-	-	-	(1,200)	182	(6)
Income tax expense	-	-	-	-	-	(3,590)	(3,940)	(4,384)
<b>NPATA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,204</b>	<b>9,970</b>	<b>10,807</b>
<b>NPAT (statutory)</b>	<b>3,463</b>	<b>4,706</b>	<b>6,066</b>	<b>4,104</b>	<b>6,636</b>	<b>3,743</b>	<b>n/a</b>	<b>9,280</b>

### PRE-TAX FREE CASH FLOW

\$000S (YEAR ENDED 30 SEPT)	HISTORICAL					PROSPECTIVE		
	FY2009 PRO FORMA	FY2010 PRO FORMA	FY2011 PRO FORMA	FY2012 PRO FORMA	FY2013 PRO FORMA	FY2014 STATUTORY	FY2014 PRO FORMA	FY2015 STATUTORY
<b>EBITDA</b>	<b>7,752</b>	<b>8,613</b>	<b>11,353</b>	<b>11,789</b>	<b>14,003</b>	<b>10,237</b>	<b>13,971</b>	<b>15,513</b>
Change in working capital	1,325	(2,436)	(1,962)	(1,757)	(125)	724	724	517
Capital expenditure	(126)	(531)	(175)	(202)	(460)	(221)	(221)	(776)
<b>Pre-tax free cash flow</b>	<b>8,951</b>	<b>5,646</b>	<b>9,216</b>	<b>9,830</b>	<b>13,418</b>	<b>10,740</b>	<b>14,474</b>	<b>15,254</b>
<i>Pre-tax free cash flow as a % of EBITDA</i>	115%	66%	81%	83%	96%	105%	104%	98%

## EXPLANATIONS OF NON-GAAP FINANCIAL INFORMATION

GGL's statutory financial statements in Appendix 2 *Gentrack Group Limited Audited Financial Statements* of the Prospectus have been prepared in accordance with NZ GAAP. As such, they comply with NZ IFRS, as well as IFRS. In the table above, information has been sourced from the TPG, GGL and management accounts (as discussed under the heading '*Historical financial information*'). The TPG financial statements in FY2009, FY2010 and FY2011 have been audited and filed with ASIC in accordance with the Australian Corporations Act.

In order to assist readers of Gentrack's financial statements to better understand Gentrack's financial performance, Gentrack uses five non-GAAP financial measures, being EBITDA, underlying EBITDA, EBITA, NPATA and Pre-tax Free Cash Flow.

Because they are not defined by NZ GAAP, IFRS, or any other body of accounting standards, Gentrack's calculation of these measures may differ from similarly titled measures presented by other companies. These measures are intended to supplement the NZ GAAP measures presented in Gentrack's financial information, should not be considered in isolation and are not substitutes for those measures.

### EBITDA AND UNDERLYING EBITDA

EBITDA is earnings before net finance expense, tax, depreciation of tangible assets and amortisation of intangibles, EBITDA is a non-GAAP profit measure that is equal to '*profit before depreciation, amortisation, financing, and tax*'.

Underlying EBITDA is a non-GAAP profit measure that is equal to '*profit before depreciation, amortisation, financing, and tax*' before '*non-operating costs*' that has been reported in historical financial statements and therefore is shown in the financial information.

### EBITA

EBITA is earnings before net finance expense, tax and amortisation of intangibles expenses.

Gentrack's management uses EBITA to evaluate the operating performance over time of Gentrack without the impact of non-cash amortisation of acquisition related intangibles, capital structure and tax position. Gentrack considers EBITA allows better comparison of operating performance with other companies than do NZ GAAP measures that include these items, although caution should be exercised as other companies may calculate EBITA differently.

### NPATA OR NET PROFIT AFTER TAX BEFORE AMORTISATION

NPATA represents net profit after tax adjusted for the amortisation of acquisition related intangibles and its associated tax effect.

Gentrack considers that NPATA allows better comparison of operating performance with other companies as it excludes the amortisation of acquisition related intangibles, resulting from the acquisition accounting effected in FY2012. This non-cash amortisation of acquired intangibles is unrelated to overall business performance.

Gentrack's dividend policy is based on 70-80% of NPATA as Gentrack believes NPATA better reflects the underlying profitability and cash generation of Gentrack than statutory net profit. Gentrack's dividend policy is described in detail in the Appendix *Prospective Financial Information* of this Investment Statement under the heading 'Dividends'.

### PRE-TAX FREE CASH FLOW

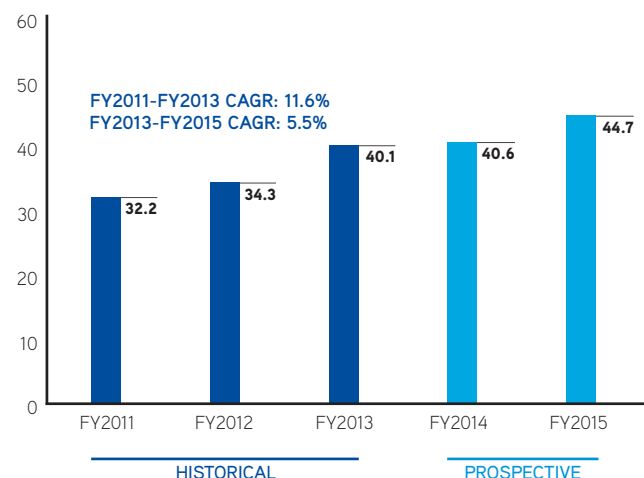
Pre-tax Free Cash Flow is calculated as EBITDA less changes in working capital less capital expenditure. Pre-tax Free Cash Flow is a non-GAAP financial measure presented to enable potential investors to consider Gentrack's historical and prospective conversion of EBITDA into cash.

Change in working capital represents the year on year cash movements within working capital and excludes the unrealised, non-cash impact of foreign currency translation.

### 9.2.3 EXPLANATIONS OF TRENDS IN FINANCIAL PERFORMANCE

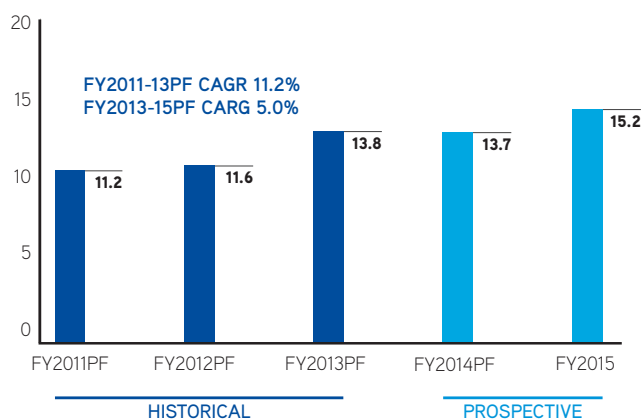
The chart below summarises the movements in revenue and Pro Forma EBITA over FY2011, FY2012 and FY2013 and the PFI for FY2014 and FY2015. This chart allows for a comparison of historical revenue and Pro Forma EBITA to that forecast in the Prospective Period.

#### GENTRACK REVENUE TRENDS NZ\$M





## GENTRACK PRO FORMA EBITA TRENDS NZ\$M



Below is an overview of the primary drivers of Gentrack's year on year revenue and Pro Forma EBITA performance for FY2011 to FY2015. A more detailed discussion of the assumptions underlying the PFI can be found in the Appendix *Prospective Financial Information*.

### OVERVIEW OF HISTORICAL REVENUE AND PRO FORMA EBITA FOR FY2011

EBITA increased by 32.1% from \$8.4 million to \$11.2 million primarily as a result of a 24.5% increase in revenue. Revenue growth of 24.5% was partially offset by a 20.8% increase in expenditure, resulting in a 2.0% EBITA margin increase reflecting:

- Gentrack cementing its position as a billing and CRM platform for many large Australian water companies with over \$5.0 million of revenues from new customers;
- The implementation of Gentrack's data interface between smart meters and utilities companies to a customer for the first time;
- Several upgrade projects in New Zealand and new business wins by the Airports division;
- Gentrack increasing the number of employees by 21 in FY2011 in order to deliver software to new customers throughout the year. As the recruitment of these additional personnel was spread over FY2011, the full-year cost was not recognised until FY2012; and
- An increase in overheads resulting from the opening of the Brisbane office.

### OVERVIEW OF HISTORICAL REVENUE AND PRO FORMA EBITA FOR FY2012

EBITA increased by 3.9% to \$11.6 million, primarily due to revenue growth of 6.6% that was partially offset by an increase in expenditure of 8.0%. Revenue growth reflected:

- Gentrack continuing to advance its position in the Australian water industry with the successful completion of a number of implementation projects;

- Upgrade projects amongst energy utilities in New Zealand supporting Gentrack's position as a leading provider of billing and CRM products in New Zealand; and
- The successful implementation of three large scale projects for Airports.

Expenditure increased approximately 8.0% in FY2012PF as the full year cost of new employees recruited in FY2011 was recognised, resulting in an EBITA margin decrease of 0.9%.

### OVERVIEW OF HISTORICAL REVENUE AND PRO FORMA EBITA FOR FY2013

Gentrack increased EBITA by 19.1% from \$11.6 million to \$13.8 million, supported by a 16.9% increase in revenue to \$40.1 million reflecting:

- Further inroads into the United Kingdom market with the signing of two customers, including Gentrack's first major water utility in that part of the world;
- The implementation of Gentrack's Velocity solution to a large new water utility in Australia;
- Significant levels of revenue generated from existing customers as a result of regulatory changes in both New Zealand and Australia;
- Several upgrades for existing New Zealand energy utilities and airports customers; and
- A reduction of \$0.4 million in the airports division revenue as a result of a strong FY2012 and a significant investment of time and resource into winning contracts, including Sydney Airport and Auckland International Airport that provide revenue in subsequent years.

Gentrack increased its average FTEs by 23 in FY2013. The increase in revenue of 16.9% and increase in expenditure by 15.8%, largely attributable to increased staff numbers, resulted in a slight increase in EBITA margin to 34.4%.

### OVERVIEW OF PROSPECTIVE REVENUE AND PRO FORMA EBITA FOR FY2014

EBITA is forecast to decrease by 0.5% from \$13.8 million to \$13.7 million, as revenue growth of 1.1% is expected to be offset by a 1.9% increase in expenditure.

The appreciation of the New Zealand dollar against the Australian dollar has adversely impacted Gentrack's revenue and EBITA forecasts by \$2.7 million and \$1.8 million respectively (as described under 'Overview of the Effect of Foreign Exchange' below). On a constant currency basis FY2014PF revenue and EBITA are forecast to increase 7.9% and 12.4% respectively, consistent with historical EBITA growth. The net increase in revenue reflects:

- An increase in Project Services revenue, predominantly in Australia and the United Kingdom, of which over 75% is expected to come from Gentrack's existing customer base in the form of major upgrades and new product implementations;
- Delayed spending on Support Services by two of Gentrack's New Zealand utility customers facing major corporate events;

- Growth in Annual Contracted Revenues of 5.8% despite the loss of Contact Energy; and
- An increase in Airport 20/20 revenue of \$1.5 million to \$5.5 million following several recent contract wins, including Bristol Airport, Sydney Airport and Auckland International Airport.

Gentrack has forecast a \$0.5 million increase in operating expenditure in FY2014PF predominantly due to increased personnel and the opening of a new office in the United Kingdom.

#### OVERVIEW OF PROSPECTIVE REVENUE AND EBITA FOR FY2015

EBITA is forecast to increase 10.7% from \$13.7 million to \$15.2 million, primarily due to revenue growth of 10.1% which is expected to be partially offset by a 9.7% increase in expenditure.

- Project Services revenue is forecast to increase, underpinned by currently contracted projects for existing customers in Australia and the United Kingdom;
- Several customer wins as Gentrack further penetrates the Australian utilities market and expands its operations in the United Kingdom; and
- Annual Contracted Revenues is forecast to increase by 6.3% (despite the loss of Contact Energy as a customer part way through FY2014), as the full year amount is recognised from customers where Gentrack Velocity and Airport 20/20 were implemented part way through FY2014 and existing customer price increases.

Gentrack expects to incur an additional \$2.7 million of personnel costs as the full year impact of staff recruited in FY2014 is realised and average FTEs are increased from 191 in FY2014 to 207 in FY2015. Staff numbers are forecast to increase throughout the Prospective Period to provide resource to support increasing levels of Project Services and Support Services work.

#### OVERVIEW OF TRENDS IN STATUTORY NET PROFIT

Trends in Net Profit are influenced by the movements in Pro Forma EBITA discussed above, a range of non-cash expenses, items one-off or unusual in nature and interest and tax costs. For example:

- FY2011 Net Profit of \$6.1 million was a 29% increase on FY2010 Net Profit due to the revenue growth and increased expenses referred to in the FY2011 Pro Forma EBITA discussion above, offset by increased finance expenses, together with the tax effect therein.
- FY2012 Net Profit decreased by \$2.0 million from FY2011 Net Profit primarily due to the \$2.0 million of costs incurred in relation to the management buyout, offsetting revenue growth of 6.6% and operating expense growth of 8.0% as referred to in the FY2012 Pro Forma EBITA discussion above.
- FY2013 Net Profit increased by \$2.5 million for FY2012 Net Profit as Gentrack increased its Pro Forma EBITA as discussed in the FY2013 Pro Forma EBITA discussion above and a small amount of one-off items were incurred.

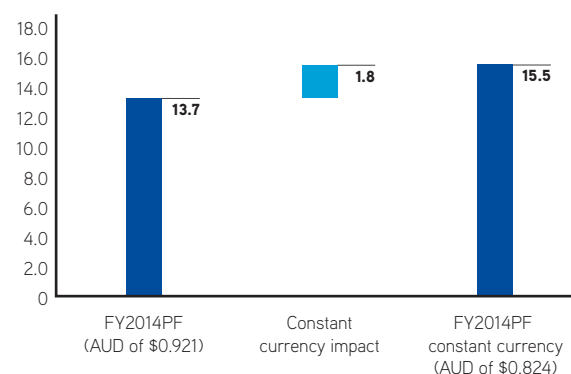
- FY2014 Net Profit is forecast to decrease by \$2.9 million from FY2013 Net Profit primarily due to \$3.9 million of one-off listing costs expensed and the adverse impact of an increase in the Australian dollar relative to New Zealand dollar. These items are in addition to constant currency revenue and expenses growth as discussed in the FY2014 Pro Forma EBITA discussion above.
- FY2015 Net Profit is forecast to increase by \$5.5 million from FY2014 Net Profit driven by an increase in EBITA as increases in expenditure are offset by revenue growth as referred to in the FY2015 EBITA discussion above and the absence of one-off items that negatively impacted forecast Net Profit in FY2014.

