CONTACT DETAILS

Head Office
15 Kerwyn Ave
East Tamaki
Auckland 2013
New Zealand

Phone: +64 (9) 274 1030

METRO PERFORMANCE GLASS

METRO PERFORMANCE GLASS LIMITED | INVESTMENT STATEMENT 7 JULY 2014 (AS AMENDED ON 15 JULY 2014)

Investment Statement

INITIAL PUBLIC OFFERING OF ORDINARY SHARES
IN METRO PERFORMANCE GLASS LIMITED

7 July 2014 (as amended on 15 July 2014)

FORSYTH BARR MACQUARIE UBS

METRO PERFORMANCE GLASS

Important notice

(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. 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 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 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 (Metro Performance Glass Limited) Exemption Notice 2014, relating to the offer of new ordinary shares (**Offer Shares**) in Metro Performance Glass Limited (**Metroglass**) by Metroglass (the **Offer**). It is prepared as at, and dated, 7 July 2014 (as amended on 15 July 2014). There is a registered prospectus containing an offer of securities to which this Investment Statement relates.

Metroglass is the issuer of the Offer Shares and the Promoter and its directors (other than any director who is also a director of Metroglass) are the promoters of the Offer for the purposes of the Securities Act.

This Investment Statement is an important document and should be read carefully before deciding whether or not to invest in Metroglass. You should be aware that other important information about Metroglass, the Offer Shares and the Offer is set out in other documents, including the Constitution, the Prospectus and the financial statements of Metroglass Holdings.

No-one is authorised 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 Metroglass. Any information or representation not so contained may not be relied upon as having been authorised by Metroglass.

This Investment Statement, including the industry overview, presents market data, industry forecasts and projections. Metroglass has obtained significant portions of this information from market research prepared by Partners in Performance, Building Research Association of New Zealand (**BRANZ**), Infometrics and Statistics New Zealand. There is no assurance that any of the forecasts contained in the reports, surveys and research of these parties will be achieved. Metroglass has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 8 *What are my risks?*.

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 or Broker.

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

NO GUARANTEE

No person guarantees the Offer Shares offered under this Investment Statement. No person warrants or guarantees the performance of the Offer 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 and Australia and the Institutional Offer is being made to selected Institutional Investors in New Zealand, Australia and certain other jurisdictions (excluding the United States and any persons who are, or are acting for the account or benefit of, US Persons).

You may not offer, sell (including resell), 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 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 Metroglass, by applying for Offer Shares under the Offer, you will, by virtue of such Application, be deemed to represent that you are not in a jurisdiction which does not permit the making to you of an offer or invitation of the kind described in this Investment Statement and are not acting for the account or benefit of a person within such a jurisdiction. None of Metroglass, Metroglass Holdings, the Promoter 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 disclosures 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 *Metroglass 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?* of this Investment Statement and the assumptions and the sensitivity analysis set out in the Appendix *Metroglass 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 Metroglass and which may cause the actual results, performance or achievements of the Offer Shares to differ materially from those expressed or implied by such statements.

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). If you do not understand the technical terms used in this Investment Statement, please refer to the *Key terms used in this Investment Statement* on pages 10 to 11 of this Investment Statement and to Section 11 *Glossary* on pages 74 to 79 of this Investment Statement.

Unless otherwise indicated, $ 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.

This Investment Statement refers to various legislation in force in New Zealand as at the date of this Investment Statement. You can view free of charge copies of any such legislation online at www.legislation.govt.nz.

Servicing New Zealand


METRO
PERFORMANCE GLASS

Contents

IMPORTANT NOTICE

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 the 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 Metroglass Holdings, can be obtained, free of charge:

- by downloading it from www.metroglassoffer.co.nz; or
- from the Companies Office website at www.business.govt.nz/companies.

Key features of the offer

Metroglass snapshot

Metroglass is the largest value added glass processor in New Zealand.[1]

It produces a range of customised glass products that are predominantly used in residential and non-residential construction applications such as windows, doors, internal partitions, balustrades, facades, showers, mirrors, furniture and splashbacks.

Metroglass has national coverage through 17 decentralised sites, including five major processing sites, a fleet of over 260 service vehicles and more than 700 employees across New Zealand.

Further information about the Metroglass business can be found in Section 6 *Business Description*.

[1] Based on industry interviews, publicly available import data and financial information as analysed by Partners in Performance and reported on in the Partners in Performance Report.

Key terms used in this Investment Statement

KEY TERMS USED IN THIS INVESTMENT STATEMENT

An explanation of key terms and common abbreviations used in this Investment Statement are set out below. Please also see the *Glossary* in Section 11 of this Investment Statement (pages 74 to 79).

Common industry terms used:

- **DGUs** means **Double Glazed Units**. A DGU involves matching two panes of glass, inserting a spacer bar and a drying agent and sealing the glass together
- **DIFOT** means **Delivery In Full On Time** and is a measure of customer service levels. Metroglass measures DIFOT by the proportion of vehicles that leave the factory within 24 hours of the required day of delivery with the full customer order of glass
- **Custom laminates** is a type of safety glass that holds together when shattered. In the event of breaking, it is held in place by an interlayer, typically of EthylVinylAcetate (**EVA**), between its two or more layers of glass. The interlayer keeps the layers of glass bonded in, even when broken, and its high strength prevents the glass from breaking up into large sharp pieces
- **Float glass** is large glass sheets made by floating molten glass on a bed of molten metal, which is the raw commodity purchased by Metroglass and other participants in New Zealand's value added glass processing market
- **Glazing** means the installation of a window or glass
- **Just-in-time basis** is a reference to the short lead times from submitting an order to the delivery of the glass
- **Low-e glass** is **Low emissivity glass**, which is a glass product with certain thermal qualities that is used in energy efficient windows
- The **New Zealand construction industry** or **industry** (or other equivalent term) is a reference to the New Zealand residential and non-residential construction industry (excluding infrastructure)
- **Value added glass processing** is a reference to processing imported float glass to add value, including cutting, edgework, toughening, laminating and printing
- **WPIP** means **Work Put In Place** which is an industry metric that measures the estimated value of building activity completed in buildings that require a building consent

FINANCIAL TERMS USED

- **1H** is a reference to the first half of Metroglass' financial year (i.e., the six month period ending on 30 September). For example, "1H16F" means the forecasted six month period ending on 30 September 2015
- **8M15F** is a reference to the last eight months of Metroglass' financial year ending 31 March 2015, being the portion of that financial year between the expected Listing Date and the balance date
- **CAGR** means the compound annual growth rate, which is the rate at which something (for example, revenue) grows over a period of years, taking into account the effect of annual compounding. Unless otherwise stated, CAGR calculations are based on nominal values (i.e. inclusive of cost and price movements)
- **DPS** means dividend per share
- **EBITA** means earnings before net finance expense, tax and amortisation of intangibles
- **EBITDA** means earnings before net finance expense, tax, depreciation of tangible assets and amortisation of intangibles
- **EPS** means earnings per share
- The inclusion of **F** after a reference to a financial period is an indication that it is a forecast period. For example, "FY15F" means the financial year ending on 31 March 2015, which is a forecast period
- **FY** refers to "financial year". Metroglass' balance date is 31 March, so for example, "FY13" or "FY2013" means the financial year ended on 31 March 2013
- **LTM** and **rolling twelve months** means the sum of the last 12 months
- Information that is presented on a **nominal** basis has not been adjusted for any inflation in the relevant years
- **NPATA** means net profit after tax before the amortisation of acquisition related intangibles and its associated tax effect
- A reference to **operating leverage** is a reference to being able to grow profits faster than revenue
- **PF** refers to financial information being presented on a Pro Forma basis. For example, "FY14PF" means the financial year ended on 31 March 2014" prepared on a Pro Forma basis. An explanation of Metroglass' use of Pro Forma financial information is set out in Section 2 *Offer at a Glance* under the heading "Metroglass' financial information"
- **PFI** means the prospective financial information included in the Appendix *Metroglass Prospective Financial Information* of this Investment Statement
- The **Prospective Period** means the period from 1 April 2014 to 30 September 2015

Offer at a glance

This is an initial public offering of Shares in Metro Performance Glass Limited.

PURPOSE OF THE OFFER AND USE OF PROCEEDS

The primary purpose of the Offer is to enable Metroglass to purchase all of the shares in Metroglass Holdings from the Selling Shareholders and Senior Management, providing an opportunity for those parties to realise a portion of their investment in Metroglass Holdings.

In addition, the Offer will have ancillary benefits for Metroglass, including providing it access to capital markets, increasing its profile, reducing debt levels and providing an opportunity for it to broaden its investor base.

The consideration to be given by Metroglass for the shares in Metroglass Holdings will be a combination of cash and Shares. The proceeds of the Offer will be $244.2 million and will be used to pay that cash consideration ($230.5 million), pay costs associated with the Offer ($10.9 million) and reduce the Metroglass Group's debt levels ($2.8 million).

On completion of the Offer, the Selling Shareholders and Senior Managers will own 22.4% of the total Shares on issue between them.

Please see Section 10 *Details of the Offer* for further details regarding the purpose of the Offer, sources and uses of funds and the proposed shareholding structure of Metroglass before and after the Offer.

OFFER STRUCTURE

The Offer comprises the Retail Offer and the Institutional Offer. The Retail Offer in turn comprises the Broker Firm Offer and the Employee Offer. Please see Section 10 *Details of the Offer* for further details of the Offer structure.