#### OVERVIEW OF THE EFFECT OF FOREIGN EXCHANGE

Gentrack's earnings are exposed to global foreign exchange rates. In particular, a large proportion of Gentrack's revenues are denominated in Australian dollars and British Pounds. An element of natural hedging is available due to some costs being transacted in those currencies; however, a net exposure – relative to the New Zealand dollar – exists in both currencies.

The appreciation of the New Zealand dollar relative to the Australian dollar has been a key constraining factor on Gentrack's forecast earnings in FY2014PF. It is estimated that the increase in the Australian dollar and New Zealand dollar cross rate from an average of \$0.824 in FY2013 to an average of \$0.925 in FY2014 will lead to a reduction in prospective FY2014PF revenue of \$2.7 million and EBITA of \$1.8 million, when compared on a constant currency basis (FY2015 would similarly increase significantly if FY2013 exchange rates were used in translating the offshore earnings). This impact is primarily borne by the utilities business, corresponding to a decrease in utilities revenue and EBITA of \$2.4 million and \$1.5 million respectively in forecast FY2014PF.

#### FY2014PF CONSTANT CURRENCY EBITA BRIDGE NZ\$M



### 9.3 RECONCILIATIONS OF FY2012 EXTRACTED FINANCIAL INFORMATION

The 12 months to 30 September 2012 have been extracted from:

- Audited GGL financial statements for the 4.5 months of trading results from 16 May 2012 to 30 September 2012; and
- Unaudited TPG management accounts for the 7.5 months of trading results from 1 October 2011 to 15 May 2012.

#### STATEMENT OF COMPREHENSIVE INCOME

\$000S (YEAR ENDED 30 SEPT)	ACTUAL TPG 7.5 MONTHS TO 15 MAY 2012 EXTRACTED	ACTUAL GGL 4.5 MONTHS 30 SEPTEMBER 2012 AUDITED	ACTUAL 12 MONTHS TO 30 SEPTEMBER 2012 EXTRACTED
Revenue	21,134	13,191	34,325
Expenditure	(13,287)	(9,004)	(22,291)
<b>Profit before depreciation, amortisation, non-operating costs, financing and tax</b>	<b>7,847</b>	<b>4,187</b>	<b>12,034</b>
Depreciation and amortisation	(1,070)	(907)	(1,977)
Non-operating costs	(1,466)	(509)	(1,975)
<b>Profit before financing and tax</b>	<b>5,309</b>	<b>2,771</b>	<b>8,080</b>
Net finance cost	(434)	(972)	(1,406)
<b>Profit/(loss) before income tax</b>	<b>4,875</b>	<b>1,799</b>	<b>6,674</b>
Income tax (expense)/benefit	(2,088)	(484)	(2,572)
<b>Profit/(loss) attributable to the shareholders of the company</b>	<b>2,789</b>	<b>1,315</b>	<b>4,104</b>
Other comprehensive income	-	239	239
<b>Total comprehensive income/(loss) for the period</b>	<b>2,789</b>	<b>1,554</b>	<b>4,341</b>

#### PRE-TAX FREE CASH FLOWS

\$000S (YEAR ENDED 30 SEPT)	ACTUAL TPG 7.5 MONTHS TO 15 MAY 2012 EXTRACTED	ACTUAL GGL 4.5 MONTHS 30 SEPTEMBER 2012 AUDITED	ACTUAL 12 MONTHS TO 30 SEPTEMBER 2012 EXTRACTED
Pro Forma EBITDA	7,653	4,136	11,789
Change in working capital	(648)	(1,109)	(1,757)
Capital expenditure	(147)	(55)	(202)
<b>Pre-tax free cash flow</b>	<b>6,858</b>	<b>2,972</b>	<b>9,830</b>

## SECTION 10 DETAILS OF THE OFFER

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### THE OFFER

The Offer is an offer of Shares in GGL, comprising both:

- new Shares to be issued by GGL; and
- existing Shares offered by the Offeror.

The Offer Shares will be offered to Retail Investors and Institutional Investors at the Price, to be determined by the Issuers following the bookbuild process described under the heading 'How is Pricing of the Shares Fixed?' set out below.

All Offer Shares will be issued and sold at the Price and will be fully paid ordinary shares which rank equally with each other and all existing Shares.

The Offer is made by the Issuers on the terms, and is subject to the conditions, set out in this Investment Statement.

### SIZE OF THE OFFER

The Offer comprises an offer by the Issuers of between 40.7 and 44.3 million Offer Shares, with a value of between \$88.6 and \$101.8 million, based on the Indicative Price Range. These Offer Shares comprise:

- \$36.0 million worth of new Shares, which are to be issued by GGL (being between 14.4 million to 18.0 million Shares based on Indicative Price Range); and
- 26,310,972 existing Shares, which are to be transferred by the Selling Shareholders to the Offeror (with a value of between \$52.6 million and \$65.8 million based on the Indicative Price Range).

Based on there being 14.4 million to 18.0 million of new Shares issued, and the Offeror selling 26,310,972 existing Shares, at the Indicative Price Range, the gross proceeds from the Offer will be \$88.6 million to \$101.6 million, of which Gentrack would receive gross proceeds of \$36.0 million.

In the event that the Offer is not fully subscribed, the Applications received will be first applied to the offer of new Shares by GGL, and second to the offer of existing Shares by the Offeror.

### STRUCTURE OF THE OFFER

The Offer comprises:

- The Retail Offer, consisting of:
  - the Broker Firm Offer which is available only to New Zealand resident clients of NZX Firms who have received an allocation from that NZX Firm; and
  - the Employee Offer which is available to any person resident in New Zealand, Australia or the United Kingdom who Gentrack determines is a Gentrack employee or director as at the Opening Date or their nominees, up to a maximum of \$2.0 million of Offer Shares<sup>14</sup>.
- The Institutional Offer, which consists of an invitation to bid for Offer Shares made to selected Institutional Investors in New Zealand, Australia and certain overseas jurisdictions (excluding the United States and any persons who are, or are acting for the account of or benefit of, US persons).

There is no public pool under which you may subscribe for Offer Shares.

The allocation of Offer Shares between the Institutional Offer and the Retail Offer (and within the Retail Offer between the Broker Firm Offer and Employee Offer) will be determined by the Issuers, having consulted with UBS.

### HOW MUCH DO I PAY?

An Indicative Price Range of \$2.00 to \$2.50 has been established for the Offer. You will pay the Price per Offer Share, to be determined following the 'bookbuild' process discussed below. The Price is expected to be announced and posted on the Gentrack Offer website [www.gentrackshareoffer.com](http://www.gentrackshareoffer.com).

The minimum Application amount for the Retail Offer is:

- Applicants in New Zealand and other jurisdictions other than Australia: Offer Shares comprising NZ\$1000 and then multiples of Offer Shares comprising NZ\$500 thereafter; and
- Applicants in Australia: Offer Shares comprising A\$1000 and then multiples of Offer Shares comprising A\$500 thereafter.

The Issuers reserve the right to accept Applications for less than these minimum amounts, including where the minimum is not a multiple of the Price.

The Application Form requires that you apply for a dollar value of Shares.

14. For the purposes of NZX Listing Rule 7.1.8 this represents a maximum of 0.8 million to 1.0 million Offer Shares or 1.1% to 1.3% of the total Shares GGL will have on issue following the Offer, based on the Indicative Price Range, which have been reserved for any person resident in New Zealand, Australia and the United Kingdom who Gentrack determines is a Gentrack employee or director as at the Opening Date or their nominees.

## HOW IS PRICING OF THE SHARES FIXED?

### How is Pricing of the Shares Fixed?

The Price will be determined using a bookbuild managed by UBS. The bookbuild will take place on 5 June 2014. The bookbuild is a process through which information is collated about the demand for the Offer Shares by selected Institutional Investors participating in the Institutional Offer, and NZX Firms participating in the Broker Firm Offer, submitting bids for the number of Offer Shares they wish to purchase or be allocated at a range of prices for the Offer Shares. That information is then used to assist with the determination of the Price and allocations of the Offer Shares.

The Issuers reserve the right to set the Price within, above or below the Indicative Price Range of \$2.00 to \$2.50 per Share.

## SHAREHOLDING STRUCTURE – BEFORE AND AFTER THE OFFER

### SELLING SHAREHOLDERS

Twenty-one Shareholders presently hold 100% of the Shares in GGL. Of those Shareholders, the 14 Selling Shareholders are selling a portion of their holding to the Offeror in connection with the Offer pursuant to a Sale and Purchase Agreement (as more fully described under the heading 'Material Contracts' in Section 12 *Statutory Information* on page 110 of the Prospectus). Existing Shareholders (including the Selling Shareholders) will collectively continue to hold approximately 54.4% of their current shareholding following completion of that sale. The continuing shareholding of the Existing Shareholders is expected to comprise between 41.5% and 43.5% of the total Shares on issue following the issue of new Shares under the Offer (based on the Indicative Price Range). The Offeror will sell all of the Shares acquired from the Selling Shareholders into the Offer and will not retain a Shareholding following completion of the Offer.

### INDICATIVE OWNERSHIP STRUCTURE

As a consequence of the above, the ownership structure of GGL prior to the Offer, and the indicative ownership structure upon completion of the Offer (following allotment of the Offer Shares) is illustrated in the table below.

SHAREHOLDER	PRIOR TO THE OFFER		FOLLOWING COMPLETION OF OFFER	
	ORDINARY SHARES	%	ORDINARY SHARES	% <sup>15</sup>
Jametti Limited as trustee of the Fraxinus Aurea Trust	12,263,661	21.25%	7,358,196	9.7%-10.2%
Uplands Group Pty Limited as trustee for Uplands Group Trust	12,256,566	21.24%	7,231,374	9.6%-10.0%
Roy Desmond Grant, Nina Catherine Maria Grant and Adrienne Alexandra Wigmore as trustees for Fiducia Trust	7,800,000	13.52%	3,120,000	4.1%-4.3%
Nigel Peter Farley and Richard John Burrell as trustees for Nigel Farley Family Trust	6,732,372	11.67%	4,712,661	6.2%-6.5%
Terence de Montalt Maude and Wendy Fay Wood as trustees for T & W Investment Fund	5,322,324	9.22%	3,193,395	4.2%-4.4%
Givia Pty Limited as trustee of Yajillara Trust	3,816,000 <sup>16</sup>	6.61%	832,728	1.1%-1.2%
Nicholas David Jenkins	3,120,000 <sup>16</sup>	5.41%	0%	0%
Other Shareholders with a holding of less than 5% prior to the Offer	6,388,587 <sup>16</sup>	11.08%	4,940,184	6.5%-6.9%
<b>Total</b>	<b>57,699,510</b>	<b>100%</b>	<b>31,388,538</b>	<b>41.5%-43.5%</b>

15. Based on the Indicative Price Range.

16. A portion or all of these shares are preference shares, rather than ordinary shares. Preference shares carry the same rights as ordinary shares, except that they also have certain additional rights on a liquidation or other dissolution of GGL. Preference shares will convert to ordinary shares on a 1:1 basis immediately prior to allotment of the Offer Shares under the Offer. On this basis, the shares in this column have been expressed as ordinary shares on a 1:1 basis.

## INTERESTED PERSONS

Gentrack's Directors and Senior Management own, between them, the significant majority of the Shares on issue, following a management buy out transaction in early 2012. A number of Gentrack's Directors and Senior Managers are interested in the Offer by virtue of their relationship with certain Selling Shareholders. These details are set out below.

INTERESTED PERSON	SHAREHOLDERS	TOTAL INTEREST PRIOR TO THE OFFER (SHARES)	SHARES SOLD PURSUANT TO THE OFFER	TOTAL INTEREST AFTER OFFER <sup>17</sup>
John Clifford	Uplands Group Pty Limited as trustee of Uplands Group Trust JCVC Pty Limited as trustee of JCVC Super Fund	14,176,566 <sup>18</sup>	5,025,192	12.1% - 12.7%
Leigh Warren	Leigh Warren Warren Family Business Pty Limited as trustee of the Warren Family Business Superannuation Fund	1,156,587 <sup>18</sup>	527,403	0.8% - 0.9%
James Docking	Jametti Limited as trustee of the Fraxinus Aurea Trust	12,263,661	4,905,465	9.7% - 10.2%
Robert Shelwell	Robert John Shelwell and Robyn Elizabeth Shelwell	420,000 <sup>18</sup>	84,000	0.4% - 0.5%
Terry Maude	Terence de Montalt Maude and Wendy Fay Wood as trustees for T & W Investment Fund	5,322,324	2,128,929	4.2% - 4.4%
Nigel Farley	Nigel Peter Farley and Richard John Burrell as trustees for Nigel Farley Family Trust	6,732,372	2,019,711	6.2% - 6.5%
Glenn Sutherland	Glenn Donald Sutherland	180,000 <sup>18</sup>	45,000	0.2% - 0.2%
Adam Pargeter	Adam John Pargeter and Michelle Julie Pargeter	120,000 <sup>18</sup>	0	0.2% - 0.2%
Joanne McNish	Joanne Helen Read	120,000 <sup>18</sup>	0	0.2% - 0.3%

None of the persons named above guarantees, or undertakes any liability in respect of, the Shares.

Certain of the above interested persons have agreed with Gentrack that, following completion of the Offer, they will not sell (and their associated person will not sell) any Shares until after Gentrack has announced to the market its results for the financial year ended 30 September 2015. For further information on these embargo arrangements, please see 'Selling Restrictions' in this Section 10 *Details of the Offer* of this Investment Statement.

17. Based on the Indicative Price Range.

18. A portion of these shares are preference shares in Gentrack, rather than ordinary shares. Preference shares carry the same rights as ordinary shares, except that they also have certain additional rights on a liquidation or other dissolution of GGL. Preference shares will convert to ordinary shares on a 1:1 basis immediately prior to allotment of the Shares under the Offer. On this basis, the shares in this column have been expressed as ordinary shares on a 1:1 basis.

## RETAIL OFFER

	<b>BROKER FIRM OFFER</b>	<b>EMPLOYEE OFFER</b>
<b>Who may apply</b>	<p>The Broker Firm Offer is open to persons who have received an allocation from their broker and who have a registered address in New Zealand. If you have been offered an allocation by an NZX Firm, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your broker to determine whether they may allocate Offer Shares to you under the Broker Firm Offer.</p>	<p>The Employee Offer is open to any person resident in New Zealand, Australia and the United Kingdom who Gentrack determines is a Gentrack director or employee (or their nominees) as at the Opening Date.</p> <p>For example, an eligible director or employee can apply through a company or a family trust.</p> <p>All Applications made under the Employee Offer will be reviewed by Gentrack prior to the Share Registrar accepting such Applications.</p> <p>Up to \$2.0 million of Offer Shares have been reserved for the Employee Offer.</p>
<b>How to apply</b>	<p>Complete the white Broker Firm Offer Application Form at the back of this Investment Statement. By making an Application, you declare that you were given a copy of this Investment Statement, together with an Application Form. Please contact your broker if you require further instructions.</p>	<p>Complete the blue Employee Offer Application Form provided to you by Gentrack. By making an Application, you declare that you were given a copy of this Investment Statement, together with an Application Form.</p>
<b>Minimum and maximum Application amount</b>	<p>Amounts will be determined by your broker. However, the minimum Application amount is \$1000. Your broker will inform you of your firm allocation.</p>	<p>The minimum Application amount will be \$1000. There is no maximum amount that can be applied for by each Gentrack director or employee applying under the Employee Offer, although up to \$2.0 million of Offer Shares in total have been reserved for the Employee Offer.</p>
<b>How to pay</b>	<p>Broker Firm Offer Applicants should make payments in accordance with the directions of the NZX Firm from whom you received an allocation.</p>	<p>Application Monies should be paid by cheque drawn on a New Zealand bank. Cheques should be crossed 'Not Transferable' and made out to 'Gentrack Share Offer'. Alternatively, you may pay by direct debit by including your direct debit details on your Application Form.</p>
<b>Address for return of Application Forms and Application Monies</b>	<p>Broker Firm Offer Applicants should send their completed Application Form and Application Monies to their broker in time to enable forwarding to the Share Registrar by 5.00pm on the Closing Date.</p>	<p>The details of who Employee Offer Application Forms should be returned to will be notified to eligible directors and employees separately.</p>



	<b>BROKER FIRM OFFER</b>	<b>EMPLOYEE OFFER</b>
<b>Closing Date for receipt of Applications</b>	The Broker Firm Offer opens at 9.00am on 9 June 2014 and is expected to close at 5.00pm on 20 June 2014. The Issuers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Your broker may also impose an earlier closing date.	The Employee Offer opens at 9.00am on 9 June 2014 and is expected to close at 5.00pm on 20 June 2014. The Issuers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice.  Applicants are encouraged to submit their Applications as early as possible in order to enable processing by the Employee Offer Closing Date.
<b>How to obtain a copy of this Investment Statement and the Prospectus</b>	Please contact your broker for instructions. You may also obtain a copy of this Investment Statement and the Prospectus as follows: <ul style="list-style-type: none"> <li>- you can download a copy at <a href="http://www.gentrackshareoffer.com">www.gentrackshareoffer.com</a>; or</li> <li>- request a copy from the Share Registrar, Link Market Services +64 9 375 5998.</li> </ul> <p>While you may obtain a copy of these documents as set out above, your Application will not be accepted under the Broker Firm Offer if it is not lodged through your broker.</p>	To obtain a copy of this Investment Statement and the Prospectus: <ul style="list-style-type: none"> <li>- you can download a copy at <a href="http://www.gentrackshareoffer.com">www.gentrackshareoffer.com</a></li> <li>- request a copy from the Share Registrar, Link Market Services +64 9 375 5998; or</li> <li>- request a copy from Gentrack.</li> </ul>

## **FURTHER TERMS OF THE RETAIL OFFER**

### **AVAILABILITY OF FUNDS**

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s), bank draft(s) or direct debit payment(s). If the amount of your cheque(s), bank draft(s) or direct debit payment(s) for Application Monies (or the amount for which those cheque(s), bank draft(s) or direct debit payment(s) clear in time for allocation) is less than the dollar amount of Shares applied for, you may be taken to have applied for such lesser number of Offer Shares for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

### **ALLOCATION UNDER THE BROKER FIRM OFFER**

The allocation of Offer Shares under the Broker Firm Offer to NZX Firms or other financial intermediaries approved by UBS which have bid in the bookbuild, in each case for the purpose of making firm allocations to their New Zealand resident retail clients, will be decided by the Issuers, having consulted with UBS. It will be a matter for the NZX Firm to decide how they make allocations amongst their eligible retail clients and whether your Application will be scaled back.

### **ALLOCATION UNDER THE EMPLOYEE OFFER**

The allocation of Offer Shares to Applicants under the Employee Offer will be decided by the Issuers, having consulted with UBS.

It is the Issuers' intention that Applicants under the Employee Offer would be allocated the full amount of any Offer Shares applied for, subject to a maximum of \$2.0 million of Offer Shares across all Applicants under the Employee Offer or their nominee. However, in the event the value of Applications received under the Employee Offer is greater than the maximum of \$2.0 million of Offer Shares, the Issuers have the ability to scale back allocations to Applicants in the Employee Offer following the close of the Offer. Any such scaling will be done on a pro rata basis.

### **ACCEPTANCE OF APPLICATIONS**

An Application in the Retail Offer is an offer by the Applicant to the Issuers to subscribe for all or any of the number of the Offer Shares specified in the Application Form, at the Price and on the terms and conditions set out in this Investment Statement and the Prospectus (including the Application Form). To the extent permitted by law, the offer by an Applicant is irrevocable.

## **INSTITUTIONAL OFFER**

The Issuers, through UBS, will invite selected Institutional Investors in New Zealand, Australia and in any other selected jurisdiction where lawfully permitted (excluding the United States and any persons who are, or are acting for the account or benefit of, US persons), along with NZX Firms and financial intermediaries approved by UBS, to bid for the Offer Shares in the bookbuild process to be undertaken by UBS on 5 June 2014.

UBS will separately advise Institutional Investors of the bidding and settlement procedures for the bookbuild.

The number of Offer Shares to be offered under the Institutional Offer, and the allocation of Offer Shares among Applicants in the Institutional Offer, will be determined by agreement between the Issuers and UBS.

## **ABOUT THE SHARES**

Each Share confers an equal right to share in dividends and other distributions authorised by the Board of GGL, and to cast a vote at meetings of Shareholders, in accordance with the Constitution.

Once the Shares are trading, further information about Gentrack will be able to be obtained at [www.nzx.com](http://www.nzx.com).

## **WHAT RETURNS WILL I GET?**

Your returns on Shares may be:

- dividends paid and other distributions which may be made in respect of your Shares; and
- any gains you make if you sell or dispose of your Shares for a net price that is greater than the price you paid for them (although the market price of your Shares may also decline, making them worth less than you paid for them).

No amount of returns is promised in respect of the Shares. The key factors that will determine your returns (if any) are the market price for Shares and the Board's decision in relation to dividends or other distributions. If you sell your Shares, you may be required to pay brokerage or other sale expenses. Tax will also affect your returns from the Shares. You should seek your own tax advice in relation to your Shares.

GGL is legally liable to pay you any dividends or other distributions declared on your Shares.

If you sell any of your Shares, the purchaser of those Shares will be legally liable to pay you the sale price.

You may cash in your investment by selling your Shares. Any sale of Shares must be made in accordance with the requirements of the Constitution, the NZX Listing Rules, the ASX Listing Rules and any other applicable laws.

## DIVIDEND POLICY

Dividends and other distributions with respect to the Shares are only made at the discretion of the Board of GGL. The payment of dividends is not guaranteed and GGL's dividend policy may change. The Board's decisions in relation to the level of reserves and retentions may affect any dividends or distribution you receive from the Shares.

In determining dividends payable to Shareholders, GGL will comply with the solvency test specified in the Companies Act. GGL intends to pay dividends at between 70-80% of NPATA (defined as net profit after tax adjusted for the amortisation of acquisition related intangibles), subject to Gentrack's outlook and its capital and liquidity requirements. For details about GGL's forecast dividend payments during the Prospective Period, please refer to the Appendix *Prospective Financial Information* under the heading 'Dividends'.

Under ordinary business circumstances, the dividend to be declared is determined by reference to Gentrack's:

- working capital requirements;
- medium term research and development expenditure programme;
- investment in new business opportunities; and
- risk profile, taking into account the sustainable financial structure for the business and considering predictions of short and medium term economic and market conditions.

Gentrack intends to pay dividends semi-annually, typically in June and December of each year.

## SHAREHOLDING RESTRICTIONS

Jametti Limited as trustee of the Fraxinus Aurea Trust, Uplands Group Pty Limited as trustee of the Uplands Group Trust, Roy Desmond Grant, Nina Catherine Maria Grant and Adrienne Alexandra Wigmore as trustees of the Fiducia Trust, Nigel Peter Farley and Richard John Burrell as trustees for Nigel Farley Family Trust, Terence De Montalt Maude and Wendy Fay Wood as trustees for T & W Investment Fund, JCVC Pty Limited, as trustee for the JCVC Super Fund, Warren Family Business Pty Limited as trustee for the Warren Family Business Superannuation Fund and Leigh Warren (together, the **Embargoed Shareholders**) have entered into an Embargo Deed with Gentrack. The Shares held by Embargoed Shareholders will represent, in aggregate, between 37.2% and 39.1% of Shares on issue following the Offer (based on the Indicative Price Range).

Under the terms of the Embargo Deed the Embargoed Shareholders have agreed not to sell or otherwise dispose of their existing Shares which are not sold as part of the Offer until Gentrack's preliminary announcement of its results for the financial year ending 30 September 2015 has been released.

These restrictions do not apply, and therefore no approval is needed, for an Embargoed Shareholder to grant a security interest in favour of a lender to that holder if the lender has agreed to be bound by the terms of the Embargo Deed.

In addition, the Embargoed Shareholders may accept any full or partial takeover offer made in respect of Gentrack Shares under the Takeovers Code or similar scheme or arrangement.

Under the terms of the Embargo Deed, a restriction is placed on the sale, disposal, or encumbering of, or certain other dealings in respect of, the securities concerned for the period of the embargo, subject to any exceptions in the deed.

Although he does not hold any Shares at the date of this Investment Statement, Gentrack's Chief Financial Officer David Ingram intends to apply for Shares under the Employee Offer and has signed an equivalent Deed of Embargo to the one described above in respect of any Shares allocated to him under the Offer.

## CAN MY INVESTMENT BE ALTERED?

The full terms of the Offer, including the amounts payable on Application, are set out in this section under the heading 'How much do I Pay?'.

Those terms may be altered by the Issuers by lodging an amendment to the Prospectus with the Registrar of Financial Service Providers. However, those terms cannot be altered without an Applicant's consent after an Application has been accepted and Offer Shares allotted to the Applicant.

As at the date of this Investment Statement, the Price has not yet been set. The Price will be set by the Issuers. Once set, the Price cannot be altered. Further information about how the Price will be determined is set out in this section under the heading 'How is Pricing of the Shares Fixed'.

GGL may only amend its Constitution (which sets out the rights attached to Shares) with approval by a special resolution of Shareholders. GGL cannot take any action that affects the rights of any interest group of Shareholders without approval by a special resolution of that affected interest group.

A special resolution must be approved by at least 75% of the votes of those Shareholders entitled to vote and who actually vote on that resolution. Under certain circumstances, if your rights are affected by an action approved by a special resolution, you may require GGL to purchase your Shares.

## WHO DO I CONTACT WITH INQUIRIES ABOUT MY INVESTMENT?

Inquiries about the Shares may be made to the Share Registrar. The contact details of the Share Registrar are set out in the Directory on the inside back cover.

## IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

Complaints about the investment may be made to the Share Registrar at the address set out in the Directory on the inside back cover.

There is no ombudsman or approved dispute resolution scheme to whom complaints can be made about this investment.

## **NZX MAIN BOARD LISTING**

GGL has applied to NZX for permission to list GGL and to quote the Shares on the NZX Main Board and all the requirements of NZX relating to the application that can be complied with on or before the date of this Investment Statement and the Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement or the Prospectus. The NZX Main Board is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act. Initial quotation of the Shares on the NZX Main Board is expected to occur under the stockcode 'GTK'.

## **ASX – APPLICATION FOR LISTING**

An application will be made to ASX after this Investment Statement and the Prospectus have been lodged with ASIC for GGL to be admitted to the official list of the ASX and for quotation of the Shares on the ASX. It is anticipated that the ASX stockcode for GGL's Shares will be 'GTK'.

Neither ASIC nor the ASX takes any responsibility for the content of this Investment Statement or the Prospectus or for the merits of the investment to which this Investment Statement relates. The fact that ASX may admit GGL to the official list and quote the Shares on the ASX is not to be taken as an indication of the merits, or as an endorsement by ASX, of Gentrack or the Shares. The ASX is not a registered market under the Securities Markets Act.

## **QUOTATION AND TRADING**

Initial quotation of the Shares on the NZX Main Board and the ASX is expected to occur on or about 25 June 2014. If you wish to sell your Shares on the NZX Main Board after confirming your allocation, you must contact an NZX Firm. To be eligible to trade Shares on the NZX Main Board you must have an account with an NZX Firm, a CSN and an Authorisation Code (FIN). If you do not have an account with a broker you should be aware that opening an account can take a number of days depending on the NZX Firm's new client procedures. If you do not have a CSN, you will be assigned one when you set up an account with an NZX Firm. If you have a broker and have not received a FIN by the date on which you want to trade your Shares, your broker can arrange to obtain your FIN from the Share Registrar.

## **FAILURE TO ACHIEVE LISTING**

In the event that admission to list the Shares on the NZX Main Board is denied or the Offer does not proceed for any other reason, all Application amounts will be refunded in full without interest no later than five Business Days after the announcement of the decision not to proceed. Failure to achieve admission to list on the ASX will not, of itself, prevent the Offer from proceeding.