Your decision whether or not to invest in Shares should be based on your consideration of this Investment Statement and the Prospectus taken as a whole 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 Shares. Therefore, in particular, you should consider the risk factors that could affect Metroglass' performance described in Section 8 *What are my risks?*

KEY DATES

Monday 7 July 2014
PROSPECTUS REGISTERED

Tuesday 15 July 2014
BROKER FIRM OFFER OPENING DATE

Monday 28 July 2014, 12.00 Noon
BROKER FIRM OFFER CLOSING DATE

Tuesday 29 July 2014
ALLOTMENT DATE

Tuesday 29 July 2014
EXPECTED DISPATCH OF HOLDING STATEMENTS

Wednesday 30 July 2014
EXPECTED COMMENCEMENT OF TRADING ON THE NZX MAIN BOARD AND ASX

July 2015
EXPECTED PAYMENT OF FIRST DIVIDEND

This timetable is indicative only and the dates may change. Metroglass, in conjunction with the Joint Lead Managers, reserves the right to vary or extend these dates. Metroglass may also withdraw the Offer at any time before the Allotment Date or accept late Applications (either generally or in individual cases).

KEY OFFER STATISTICS

The following table highlights key Offer statistics and should be read in conjunction with Section 10 *Details of the Offer*.

Offer Price	**$1.70**
Number of Shares being offered under the Offer	**143.7 million**
Gross proceeds from the Offer	**$244.2 million**
Number of Shares held by the Selling Shareholders[2] upon completion of the Offer	**34.3 million (being 18.5% of the number of Shares on issue upon completion of the Offer)**
Number of Shares held by Senior Management upon completion of the Offer	**7.1 million (3.8%, 75% of their current investment)**
Number of Shares on issue on completion of the Offer	**185.0 million**
Indicative market capitalisation [3]	**$314.6 million**
Net debt on completion of the Offer [4]	**$50.0 million**
Indicative enterprise value (**EV**) [5]	**$364.6 million**

[2] Details of Selling Shareholders' respective holdings after completion of the Offer are set out in Section 10.1 *The Offer*. The Selling Shareholders are largely unrelated organisations who are not expected to act in concert in respect of their holdings of Shares following completion of the Offer.
[3] The market capitalisation of Metroglass, based on the Offer Price multiplied by the number of shares on issue on completion of the Offer.
[4] Net debt on completion of the Offer is equal to total debt upon completion of the Offer of $55.0 million less cash and cash equivalents of $5.0 million.
[5] Enterprise value (**EV**) is equal to the sum of the indicative market capitalisation and the net debt position on completion of the Offer.

SELECTED FINANCIAL INFORMATION

Metroglass' financial information

Unless otherwise noted, all of the financial information presented in this document is shown on a Pro Forma (**PF**) basis. Metroglass believes this Pro Forma information more closely reflects the Metroglass Group's post-Offer organisation and provides a better basis for investors to assess both historical and prospective financial information. Metroglass has made Pro Forma adjustments for Auckland plant and lease costs, forecast one-off listing costs and forecast publicly listed company costs. For a full explanation of the term Pro Forma, the adjustments Metroglass has made to its financial information and why these adjustments have been made, please see Section 9 *Financial Information* under the heading "Explanation of non-GAAP financial information".

The following table shows selected summary financial information for Metroglass. Wherever PFI appears in this Investment Statement you should read that financial information together with the assumptions set out in the Appendix *Metroglass 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 PFI will be achieved.

	Historical			Prospective	
$ million (unless otherwise noted)	**FY2012PF**	**FY2013PF**	**FY2014PF**	**FY2015PF[6]**	**Sep-15F LTM**
	12 months ended 31 March 2012	**12 months ended 31 March 2013**	**12 months ended 31 March 2014**	**12 months ending 31 March 2015**	**12 months ending 30 September 2015**
Revenue	126.9	135.6	155.4	171.9	182.3
EBITDA	15.0	22.3	31.5	37.5	42.5
EBITA	9.0	17.8	27.1	33.2	36.8
NPATA				21.7	24.3
NPATA per Share (cps)				11.7	13.1
EPS (cps, based on net profit (statutory))				7.7	11.4
DPS (cps)[7]				3.6	7.7
Net Profit (Statutory)	8.8	8.3	12.0	14.3	21.2

You can find an explanation of trends in financial information and of Pro Forma EBITDA and Pro Forma NPATA, and why Metroglass uses these non-GAAP measures of financial performance, in Section 9 *Financial Information*. A reconciliation of statutory Net Profit to Pro Forma EBITDA, Pro Forma EBITA and Pro Forma NPATA is also included in Section 9.3 *Reconciliation of Non GAAP Financial Information*.

Pro Forma financial information for the twelve month period to 30 September 2015 has been included to show the last twelve months of the Prospective Period, to allow comparison with the other twelve month periods. It represents a combination of the last six months of FY2015F and the first six months of FY2016F.

[6] As Metroglass was incorporated on 30 May 2014, its statutory financial statements ending 31 March 2015 will be in respect of an eight month period. A