## **CONFIRMATION OF ALLOCATION**

You should not attempt to sell your Shares until you know whether any, and how many, Shares have been allocated to you. None of Gentrack, the Offeror, UBS, the Share Registrar or any of their respective directors, officers or employees accepts any liability or responsibility should any person attempt to sell or otherwise deal with Shares before the statements confirming allotments of Shares are received by you or the successful bidders under the Institutional Offer (as applicable).

## **BROKERAGE**

You are not required to pay any brokerage or commission for Offer Shares under the Offer. See Section 12 *Statutory Information* on pages 111 of the Prospectus under the heading 'Preliminary and Issue Expenses' for details of the brokerage payable by Gentrack to brokers.

## **DISCRETION REGARDING THE OFFER**

The Issuers may withdraw the Offer, or any part of it, at any time before the allotment of Shares to successful Applicants or bidders in the applicable part of the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) within five business days of the Directors of GGL and the directors of the Offeror having made that decision. Refunds will be paid in the manner you elect any future dividend payments to be paid. No interest will be paid on unsuccessful Applications.

The Issuers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Offer Shares than applied or bid for.

## **SELLING RESTRICTIONS**

The Retail Offer is being made to members of the public in New Zealand and eligible directors and employees in New Zealand, Australia and the United Kingdom. The Institutional Offer is being made to Institutional Investors in New Zealand, Australia and in any other selected jurisdiction where lawfully permitted (excluding the United States and any persons who are, or are acting for the account or benefit of, US persons). No person may offer, sell, or deliver any Shares or distribute any documents (including the Prospectus) to any person outside New Zealand or Australia except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with Gentrack, any person or entity applying for Offer Shares under the Offer will be deemed to represent that he, she or it is not in a jurisdiction that does not permit the making of the Offer or an invitation of the kind contained in the Prospectus and is not acting for the account or benefit of a person within such a jurisdiction. Neither Gentrack, the Offeror, UBS nor any of their respective directors, officers, employees, consultants, agents, partners

or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

The Shares have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act 1933 and any other applicable securities laws.

Each Applicant in the Broker Firm Offer and the Employee Offer will be taken to have represented, warranted and agreed as follows:

- It understands that the Shares have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any state of the United States and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act 1933 and any other applicable securities laws.
- It is not in the United States and is not acting for the account or benefit of a person in the United States.
- It has not and will not send the Prospectus, the Investment Statement or any other material relating to the Offer to any person in the United States.
- It will not offer or sell the Shares in the United States or in any other jurisdiction outside New Zealand and Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

Each successful bidder under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

#### United Kingdom

The content of this Investment Statement has not been approved by an authorised person within the meaning of the Prospectus Directive (Directive 2003/71/EC).

Neither this document nor any of the information contained in it shall constitute an offer, solicitation, invitation or inducement to purchase, acquire, subscribe to, provide or sell any shares of GGL or any interest in any shares of GGL, nor does the document constitute or form part of any invitation, solicitation or inducement to engage in investment activity under Section 21 of the Financial Services and Markets Act 2000 (as amended), nor does it constitute a recommendation regarding shares of GGL, nor shall it or any part of it form the basis of or be relied on in connection with any contract or investment decision.

If you are considering engaging in any investment activity, you should seek appropriate independent financial advice and make your own assessment. It is emphasised that this document is being sent to you in reliance upon your acknowledgement and acceptance that this

document is being solely issued to and directed at persons who are reasonably believed to be of a kind described in Article 19 (Persons having professional experience in matters relating to investment) or Article 49 (High net worth companies, unincorporated associations, etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended), and persons who are otherwise permitted by law to receive it (all such persons together being referred to as **Relevant Persons**). This document must not be acted upon by persons who are not Relevant Persons. Any recipient of this document who is not a Relevant Person should return it to GGL immediately and take no other action.

This document is not a prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) and/or Part 6 of the Financial Services and Markets Act 2000.

#### Singapore

This Investment Statement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other materials in connection with the offer or sale, solicitation or invitation for subscription or purchase, of shares to be issued from time to time by GGL may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**); (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and, in each case, in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

In Singapore, this document is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed or distributed to any other person. By accepting this document in Singapore, you (i) represent and warrant that you are either an institutional investor as defined under Section 4A(1)(c) of the SFA, a relevant person as defined under Section 275(2) of the SFA or persons to whom an offer is being made, as referred to in Section 275(1A) of the SFA; and (ii) agree to be bound by the disclaimers, limitations and restrictions described herein.

Where shares are subscribed or purchased, they are subject to restrictions on transferability and resale and may not be transferred or resold in Singapore except as permitted under the SFA.

This document and such other materials are made available to the recipients thereof in Singapore solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the shares are sold or with whom they are placed or for any other purpose. Recipients of this document in Singapore shall not reissue, circulate or distribute this document or any part thereof in any manner whatsoever.

## Hong Kong

This Investment Statement is only distributed in Hong Kong to professional investors as defined in the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong and any rules made under that ordinance. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

## NZX LISTING RULE 7.1.15

As required by Listing Rule 7.1.15, on 1 May 2014, GGL required all registered holders of 5% or more of the voting securities of GGL to disclose any relevant interest and the nature of that relevant interest held by them and the consideration and other terms and conditions of any transaction under which they acquired their shares. The following table sets out the relevant disclosures by registered holders of 5% or more of the voting securities.

RELEVANT INTEREST HOLDER	NUMBER OF ORDINARY SHARES	NATURE OF RELEVANT INTEREST	CONSIDERATION & OTHER TERMS
Jametti Limited and its directors James and Annette Docking	12,263,661	Legal and registered title held as trustees of the Fraxinus Aurea Trust in 12,263,661 ordinary shares	4,087,887 ordinary shares issued as consideration for the sale of 488,071 shares in Talgentra Pacific Group Pty Limited and subsequently subdivided on a three-for-one basis
Uplands Group Pty Limited, JCVC Pty Limited and John Clifford	14,176,566 <sup>19</sup>	Legal and registered title held as trustee of the Uplands Group Trust in 12,256,566 ordinary shares  Legal and registered title held as director and shareholder of JCVC Pty Limited in 1,920,000 preference shares	4,085,522 ordinary shares issued as consideration for the sale of 488,353 shares in Talgentra Pacific Group Pty Limited and subsequently subdivided on a three-for-one basis  A\$800,000
Roy Desmond Grant, Nina Catherine Maria Grant and Adrienne Alexandra Wigmore	7,800,000	Legal and registered title as trustees of the Fiducia Trust in 7,800,000 ordinary shares	2,600,000 ordinary shares issued as consideration for the sale of 326,078 shares in Talgentra Pacific Group Pty Limited and subsequently subdivided on a three-for-one basis
Nigel Peter Farley	6,732,372	Legal and registered title held as trustees of the Nigel Farley Family Trust in 6,732,372 ordinary shares	2,244,124 ordinary shares issued as consideration for the sale of 268,091 shares in Talgentra Pacific Group Pty Limited and subsequently subdivided on a three-for-one basis
Terence de Montalt Maude and Wendy Fay Wood	5,322,324	Legal and registered title held as trustees of the T & W Investment Trust in 5,322,324 ordinary shares	1,774,108 ordinary shares issued as consideration for the sale of 211,941 shares in Talgentra Pacific Group Pty Limited and subsequently subdivided on a three-for-one basis
Givia Pty Limited	3,816,000 <sup>19</sup>	Legal and registered title held as trustee of the Yajillara Trust in 3,816,000 preference shares	A\$1,590,000
Nicholas David Jenkins	3,120,000 <sup>19</sup>	Legal and registered title in 3,120,000 preference shares	A\$1,300,000

None of the persons named above guarantees, or undertakes any liability in respect of, the Shares.

<sup>19</sup> A portion of the shares hold preference shares in Gentrack, rather than ordinary shares. Preference shares carry the same rights as ordinary shares, except that they also have certain additional rights on a liquidation or other dissolution of GGL. Preference shares will convert to ordinary shares on a 1:1 basis immediately prior to allotment of the Shares under the Offer. On this basis, the shares in this column have been expressed as ordinary shares on a 1:1 basis.

## SECTION 11 GLOSSARY\_

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<b>Airport Operational Systems</b>	An open platform that integrates airport and third party systems to ensure airports operational staff and passengers have access to 'real-time' information regarding flights and airport resources.
<b>Allotment Date</b>	24 June 2014, unless brought forward or extended by Gentrack
<b>Applicant</b>	An investor who makes an application for Offer Shares under the Offer
<b>Application</b>	An application to subscribe for Offer Shares offered under the Offer
<b>Application Form</b>	An application form for the Offer included in or accompanying this Investment Statement
<b>Application Monies</b>	The amount payable on Application
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited, or the financial market operated by ASX Limited, as the context requires, also known as the Australian Securities Exchange
<b>ASX Listing Rules</b>	The official listing rules of the ASX
<b>Auditor</b>	KPMG
<b>Best-of-Breed</b>	Software solutions designed specifically for each application or requirement within an organisation; these solutions are typically then intergrated to enable the flow of data and informaion across the business
<b>Board or Board of Directors</b>	The Board of Directors of GGL
<b>Broker Firm Offer</b>	The offer of Offer Shares under this Investment Statement to New Zealand resident retail clients of brokers who have received an allocation from their broker
<b>Business Day</b>	A day on which the NZX Main Board is open for trading
<b>CAGR</b>	The compound annual growth rate or CAGR is the rate at which something (e.g. revenue) grows over a period of years, taking into account the effect of annual compounding
<b>Closing Date</b>	20 June 2014
<b>Companies Act</b>	The Companies Act 1993
<b>Constitution</b>	The constitution of Gentrack
<b>CRM</b>	Customer Relationship Management. CRM products allow organisations to store, organise, synchronise, and search records relating to customer interactions. CRM Software may also include the automation of business rules and business processes, relating to all forms of customer engagement and interaction
<b>CSN</b>	Common Shareholder Number
<b>Directors</b>	The Directors of GGL and the Offeror
<b>Directory</b>	The directory set out on the final page of this Investment Statement
<b>Embargo Deed</b>	The embargo deed between Embargoed Shareholders and GGL dated 23 May 2014





<b>Embargoed Shareholders</b>	Jametti Limited as trustee of the Fraxinus Aurea Trust, Uplands Group Pty Limited as trustee of the Uplands Group Trust, Roy Desmond Grant, Nina Catherine Maria Grant and Adrienne Alexandra Wigmore as trustees of the Fiducia Trust, Nigel Peter Farley and Richard John Burrell as trustees for Nigel Farley Family Trust, Terence De Montalt Maude and Wendy Fay Wood as trustees for T & W Investment Fund, JCVC Pty Limited, as trustee for the JCVC Super Fund, Warren Family Business Pty Limited as trustee for the Warren Family Business Superannuation Fund and Leigh Warren
<b>Employee Offer</b>	The offer of Offer Shares under this Investment Statement to persons resident in New Zealand, Australia or the United Kingdom who Gentrack determines are employees of Gentrack as at the Opening Date (or their nominees)
<b>Enterprise-Wide software</b>	Software designed to integrate many aspects of a business' operations and processes such as accounting, finance, marketing, CRM, distribution and resource planning. Also known as 'Enterprise Resource Planning' or 'ERP' software
<b>Financial Reporting Act</b>	The Financial Reporting Act 1993
<b>FY</b>	A financial year
<b>FY2009PF</b>	The Pro Forma 12 months ended 30 September 2009
<b>FY2010PF</b>	The Pro Forma 12 months ended 30 September 2010
<b>FY2011PF</b>	The Pro Forma 12 months ended 30 September 2011
<b>FY2012PF</b>	The Pro Forma 12 months ended 30 September 2012
<b>FY2013PF</b>	The Pro Forma 12 months ended 30 September 2013
<b>FY2014PF</b>	The Pro Forma 12 months ending 30 September 2014
<b>Gentrack</b>	Refers to: (a) GGL and its subsidiaries, for so long as GGL has been the ultimate parent company of Gentrack Limited; and (b) in respect of periods before that, means the group of companies comprising the ultimate parent company of the two trading subsidiaries (Gentrack Limited and Gentrack Pty Limited) and its subsidiaries, including Talgentra Pacific Group Pty Limited (once incorporated in 2007.)
<b>GGL</b>	Gentrack Group Limited
<b>Glossary</b>	This glossary of key terms
<b>Group</b>	GGL and its present subsidiaries
<b>Indicative Price Range</b>	\$2.00 to \$2.50 per Offer Share
<b>Information for Australian Investors</b>	Additional information containing disclosure relevant to potential investors under the Offer who are resident in Australia and to comply with requirements for a 'recognised offer' under Chapter 8 of the Australian Corporations Act 2001 (Cth) and the Australian Corporations Regulations 2001 (Cth), which accompanies this Investment Statement for the purposes of making the Offer in Australia
<b>Institutional Investor</b>	An investor to whom offers in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality which Gentrack is willing to comply with), including in New Zealand persons to whom offers or invitations can be made without the need for a registered prospectus under the Securities Act
<b>Institutional Offer</b>	The invitation to Institutional Investors under this Investment Statement, as described in Section 10 <i>Details of the Offer</i> on pages 53 to 62 of this Investment Statement
<b>Investigating Accountant</b>	KPMG



<b>Investment Statement</b>	This Investment Statement relating to the Offer dated 4 June 2014
<b>Issuers</b>	GGL and the Offeror
<b>Legacy system</b>	An old and outdated software solution that is still used to perform a task in a business, even though more modern and efficient options are available
<b>Listing Date and Listing</b>	The date on which Gentrack is listed, and the Shares quoted on the NZX Main Board (or on market in substitution for that market) in force from time to time
<b>Meter-to-Cash</b>	The revenue cycle for a utility, covering the process from account creation, collecting and processing metering data, to billing date, to payments and revenue and collections.
<b>Mission-critical</b>	An essential service whose failure or disruption will cause a corresponding failure in day-to-day business operations
<b>Net Profit</b>	Net profit for the period after tax
<b>NZX</b>	NZX Limited
<b>NZX Firm</b>	Any company, firm, organisation or corporation designated or approved as a Primary Market Participant from time to time by NZX, see <a href="http://www.nzx.com/investing/find_a_participant">http://www.nzx.com/investing/find_a_participant</a> for a list
<b>NZX Listing Rules</b>	The listing rules applying to the NZX Main Board as amended from time to time
<b>NZX Main Board</b>	The main Board equity security market operated by NZX
<b>Offer</b>	The offer of Offer Shares under this Investment Statement
<b>Offer Management Agreement</b>	The offer management agreement between the Issuers and UBS
<b>Offeror</b>	Gentrack Share Sale Company Limited, which was incorporated with the principal purpose of acquiring and selling the existing Shares under the Offer
<b>Offer Shares</b>	The new Shares and existing Shares being offered under the Offer
<b>Opening Date</b>	9 June 2014
<b>PFI</b>	Prospective Financial Information
<b>Price</b>	The price per Share at which the Offer Shares will be issued and sold to be determined on or about 5 June 2014
<b>Pro Forma</b>	Means adjusted financial information that is different from Gentrack's statutory financial information as described under the heading "Pro Forma Adjustments" in Section 9.2.1 <i>Financial Information Presented</i>
<b>Prospective Period</b>	The period from 1 April 2014 to 30 September 2015
<b>Prospectus</b>	The prospectus relating to the Offer dated 26 May 2014 (as amended by an instrument to amend dated 4 June 2014)
<b>Retail Investors</b>	Applicants who are not Institutional Investors
<b>Retail Offer</b>	Broker Firm Offer and Employee Offer
<b>SaaS</b>	SaaS, or 'software-as-a-service', is a software licensing and delivery model in which software is licensed on a subscription basis. The software and associated data is typically hosted outside the customer's premises and accessed through the internet



<b>Securities Act</b>	Securities Act 1978
<b>Securities Markets Act</b>	Securities Markets Act 1988
<b>Securities Regulations</b>	Securities Regulations 2009
<b>Selling Shareholders</b>	The existing holders of Shares that have elected to sell some of their Shares to the Offeror pursuant to the Sale and Purchase Agreement dated 23 May 2014 (as more fully described under the heading 'Material Contracts' in Section 12 <i>Statutory Information</i> of the Prospectus)
<b>Share</b>	A fully paid ordinary share in GGL
<b>Shareholder</b>	A holder of one or more Shares
<b>Share Registrar</b>	Link Market Services
<b>Takeovers Code</b>	Takeovers Code Approval Order 2000 (SR2000/210), as amended from time to time
<b>UBS</b>	UBS New Zealand Limited
<b>Vendor Independent</b>	Software solutions that are not designed specifically to utilise the technology of any single vendor can be termed 'Vendor Independent'
<b>\$, NZD or NZ\$</b>	New Zealand dollars

## ADDITIONAL DEFINITIONS FOR THE KEY OFFER STATISTICS AND KEY INVESTMENT METRICS\_

<b>Price / NPATA ratio</b>	Indicative market capitalisation divided by NPATA for the respective forecast financial year. This is a valuation metric that enables comparison with industry competitors and stock market peers
<b>EV / EBITA multiple</b>	EV divided by EBITA for the respective forecast financial year. This is a valuation metric that enables comparison with industry competitors and stock market peers
<b>Implied cash dividend yield</b>	DPS for the respective prospective financial year divided by the Indicative Price Range. Based on the cash cost to GGL, not necessarily the cash received by investors which will depend on individual investor tax rates and the assumption that the investor holds Shares over the full year
<b>Implied gross dividend yield</b>	DPS for the respective prospective financial year, grossed up for imputation credits expected to be attached to the dividend (calculated at a tax rate of 28%) divided by the Indicative Price Range. This metric is used to approximate the return to the average investor on a pre-tax basis
<b>Implied Enterprise Value (EV)</b>	The implied market capitalisation less Prospective Net Cash as at completion of the Offer
<b>Prospective Net Cash</b>	The forecast value of cash and cash equivalents less current and non-current borrowings at 30 June 2014
<b>Implied market capitalisation</b>	The number of Shares on issue following the Offer multiplied by the Indicative Price Range

## APPENDIX: PROSPECTIVE FINANCIAL INFORMATION

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### INTRODUCTION

The Prospective Financial Information (PFI) in this section is for the consolidated position of Gentrack (including its subsidiaries) and includes:

- The basis of preparation for the PFI for Gentrack, including the significant accounting policies applied;
- A description of the general and specific assumptions that underpin the PFI contained in this Investment Statement;
- The PFI for Gentrack, as required by clause 11(1)(c) of Schedule 1 of the Securities Regulations, which includes prospective statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows;
- An analysis of the sensitivity of PFI to changes in specific key assumptions; and
- The Investigating Accountant's Report.

### BASIS OF PREPARATION

The PFI has been prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS-42) as required by the Securities Regulations.

The PFI, including the assumptions underlying it, has been prepared by management and approved by the Board. It is based on the Director's assessment of events and conditions existing at the date of this Investment Statement and the accounting policies and assumptions set under the headings 'General Assumptions' and 'Specific Assumptions' below. The Directors have given due care and attention to the preparation of the PFI, including the underlying assumptions. These assumptions should be read in conjunction with the other information in this Investment Statement (including, in particular, the information in Section 8 *What are my Risks?*).

PFI by its nature involves risks and uncertainties, many of which are beyond the control of Gentrack. The Board believes that the PFI has been prepared with due care and attention, and consider the assumptions, when taken as a whole, to be reasonable at the time of preparing this Investment Statement. Actual results are likely to vary from the information presented as anticipated events and results may not occur as expected, and the variations may be material.

Accordingly, neither the Directors nor any other person can provide any assurance that the PFI will be achieved and investors are cautioned not to place undue reliance on the PFI.

The Directors of GGL are responsible for and have authorised for issue the PFI on 23 May 2014 for use in this Investment Statement. The PFI covers the periods from:

- 1 October 2013 to 30 September 2014 (FY2014) which includes unaudited actual results for the period from 1 October 2013 to 31 March 2014, and forecast trading for the period 1 April 2014 to 30 September 2014; and
- 1 October 2014 to 30 September 2015 (FY2015).

The period from 1 April 2014 to 30 September 2015 is referred to in this Appendix *Prospective Financial Information* as the 'Prospective Period'.

There is no present intention to update the PFI or to publish the PFI in the future. Gentrack will report actual financial results against the PFI in accordance with NZ GAAP in the financial statements for the periods ending 30 September 2014 and 30 September 2015 under Regulation 44 of the Securities Regulations.

The PFI includes items considered non-GAAP financial information, including profit measures other than Net Profit. This section also presents the Pro Forma prospective statement of comprehensive income for FY2014 including the following adjustments:

- The inclusion of the full year impact of estimated additional ongoing public company costs.
- The exclusion of the impact of one-off listing costs incurred in relation to the Offer.
- The net interest expense has been reduced by \$1.4 million to illustrate the impact of operating with no bank debt from the beginning of the financial year, which is consistent with the anticipated capital structure post the Offer.
- Tax-related adjustments arising from the public company costs, one-off listing costs and the new capital structure.

Non-GAAP measures and the Pro Forma adjustments made are explained in Section 9.2.2 *Overview of Financial Information Presented*, including a reconciliation of statutory Net Profit to Pro Forma NPAT, NPATA, EBITA, EBITDA, and Pre-tax Free Cash Flow. Where non-GAAP financial information is reported there is a reference to further information to help you interpret those items.

### NOTES TO THE PROSPECTIVE FINANCIAL INFORMATION

The principal assumptions on which the PFI has been prepared are set out below. These assumptions should be read in conjunction with the risk factors set out in Section 8 *What are my Risks?* and the sensitivity analysis below.



## ACCOUNTING POLICIES

Gentrack's accounting policies will remain consistent throughout the period covered by the PFI. It is also assumed there will be no material change in NZ GAAP during this period. Gentrack's existing accounting policies are set out in the historical financial statements for the year ended 30 September 2013 included in Appendix 2 *Gentrack Group Limited Audited Financial Statements* of the Prospectus.

### General assumptions

1. **Economic environment** – there will be no material change in the general economic environments in which Gentrack operates or sells its products.
2. **Political, legislative and regulatory environment** – there will be no material change to the political, legal or regulatory environments in which Gentrack operates or sells its products.
3. **Competitive environment** – there will be no material change to the competitive dynamics of the markets in which Gentrack operates or sells its products, including any material change in competitor activity. No new entrants will materially change the competitive environment. The nature and extent of competition in any new markets which Gentrack enters will be comparable to that currently exhibited in its existing markets.
4. **Industry conditions** – there will be no material change in the general industry structure, third party relationships or employee environments.
5. **Taxation** – there will be no material change to the income tax, excise tax or goods and services tax regime in any country or state where Gentrack operates or sells its products, including no change to the corporate tax rates in those countries.
6. **Management of Gentrack** – no Directors or key personnel will leave Gentrack, and management resources will be sufficient for Gentrack's requirements.
7. **Operating environment** – there will be no material costs incurred through either industrial or contractual disputes.
8. **Disruption to operations** – there will be no material disruption to operations, including through natural disasters, fires or explosions or quality issues, product recall requirements or through normal hazards associated with Gentrack's activities (including disruptions to or affecting any of Gentrack's key clients).
9. **Key customers/suppliers and distribution channels** – there will be no unanticipated loss of key customers or suppliers.

## SPECIFIC ASSUMPTIONS

### 1 REVENUE

Revenue is expected to increase by 1.1% in FY2014 to \$40.6 million and by 10.1% in FY2015 to \$44.7 million, driven by continuing demand for Gentrack's products and services across both utilities and airports. Sales growth is expected to be facilitated by the further penetration of existing core markets (Australia and New Zealand) and ongoing expansion in the United Kingdom electricity, gas and water industries and airports globally.

Gentrack's prospective revenue forecast has been determined based on:

- a. Continued growth in Annual Contracted Revenues and non-contracted Support Services revenue derived from Gentrack's existing customer base.
- b. New business opportunities which Gentrack has assessed as existing within the addressable market for its products and services and the expected growth rates in each market.
- c. Historical sales track record and the existing sales pipeline for Gentrack.
- d. Foreign exchange rates that are in line with recent exchange rate forecasts from a selection of financial and economic institutions.

Gentrack's revenue is supported by annual revenues which flow from its long term customer base. These annual revenues are in part contracted (Annual Contracted Revenues) with the remainder coming from non-contracted but historically consistent Support Services. Approximately 61% of total revenue forecasted for FY2014 and FY2015 is anticipated to be generated from Annual Contracted Revenues and non-contracted but predictable Support Services.

In addition to considering the factors discussed above, the following category specific factors have been considered.

## REVENUE BY INDUSTRY

\$ MILLION (YEAR ENDED 30 SEPT)	HISTORICAL					PROSPECTIVE	
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Utilities	20.6	22.0	28.0	29.2	35.7	34.7	38.5
Airports	3.0	3.8	3.8	4.7	4.0	5.5	5.7
Research and other	-	-	0.4	0.4	0.4	0.4	0.5
<b>Total</b>	<b>23.6</b>	<b>25.9</b>	<b>32.2</b>	<b>34.3</b>	<b>40.1</b>	<b>40.6</b>	<b>44.7</b>

### Utilities

As a result of its origins in the New Zealand electricity market, Gentrack has an established position in the New Zealand and Australian electricity and gas billing and CRM software markets. Combined with additional Project Service and Support Service revenue from its existing customer base, Gentrack expects to further penetrate into the Australian energy market and continue its expansion into emerging energy companies in the United Kingdom during the Prospective Period.

The water industry is expected to provide revenue growth in the Prospective Period as a result of new customer opportunities in Australia and the United Kingdom. Gentrack has identified a number of existing Australian customers requiring upgrades and new target customers. The United Kingdom is anticipated to provide a number of new water industry opportunities, particularly within the commercial and industrial markets, due to ongoing deregulation.

Gentrack has historically achieved a utilities revenue compounded annual growth rate of 14.7% over the last five years. Gentrack has forecast a decline in utilities revenue of 2.6% in FY2014 (4.4% increase excluding the impact of the increase in the New Zealand dollar and Australian dollar exchange rate) and growth of 10.9% in FY2015. Utilities revenue growth in FY2014 has been suppressed due to delayed spending on Support Services by two of Gentrack's customers facing major corporate events. In addition, the switch of Contact Energy to an alternative provider is expected to provide a headwind in the Prospective Period. Approximately 88.0% of FY2014 and 62.5% of FY2015 utilities revenue is forecast to come from already contracted projects, Annual Contracted Revenues and Support Services for both new and existing customers.

### Airports

Gentrack has established a strengthening market position in the global airport operational system market since acquiring the Airport 20/20 business in 1999. Since that time Airport 20/20 has more than doubled the number of customers to over 30, with locations spread all over the globe. Airport privatisation and renewal programmes are resulting in investment in new systems to improve management of airport resources as well as delivering a stronger passenger experience.

Gentrack has forecast Airport 20/20's revenue growth of 36.2% in FY2014 following several recent contract wins, including Bristol Airport, Sydney Airport and Auckland International Airport. Approximately 14.7% of Airport 20/20's revenue in FY2015 is forecast to come from new customers, underpinned by further penetration of the European market and a targeted expansion into North America.

The combination of growing annual fees and new customer wins has enabled Airport 20/20 to sustain a revenue compounded annual growth rate of 7.7% over the last five years.

### Research and other

Other revenue primarily relates to a research grant of up to \$2.1 million, spread over three years, awarded to Gentrack in February 2014 by Callaghan Innovation (a New Zealand Crown Agency). Revenue related to the grant is to be recognised over the period FY2014 to FY2016. The grant requires an investment in product research by Gentrack of approximately five times the amount awarded. Gentrack does not anticipate claiming the full amount of this grant as its total research expenditure is expected to be less than five times the total available amount over the period of the award. Gentrack has historically received research grants from the New Zealand Government.



## REVENUE BY TYPE

\$ MILLION (YEAR ENDED 30 SEPT)	HISTORICAL					PROSPECTIVE	
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Licence Fees	3.1	4.0	3.4	4.6	4.0	3.5	3.6
Annual Contracted Revenues	7.7	8.5	9.6	9.4	10.9	11.6	12.3
Project Services	2.8	5.5	11.1	11.3	8.9	11.2	14.1
Support Services	10.0	7.9	7.6	8.7	15.9	13.9	14.2
Research and other	-	-	0.4	0.4	0.4	0.4	0.5
<b>Total</b>	<b>23.6</b>	<b>25.9</b>	<b>32.2</b>	<b>34.3</b>	<b>40.1</b>	<b>40.6</b>	<b>44.7</b>

### Licence Fees

Licence Fees are payable by customers for the initial installation of the Gentrack Velocity or Airport 20/20 software products, any subsequent software upgrades and increases in the volumes (for example, end users or client customers) on which the licensing is based. Gentrack's forecast Licence Fee revenue in the Prospective Period is predominantly from existing customer upgrades and new customers in the Australian and United Kingdom electricity, gas and water industries and airports globally. Licence Fee revenue is forecast to ease in FY2014 as a large proportion of revenue from existing customer upgrades is expected, which has a lower contribution to Licence Fees compared to new customer implementations. Approximately 72% in FY2014 and 31% in FY2015 of Licence Fee revenue is anticipated to come from existing customers.

### Project Services

Project Services revenue is generated from existing customer upgrades and new customer implementations and relates to system implementation, testing and other business services. Gentrack has forecast growth in Project Services revenue of 26.0% in FY2014 and 26.1% in FY2015, predominantly from existing customer upgrades and new customers in the Australian and United Kingdom electricity, gas and water industries and airports globally. Approximately 75% of FY2014 Project Services revenue is expected to be generated from existing customers, a significant amount of which is already contracted and underway. In FY2015, Gentrack expects 63% of Project Services revenue to be generated from existing customers as the contribution from new utilities and airports customers increases.

### Annual Contracted Revenues

Gentrack charges an annual fee for the ongoing use and support of its software. Annual fees are typically subject to a yearly price adjustment (CPI indexed). Annual Contracted Revenues are also increased with volumes (for example, end users or client consumers) on which the licensing is based. Gentrack has forecast Annual Contracted Revenues to increase by 5.8% in FY2014 and 6.3% in FY2015 as a result of annual CPI linked increases and the addition of new and current implementations carried out in FY2014 and early FY2015.

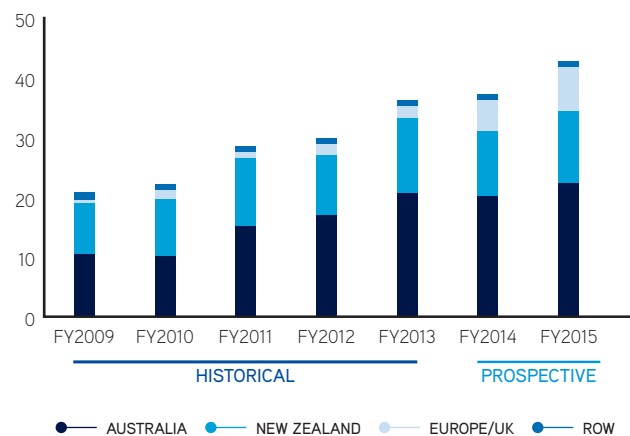
### Support Services

Support Services revenue is forecast to ease in FY2014 and remain stable in FY2015 as the expected effort expended on new projects increases. As these new projects conclude and customers enter into a more business as usual relationship, the level of Support Services is anticipated to rebound. Historically, Gentrack has been able to rely on an increase in Support Services revenue from customers that have delayed implementation projects. Support Services revenue provides operational flexibility for Gentrack when managing large scale implementation projects.

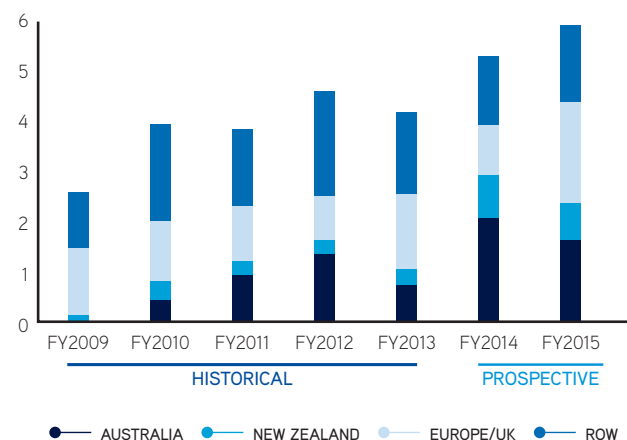


## REVENUE BY GEOGRAPHY

### UTILITIES (\$M)



### AIRPORTS (\$M)



## 2 OPERATING EXPENDITURE

Gentrack's forecast total operating expenditure is set out in the table below:

\$ MILLION (YEAR ENDED 30 SEPT)	HISTORICAL		PROSPECTIVE	
	FY2013 PRO FORMA	FY2014 STATUTORY	FY2014 PRO FORMA	FY2015 STATUTORY
Personnel costs	20.5	20.8	20.8	23.5
Administration and occupancy	3.2	3.4	3.5	3.7
Sales and marketing	0.7	0.7	0.7	0.8
Other costs	1.7	1.6	1.6	1.2
<b>Operating expenditure</b>	<b>26.1</b>	<b>26.5</b>	<b>26.6</b>	<b>29.2</b>

- Personnel costs include all costs directly associated with the employment or sub-contracting of the people who work for Gentrack. These costs include salaries and related on-costs, sub-contractor fees, Directors' fees, personnel insurances, payroll taxes, recruitment, training, staff welfare and travel. Forecast costs are based on the existing salary and remuneration arrangements with the current staff, cost of living increases, salaries for new staff at similar rates to current staff, and other staff related costs expected to increase in line with staff

numbers. Because Gentrack's primary business is the provision of software and associated services, personnel costs are the largest overhead. The numbers of personnel are forecast to rise during the Prospective Period to accommodate not only the increasing level of services work anticipated by Gentrack but also its commitment to the on-going development of its software products. The table below shows the average full time equivalent (FTE) employees over the historical period and Prospective Period.



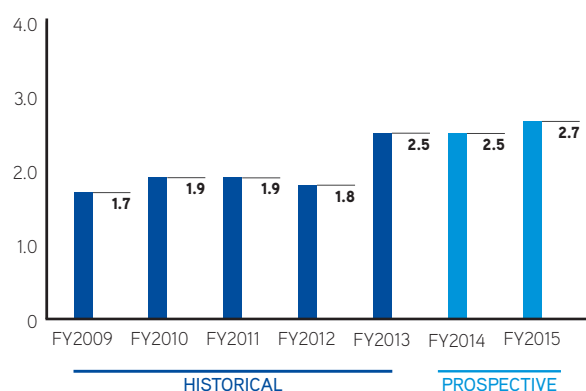
## AVERAGE STAFF (FTES)

(YEAR ENDED 30 SEPT)	HISTORICAL					PROSPECTIVE	
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Utilities	91	94	113	122	142	156	171
Airports	13	13	17	17	19	22	22
Corporate	15	12	12	13	14	13	14
<b>Total</b>	<b>120</b>	<b>119</b>	<b>142</b>	<b>152</b>	<b>175</b>	<b>191</b>	<b>207</b>

- Administration and occupancy costs cover expenses for IT infrastructure, communications, occupancy and professional fees incurred in the ordinary course of business. Prospective costs include the additional expenses that will ensue from operating as a listed entity.
- Sales and marketing expenses are forecast to increase to assist Gentrack's expansion into new markets.
- Other costs relate to third party licence costs, annual fees and services payable to software and implementation partners on certain products and services supplied to customers. The forecast costs are based on known costs in relation to third party Licence Fees and estimates based on historical information of anticipated external costs directly incurred from the earning of the forecasted revenue. These costs are forecast to decrease primarily due to the reducing dependence on third party licensed products.
- Gentrack's direct investment into research and innovation on an annual basis amounts to approximately 17% of its software specific revenue. This investment is its direct cost to drive innovation and meet customer needs, industry changes and technological advances in its base products. This does not include the considerable amount of paid innovation that Gentrack carries out each year for its customers, some of the ideas from which can assist with base product development. Despite Gentrack's significant investment in research and ongoing improvement of its products, it does not capitalise the costs associated with this internal effort. It does however carry an intangible asset in the balance sheet as a result of the acquisition made by GGL of the previous parent (TPG) of the Gentrack business in May of 2012. This amount is being amortised in accordance with the policy set out in paragraph 7 below.

## RESEARCH AND DEVELOPMENT EXPENDITURE (EXCLUDING AMORTISED ACQUIRED INTANGIBLES)

(\$M)



## 3 SEGMENT CONTRIBUTION (PRO FORMA)

Gentrack currently operates in two business segments, utility billing and CRM software ('Utilities') and airport management software ('Airports'). Segment contribution represents the contribution of each division before depreciation, amortisation, financing non-operating costs and tax.

<b>\$000S</b> (YEAR ENDED 30 SEPT)	<b>HISTORICAL</b>			<b>PROSPECTIVE</b>			
	FY2009 PRO FORMA	FY2010 PRO FORMA	FY2011 PRO FORMA	FY2012 PRO FORMA	FY2013 PRO FORMA	FY2014 PRO FORMA	FY2015 STATUTORY
Utilities	7,359	7,857	10,563	11,002	13,575	12,641	13,658
Airports	637	1,000	1,035	1,031	673	1,462	1,855
<b>Segment contribution before depreciation, amortisation, financing, non operating costs, pro-forma adjustments and tax</b>	<b>7,996</b>	<b>8,857</b>	<b>11,598</b>	<b>12,033</b>	<b>14,248</b>	<b>14,103</b>	<b>15,513</b>
Ongoing listing costs adjustment	(245)	(245)	(245)	(245)	(245)	(132)	-
<b>EBITDA</b>	<b>7,752</b>	<b>8,613</b>	<b>11,353</b>	<b>11,789</b>	<b>14,003</b>	<b>13,971</b>	<b>15,513</b>

#### 4 FINANCE INCOME AND EXPENSES

The interest expense in statutory FY2014 is mainly due to the bank debt maintained by Gentrack up to the time of the Offer. As the funds raised under the Offer by GGL will first be used to pay back all bank debt, no interest expense of any significance is expected for the Prospective Period following the Offer.

#### 5 TAXATION

Gentrack expects to be profitable across the period covered by the PFI. Tax expenses have been calculated based on current rates in the regions where the profit is anticipated to be made.

#### 6 CAPITAL EXPENDITURE

The business carried out by Gentrack is not capital intensive. As a result, there has been only modest levels of capital expenditure historically. Gentrack does not expect that capital expenditure requirements will materially change over the Prospective Period relative to its size. The PFI includes capital expenditure of approximately \$221,000 and \$776,000 for FY2014 and FY2015 respectively. Capital expenditure includes office equipment and furnishings, computers and acquired software.

#### 7 DEPRECIATION AND AMORTISATION

Depreciation rates adopted in the Prospective Period are as follows (based on an assessment of the useful/economic lives of assets):

	<b>USEFUL LIFE (STRAIGHT LINE)</b>
Office equipment, fixtures and fittings	7 years
Computer equipment	3 to 7 years
Leasehold improvements	Term of lease

As mentioned under '*Operating Expenditure*' above, Gentrack has intangibles and goodwill on its balance sheet as a result of an earlier acquisition of the business in May 2012. The intangibles include fair values for software, customer relationships and brands. Brands and the Goodwill arising from the acquisition are considered to have an indefinite useful life and are held at cost and are not amortised, but are subject to an annual impairment test. The FY2014 and FY2015 goodwill values reflect the assumption that there will be no impairment of goodwill. Other intangible assets (internal use software, acquired source code and customer relationships) are amortised on a straight line basis over their estimated useful lives:

	<b>USEFUL LIFE (STRAIGHT LINE)</b>
Acquired source code (software)	10 years
Customer relationships	10 years
Internal use software	3 years

Other intangible assets are not anticipated to have any future cash outflows related to them.



## 8 DIVIDENDS

GGL intends to pay dividends at between 70-80% of NPATA (defined as net profit after tax adjusted for the amortisation of acquisition related intangibles), subject to its outlook and its capital and liquidity requirements. GGL intends to pay dividends semi-annually, typically in June and December of each year and to impute and/or frank dividends to the greatest extent possible given the level of imputation and franking credits available.

Subject to Gentrack's forecast being achieved and other relevant factors, the Board expects to declare:

- A final dividend of \$2.6 million (equates to 3.4 to 3.6 cents per Share)<sup>20</sup> for the period from the Allotment Date to the end of the FY2014 financial year (to be paid in December 2014); and
- An interim dividend of \$3.0 million (equates to 3.9 to 4.1 cents per Share)<sup>20</sup> and final dividend of \$5.2 million (equates to 6.9 to 7.2 cents per Share)<sup>20</sup> in respect of the FY2015 financial year to be paid in June 2015 and December 2015 respectively.

These dividends are expected to be fully imputed for New Zealand tax purposes and partially franked for Australian tax purposes during the prospective period. However, as GGL expands offshore, the level of imputation and franking credits available are likely to reduce.

Despite the intentions set out above, the Issuers can give no assurances as to the level or frequency of any dividend (or other distributions, if any) payable, or the level of imputation credits, if any, attached to any dividends.

## 9 CAPITAL RAISING OF NEW SHARES IN GENTRACK AND NON-OPERATING COSTS

It is assumed that GGL will receive gross proceeds of \$36.0 million from the offer of new Shares. Gentrack will pay all costs directly attributable to the Offer, which is currently estimated to total \$4.7 million including for NZX and ASX listing fees, share registry costs, legal fees, accounting fees, UBS's fees, advertising costs, Prospectus and Investment Statement design, printing costs and postage costs relating to the Offer.<sup>21</sup> Gentrack is not responsible for paying any brokerage fees. Rather, Gentrack pays fees to UBS, who is then responsible to pay any NZX firm brokerage and commission fees. Of this amount \$0.9 million will be accounted for as a reduction in equity and \$3.9 million will be expensed to the Income Statement (as non-operating costs) in accordance with the intended accounting policy set out in paragraph 10 below.

## 10 SHARE CAPITAL

Ordinary share capital is recognised at the consideration received by GGL. Transaction costs related to the listing of new Shares and the simultaneous sale and listing of existing Shares are allocated to those transactions on a proportional basis. Transaction costs relating to the sale and listing of existing shares are not considered costs of an equity instrument as no equity instrument is issued, and consequently these costs are recognised as an expense in the Statement of Comprehensive Income when incurred. Transaction costs related to the issue of new share capital are recognised directly in equity as a reduction of the share proceeds received.

## 11 EXCHANGE RATES

Gentrack receives a proportion of its revenues in foreign currencies, of which, Australian dollars (AUD) and British Pounds (GBP) have the largest contribution. An element of natural hedging is available due to some costs being transacted in those currencies, however, a net exposure exists in both currencies.

The forecasted foreign currency amounts included in the Prospective Period have been converted at the following rates:

FOREIGN CURRENCY	NZ\$
AUD	0.93
GBP	0.51

The rates are consistent with an average of recent exchange rate forecasts from a selection of financial and economic institutions for the remainder of the Prospective Period.

The appreciation of the Australian dollar relative to the New Zealand dollar has been a key impediment to Gentrack's forecast earnings in FY2014. It is forecast that the increase in the Australian dollar and New Zealand dollar cross rate from an average of \$0.824 in FY2013 to an average of \$0.925 in FY2014 will result in a reduction in reported full year revenue and EBITA of \$2.7 million and \$1.8 million respectively when compared on a constant currency basis.

20. Based on the indicative price per share range and number of shares on issue following completion of the Offer.

21. The anticipated Offer costs are based on estimates received from Gentrack's professional advisers and other external suppliers. Offer costs have been calculated based on an Offer size of \$89 million (being approximately \$53 million in respect of new Shares offered by GGL and \$53 million in respect of the existing Shares offered by the Offeror). Any increase or reduction in the Offer size will vary the Offer costs.

## 12 WORKING CAPITAL

Working capital requirements over the Prospective Period will be impacted as follows:

### Receivables

Receivable balances are forecast to decrease in FY2014 and FY2015 due to an improvement in debtor days. The majority of the FY2014 decrease in debtor days occurred in the interim period to 31 March 2014, with an upward trend in receivable balances forecast in line with increased revenue from 1 April 2014 to 30 September 2014.

Historically working capital has fluctuated in line with increases and decreases in accounts receivable, dependent on the level of sales activity near financial year end.

### Creditors

Prospective creditor balances have been forecast based on contractor and supplier payment terms which are not anticipated to change significantly over the Prospective Period.

### Revenue received in advance

As discussed above, Gentrack invoices in advance for some of its services, particularly the recurring revenue arrangements. This results in a sizeable deferred revenue amount being maintained on the balance sheet. Although this would normally be expected to increase over the Prospective Period in line with the forecast increases in recurring revenue, this expected increase is likely to be more than offset by the relatively faster growing value of monthly paying customers versus those paying their recurring fees annually.

### Employee entitlements

The liability for employees' compensation for future leave has been accrued based on forecasted entitlements by person and the expected pattern of use.

Employee incentive obligations have been accrued based on current and expected incentive targets.

## PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

<b>\$000S</b> (YEAR ENDED 30 SEPT)	<b>FY2014</b> STATUTORY	<b>FY2014</b> PRO FORMA	<b>FY2015</b> STATUTORY
Revenue	40,582	40,582	44,695
Expenditure	(26,479)	(26,611)	(29,182)
Profit before depreciation, amortisation, non-operating costs, financing and tax	14,103	13,971	15,513
Depreciation and amortisation	(2,264)	(2,264)	(2,403)
Non-operating costs	(3,866)	-	-
Profit before financing and tax	7,973	11,707	13,110
Net finance cost	(1,200)	182	(6)
Profit/(loss) before income tax	6,773	11,889	13,104
Income tax (expense)/benefit	(3,030)	(3,380)	(3,824)
Profit/(loss) attributable to the shareholders of the company	3,743	8,509	9,280
Other comprehensive income	(380)	(380)	-
<b>Total comprehensive income/(loss) for the period</b>	<b>3,363</b>	<b>8,129</b>	<b>9,280</b>

Note: This information is unaudited.

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

<b>\$000S</b> (YEAR ENDED 30 SEPT)	<b>FY2014</b> STATUTORY	<b>FY2015</b> STATUTORY
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,331	10,744
Trade and other receivables	10,962	10,792
<b>Total current assets</b>	<b>16,293</b>	<b>21,536</b>
<b>Non-current assets</b>		
Property, plant and equipment	699	818
Goodwill	40,277	40,277
Intangibles	20,278	18,532
Deferred tax asset	1,657	1,793
<b>Total non-current assets</b>	<b>62,911</b>	<b>61,420</b>
<b>TOTAL ASSETS</b>	<b>79,204</b>	<b>82,956</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables and accruals	1,444	1,407
Deferred revenues	3,953	3,989
GST payable	396	346
Employee entitlements	1,539	1,910
Income tax payable	1,003	1,282
Borrowings	30	24
<b>Total current liabilities</b>	<b>8,365</b>	<b>8,958</b>



PROSPECTIVE STATEMENT OF FINANCIAL POSITION (CONTD)

<b>\$000S</b> (YEAR ENDED 30 SEPT)	<b>FY2014</b> STATUTORY	<b>FY2015</b> STATUTORY
<b>Non-current liabilities</b>		
Employees entitlements	287	312
Borrowings	79	55
Deferred tax liabilities	4,245	3,686
<b>Total non-current liabilities</b>	<b>4,611</b>	<b>4,053</b>
<b>TOTAL LIABILITIES</b>	<b>12,976</b>	<b>13,011</b>
<b>NET ASSETS</b>	<b>66,228</b>	<b>69,945</b>
<b>EQUITY</b>		
Ordinary share capital	60,601	60,601
Retained earnings	5,539	9,256
Reserves	88	88
<b>Total shareholders' equity</b>	<b>66,228</b>	<b>69,945</b>

Note: This information is unaudited.



PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

<b>\$000S</b> (YEAR ENDED 30 SEPT)	<b>FY2014</b> STATUTORY	<b>FY2015</b> STATUTORY
<b>Total equity</b>		
Balance at beginning of year	33,817	66,228
Transactions with owners: issue of capital (net of fees), dividends	29,048	(5,563)
Total comprehensive income for the period, net of tax	3,363	9,280
<b>Balance at end of year</b>	<b>66,228</b>	<b>69,945</b>
<b>Represented by:</b>		
<b>Share capital</b>		
Balance at beginning of year	25,398	60,601
Issue of shares	35,203	-
<b>Balance at end of year</b>	<b>60,601</b>	<b>60,601</b>
<b>Translation reserve</b>		
Balance at beginning of year	468	88
Other comprehensive income	(380)	-
<b>Balance at end of year</b>	<b>88</b>	<b>88</b>
<b>Retained earnings</b>		
Balance at beginning of year	7,951	5,539
<b>Comprehensive income</b>		
Profit for the year	3,743	9,280
Dividend paid to owners	(6,155)	(5,563)
<b>Balance at end of year</b>	<b>5,539</b>	<b>9,256</b>
<b>Total equity at end of year</b>	<b>66,228</b>	<b>69,945</b>

Note: This information is unaudited.

PROSPECTIVE STATEMENT OF CASH FLOWS

<b>\$000S</b> (YEAR ENDED 30 SEPT)	<b>FY2014</b> STATUTORY	<b>FY2015</b> STATUTORY
<b>Cash flows from operating activities</b>		
Receipts from customers	41,165	44,837
Payments to suppliers and employees (including \$3.9m of one-off listing costs)	(30,205)	(28,808)
Income tax paid	(4,659)	(4,240)
<b>Net cash flows from operating activities</b>	<b>6,301</b>	<b>11,789</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(168)	(434)
Increase in other intangibles	(53)	(341)
<b>Net cash flows from investing activities</b>	<b>(221)</b>	<b>(776)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of share capital	35,203	-
Repayments of borrowings	(33,100)	(31)
Drawdown of borrowings	4,542	-
Dividends paid	(6,155)	(5,563)
Net interest received/(paid)	(1,382)	(6)
<b>Net cash flows from financing activities</b>	<b>(892)</b>	<b>(5,600)</b>
<b>Net increase/(decrease) in cash held</b>	<b>5,188</b>	<b>5,413</b>
Opening cash and cash equivalents	143	5,331
<b>Closing cash and cash equivalents (net of overdrafts)</b>	<b>5,331</b>	<b>10,744</b>

Note: This information is unaudited.

## GROUP SENSITIVITY ANALYSIS

PFI is inherently subject to uncertainty and accordingly actual results are likely to vary from the PFI and this variation could be material. You can find a full description of the assumptions relevant to the PFI for FY2014 and FY2015 above, along with a description of risks in Section 8 *What are my Risks?*

The sensitivity analysis below is provided to assist you with assessing the potential effects of variations in certain key assumptions (defined as those most likely to materially affect results). The sensitivities for each assumption are not intended to be indicative or predictive of the possible range of outcomes but are for information purposes to allow potential investors to gain an understanding of the sensitivities of financial outcomes to changes in these key assumptions.

Care should be taken in interpreting the information set out below. Each movement in an assumption is treated in isolation from possible movements in other assumptions, which is not likely to be the case. Movements in one assumption may have offsetting or compounding effects on other variables, the impact of which is not reflected in the PFI. In addition, it is possible that more than one assumption may move at any point in time, giving rise to cumulative effects, which are not reflected in the PFI.

Two key assumptions that are considered to have a significant potential impact on the prospective financial performance of Gentrack are:

### Sales

Whilst Gentrack has a significant level of contracted and repeat customers, part of the revenue during the Prospective Period is assumed to arise from new customer relationships. The timing and quantum of these new relationships are a potential source of uncertainty.

The sensitivity analysis table below shows the estimated impact of a pro-rata change in sales, assuming the product and market mix is unchanged. If customer sales contracts are negatively impacted or delayed in a particular financial year then Gentrack will incur less implementation and direct labour costs associated with that customer during that particular financial year.

### Exchange rates

Gentrack receives a proportion of its revenues and incurs local market costs in foreign currencies, of which, Australian dollars (AUD) is the largest contribution. The exchange rate assumptions are set out in paragraph 10 above. If the exchange rates change then this will affect the value of sales and local market costs in foreign markets. The sensitivity analysis table shows the estimated impact of a change in the New Zealand dollar against the Australian dollar.

The sensitivities do not reflect any currency hedging programmes that may be put in place. Further detail regarding the foreign exchange assumptions used in the PFI can be found in paragraph 11 above.

The impact on sales and net profit of flexing the sales and exchange rates are set out in the table below:

## SENSITIVITY ANALYSIS

SENSITIVITY (\$000S)	INCREASE/ (DECREASE)	MEASURE IMPACTED	6 MONTHS TO 30 SEPTEMBER 2014	12 MONTHS TO 30 SEPTEMBER 2015
Movement in revenue	+/- \$1.0 million	Net profit	690	701
Movement in the NZ dollar against the Australian dollar	+/- 5%	Revenue	706	1,443
		Net profit	345	594

The above sensitivities do not take into account any mitigating measure that Gentrack may take. In the case of a reduction in new sales volumes or a delay in execution of customer sales contracts

Gentrack would endeavour to increase other revenue streams such as Support Services revenue.

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# HOW DO I APPLY?

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## HOW DO I APPLY?\_

### INSTRUCTIONS

You should read this Investment Statement carefully before completing the Application Form. Applications for Shares must be made on the Application Form.

### GENERAL

Applications for Shares may be lodged from the opening date of the Offer. The Offer will remain open until 5pm (NZT) on 20 June 2014 or such other date as the Issuers may determine in its sole discretion.

The Application Form must be completed in accordance with the instructions set out in this section and on the Application Form itself.

The Application Form requires that you apply for a dollar value of shares.

An Application must be completed in full and may be rejected if any details are not entered or it is otherwise incorrectly completed.

The Issuers reserve the right to treat any Application as valid or to decline any Application, in whole or in part, in its sole discretion and without giving any reasons. The Issuers' decision as to whether to reject the Application, or to treat it as valid (and then how to construe, amend or complete the Application Form) will be final.

An Application constitutes an irrevocable offer by the Applicant to subscribe for and acquire the dollar value of Shares for the amount as specified on the Application Form on the terms and conditions set out in this Investment Statement, the Prospectus and on the Application Form. An application cannot be withdrawn or revoked.

By submitting an Application Form, you agree to be bound by these terms and conditions and GGL's Constitution. No person accepts any liability or responsibility should any person attempt to sell or otherwise deal with the Shares before the statements confirming allotments are received by the Applicants for the Shares.

### THE APPLICATION FORM

#### A - INVESTOR DETAILS

Insert your full name(s), address and telephone numbers. Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per application. Use the table below to see how to write your name correctly.

TYPE OF INVESTOR:	CORRECT WAY TO WRITE NAME:	INCORRECT WAY TO WRITE NAME:
Individual person	JOHN SMITH	J SMITH
More than one person	JOHN SMITH MICHELLE SMITH	J & M SMITH
Company	ABC LIMITED	ABC
Trusts	JOHN SMITH (JOHN SMITH FAMILY A/C)	SMITH FAMILY TRUST
Partnerships	JOHN SMITH MICHAEL SMITH (JOHN SMITH AND SONS A/C)	JOHN SMITH & SONS
Clubs and unincorporated associations	JANE SMITH (SMITH INVESTMENT CLUB A/C)	SMITH INVESTMENT CLUB
Superannuation funds	JOHN SMITH LIMITED (SUPERANNUATION FUND A/C)	JOHN SMITH SUPERANNUATION FUND

By supplying your mobile number you consent to the Registry, Link Market Services, to advise you by TXT Alerts (post-allotment) of any changes on your holding balance, or if your bank account details or address on register change, or if a new / replacement FIN has been requested.

This feature provides additional security to you as an investor.

## B - APPLICATION PAYMENT DETAILS

Unless Gentrack has agreed to a separate arrangement with you, payment must be made in New Zealand dollars for immediate value, by bank draft in New Zealand dollars, or a cheque drawn on a New Zealand bank account (or, if the application is for Shares of an aggregate subscription amount of \$500,000 or more, by bank cheque), or direct debit, or through the NZClear system (institutional investors only) by prior arrangement.

You will need to complete the Application amount you are applying for in your Application. Please note the Application minimum and multiples amounts stated in the Application Form. Please advise payment method and bank account details for future dividend payments.

### Option 1: New Zealand Investors Only

If you choose the direct debit option you must tick the box authorising the Registrar to direct debit the bank account nominated on the Application Form, on the day the Application Form is received by the Registrar, for the amount applied for on the Application Form. The bank account must be with a New Zealand registered bank. You cannot specify a direct debit date and you must ensure that:

- the bank account details supplied are correct;
- the application funds in the bank account for direct debit are available on the day the Registrar receives the Application Form;
- the person(s) giving the direct debit instruction has/have the authority to operate the account solely/jointly; and
- the bank account you nominated is a transactional account eligible for direct debit transactions. If you are uncertain you should contact your bank.

Should your direct debit fail, your Application will be rejected. If requested, a direct debit authority form will be provided to you by the Registrar. Refer to the contact details on the Application Form.

### Option 2:

By bank draft in New Zealand dollars or a cheque drawn from a New Zealand registered bank and made out in New Zealand dollars. Cheques must be made payable to 'Gentrack Share Offer', crossed 'Not Transferable' and must not be post-dated as cheques will be banked on day of receipt. If your cheque is dishonoured the Issuer may cancel your allotment of Shares and pursue any other remedies available to it at law.

### Option 3:

Investors who are members of NZClear may, by prior arrangement with the Registrar, settle their applications for the Shares on the Issue Date through the NZClear system.

## Dividend payments

If you pay by direct debit, the bank account supplied will also be used to direct credit your future Gentrack dividends to. If you wish to have your dividends paid into a different bank account please advise the registry in writing.

If you pay by cheque please enter the bank account for your dividend payment in this Section.

## C - COMMON SHAREHOLDER NUMBER DETAILS

If you have other investments registered under a Common Shareholder Number ('CSN') you must supply your CSN in the space provided. The name and address details on your Application Form must correspond with the registration details under that CSN. If you do not provide a CSN it will be deemed that you do not have a current CSN and a new CSN and Identification number (FIN) will be allocated to you at allotment of the shares.

## D - IRD NUMBER OR TAX FILE NUMBER (AUSTRALIAN HOLDERS)

Resident withholding tax (RWT) will be deducted from any Dividends paid to you (unless you provide a valid RWT exemption certificate). If you are exempt from RWT, please tick the exempt box and attach a photocopy of your RWT exemption certificate. Only one IRD number is required per holding.

## E - ELECTRONIC INVESTOR CORRESPONDENCE

By supplying your email address Gentrack will be able to deliver your investor correspondence to you electronically where possible. This is a much more environmentally friendly, cost-effective and timely option than paper based investor mail outs.

## F - SIGNING AND DATING

Read the Investment Statement and Application Form carefully and sign and date the Application Form.

The Application Form must be signed by you personally, or if a company by two directors of a company (or one director if there is only one director), or in either case by a duly authorised attorney or agent. Joint applicants must each sign the Application Form.

## G - CLOSING DATE AND DELIVERY

This Offer will close at 5.00pm on 20 June 2014 (being the **Closing Date**). You should remember that the Closing Date may be changed at the sole discretion of the Issuers. Changes will be advised by NZX announcement. The Issuers reserve the right to refuse to accept Applications received by the Registrar after the Closing Date. Your Application Form should be delivered in accordance with the instructions contained in the Application Form.

## H – POWER OF ATTORNEY

If the Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation of power of attorney on the reverse of the Application Form.

## I – AGENT

If the Application Form is signed by an agent, the agent must complete the certificate of non-revocation of agent on the reverse of the Application Form.

## TREATMENT OF APPLICATION

The return of an Application Form with your cheque for the application moneys will constitute your offer to purchase or subscribe for Offer Shares and once lodged your application is irrevocable and cannot be withdrawn. If your Application Form is not completed correctly, or if the accompanying payment is the wrong amount, it may still be treated as valid.

The decision of the Issuers as to whether to treat your Application Form as valid, and how to construe, amend or complete it, shall be final. The decision on the number of Offer Shares to be allocated or transferred to you shall also be final. You will not, however, be treated as having agreed to purchase a greater value of Offer Shares than that for which payment has been made.

Investors applying whose Applications are not accepted, or are accepted in respect of a lesser value of Offer Shares than the amount for which they applied, will receive a refund of all or part of their Application Moneys without interest, as applicable. Allocations, if rounded, will be rounded down to the nearest whole number of Offer Shares. Refunds will not be paid for any difference arising solely due to rounding.

## PRIVACY POLICY

If you apply for Offer Shares, you will be asked to provide personal information to the Issuers, the Share Registrar and their respective agents who will collect and hold the personal information provided by you in connection with your Application.

Your personal information will be used:

- (a) for considering, processing and corresponding with you about your Application;
- (b) in connection with managing your holding of Shares, including sending you information concerning Gentrack, your Shares and other matters Gentrack considers may be of interest to you by virtue of your holding of Shares; and
- (c) for conducting an audit or review of the activities contemplated in (a) or (b).

To do these things, Gentrack or the Share Registrar may disclose your personal information to:

- (a) each other;
- (b) their respective related companies; and
- (c) agents, contractors or third party service providers to whom they outsource services such as mailing and registry functions. However, all of these parties will be bound by the same privacy policies as the Issuer and the Registrar.

In addition, if you elect to pay by one-time direct debit, the Share Registrar will communicate with your nominated bank (including providing your personal information) for the purposes of processing your payment.

Failure to provide the required personal information may mean that your Application Form is not able to be processed efficiently, if at all.

Where the Issuers and the Share Registrar hold personal information about you in such a way that it can be readily retrieved, you have a right to obtain from the Issuers and the Registrar confirmation of whether or not they hold such personal information, and access to seek correction of that personal information under the Privacy Act 1993 by contacting the privacy officers of the Issuer and the Registrar at their respective addresses shown in the Directory. You can also access your information on the Registrar's website: [www.linkmarketservices.co.nz](http://www.linkmarketservices.co.nz) (you will be required to enter your CSN and identification number (FIN)).





# APPLICATION FORM: BROKER FIRM OFFER

BROKERS STAMP
ADVISOR'S CODE

This Application Form is issued with the Investment Statement dated and prepared as at 4 June 2014 (**Investment Statement**) for the Broker Firm Offer by Gentrack Group Limited (**GGL**) and Gentrack Share Sale Company Limited (together with GGL, the **Issuers**) of fully paid ordinary shares (**Offer Shares**) in GGL. Before completing this Application Form, you should read the Investment Statement. This Application Form constitutes an offer to purchase the Offer Shares described in the Investment Statement and the Prospectus dated 26 May 2014, as amended on 4 June 2014 (the **Prospectus**). The full amount of the purchase price for the Offer Shares is due upon application. The closing date for the Offer is 5:00pm NZT, 20 June 2014 or 3:00pm AEST, 20 June 2014 (or such other date as the Issuers may determine in its sole discretion).

**For instructions on how to complete and deliver this form see the accompanying application instructions.**

**A. APPLICATION DETAILS AND INFORMATION – PLEASE PRINT IN BLOCK LETTERS**

First Name(s):	Family Name:
First Name(s):	Family Name:
First Name(s):	Family Name:
Corporate Name or On Account:	
Postal Address:	
Mobile Telephone:	Daytime Telephone:

I/we apply for Shares as set out below subject to the terms and conditions of the Investment Statement and Prospectus. By lodging this Application Form, I consent to the use of my personal information in accordance with the Privacy Policy set out in above under the heading 'How Do I Apply?' of the Investment Statement.

**B. APPLICATION PAYMENT – IMPORTANT**

Applications must be accompanied by payment in full. Payment must be either by cheque or bank draft payable to 'Gentrack Share Offer' and crossed 'Not Transferable', OR by direct debit by completing the bank account section below (New Zealand investors only). Payment must be in New Zealand dollars. Your application and payment must be received by Link Market Services by 5:00pm NZT, 20 June 2014 (or such other date as Gentrack may determine in its sole discretion).

Applications must be for a **minimum of NZ\$1,000 and, thereafter, in multiples of NZ\$500**. The Issuers may accept or reject all or part of this application without giving reason.

**ENTER THE DOLLAR AMOUNT OF SHARES YOU WISH TO APPLY FOR:**

You may choose only ONE of the payment options below. Please tick the box next to your selected option.

**Option 1 – (Investors with a New Zealand bank account only)** Please direct debit my bank account stated below for the amount of Offer Shares applied for above (or any lesser amount as determined by the Issuers). By ticking this box and signing this Application Form I agree that the Share Registrar is authorised to direct debit my bank account for the full amount of Offer Shares applied for (or any lesser amount as determined by the Issuers). All future dividends paid by the Issuer will also be credited to this bank account unless the Share Registrar is advised otherwise in writing.

**Option 2 –** Please find attached my payment by cheque or bank draft. I have supplied my bank account details below for the purpose of direct crediting of any future dividends paid by the Issuer.

**Option 3 – Authorised institutional investors only.** Payment will be made by NZClear as arranged with the Share Registrar.

Name of Bank:	Name of Account:
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Bank	Suffix
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Branch	Account Number

For the purpose of dividend payments only: Direct credit to my Cash Management Account:

Name of NZX Firm where Cash Management Account is held:

Cash Management Account Number

**C. COMMON SHAREHOLDER NUMBER (CSN)**

A CSN is required to trade the Shares on the NZX Main Board once the Offer has closed and the Shares have been allotted. Your CSN must be in the same name(s) as those of the applicants on this form otherwise a new CSN and Authorisation Code (FIN) will be allocated.

Common Shareholder Number

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**D. IRD NUMBER OR RWT EXEMPTION**

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IRD number

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OR 

Please tick this box if you hold an **RWT exemption certificate** from the IRD and attach a **copy** of your RWT exemption certificate.

Only one IRD number is required in respect of a joint application.

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**E. ELECTRONIC CORRESPONDENCE AND REPORTING**

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**I agree to receive Shareholder Communications via email.**

Please enter your email address below if you wish to receive, all shareholder communications where possible by email. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

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**Email Address:**

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**F. SIGNATURE(S) OF APPLICANTS**

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I/we hereby acknowledge that I/we have received and read the Investment Statement, including the application instructions, and apply for the number of fully paid ordinary shares as set out above and agree to accept such Offer Shares (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Investment Statement and application instructions.

All applicants on the Application Form must sign.

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**Signature Of Applicant:**

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**Signature Of Applicant:**

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**Signature Of Applicant:**

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**Date:**

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**G. SEND APPLICATION FORM AND PAYMENT TO YOUR FINANCIAL ADVISOR FROM WHO YOU RECEIVED THIS APPLICATION AS PER THE INSTRUCTIONS RECEIVED FROM YOUR ADVISOR. YOUR APPLICATION MUST BE RECEIVED BY THE REGISTRAR, LINK MARKET SERVICES BY NO LATER THAN: 5PM ON 20 JUNE 2014**

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Link Market Services Limited:  
PO Box 91976, Auckland 1142  
Level 7, Zurich House,  
21 Queen Street, Auckland 1010  
New Zealand

Investor contact number: +64 9 375 5998  
Fax: +64 9 375 5990  
Email: [gentrack@linkmarketservices.co.nz](mailto:gentrack@linkmarketservices.co.nz) (please put **Gentrack application in the subject line for easy identification**)  
Website: [www.linkmarketservices.co.nz](http://www.linkmarketservices.co.nz)

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**H. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY**

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Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney.

I,

Of,

**Hereby Certify:**

1. THAT by a Power of Attorney dated the \_\_\_\_\_ day of \_\_\_\_\_

The Donor,

Of,

appointed me his/her/its Attorney on the terms and conditions set out in the Power of Attorney.

2. THAT I have executed the application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me.

3. THAT at the date of this certificate I have not received notice of any event revoking that Power of Attorney.

Signed at: \_\_\_\_\_ This \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature Of Attorney:

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**I. CERTIFICATE OF NON-REVOCATION OF AGENT**

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Complete this section if you are acting as Agent on behalf of the Applicant on this Application Form.

I,

Of,

**Hereby Certify:**

1. THAT by the Agency Agreement dated the \_\_\_\_\_ day of \_\_\_\_\_

The Donor,

Of,

appointed me his/her/its Agent on the terms and conditions set out in the Agreement.

2. THAT I have executed the application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me.

3. THAT at the date of this certificate I have not received any notice or information of the revocation of my Appointment as Agent.

Signed at: \_\_\_\_\_ This \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature Of Agent:

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## DIRECTORY\_

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### **GGL**

Gentrack Group Limited  
25 College Hill, Freemans Bay, Auckland 1011,  
New Zealand  
Phone: +64 9 966 6090  
Facsimile: +64 9 376 7223

### **DIRECTORS**

John Clifford, James Docking, Leigh Warren,  
Andy Coupe and Graham Shaw  
The Directors can be contacted at  
Gentrack Group Limited's registered office  
(as set out above).

### **LEGAL ADVISERS**

#### **BELL GULLY**

Vero Centre, 48 Shortland St, Auckland 1140  
Phone: +64 9 916 8800  
Facsimile: +64 9 916 8801

### **SHARE REGISTRAR**

#### **LINK MARKET SERVICES**

Level 7, Zurich House, 21 Queen Street, Auckland  
PO Box 91976, Auckland 1142  
Phone: +64 9 375 5999  
Investor line: +64 9 375 5998  
Facsimile: +64 9 375 5990  
Email: [enquiries@linkmarketservices.com](mailto:enquiries@linkmarketservices.com)  
Website: [www.linkmarketservices.com](http://www.linkmarketservices.com)

### **OFFEROR**

#### **GENTRACK SHARE SALE COMPANY LIMITED**

25 College Hill, Freemans Bay, Auckland 1011, New Zealand  
Phone: +64 9 966 6090  
Facsimile: +64 9 376 7223

### **DIRECTORS**

John Clifford, James Docking, Leigh Warren, Andy Coupe  
and Graham Shaw  
The Directors can be contacted at Gentrack Share Sale Company  
Limited's registered office (as set out above).

### **AUDITOR**

#### **KPMG**

18 Viaduct Harbour Avenue, Auckland, 1140  
Phone: +64 9 367 5800  
Facsimile: +64 9 367 5875

### **ARRANGER, LEAD MANAGER AND ORGANISING PARTICIPANT**

#### **UBS NEW ZEALAND LIMITED**

Level 17, 188 Quay St, Auckland, 1010  
Phone: +64 9 913 4800  
Facsimile: +64 9 913 4888

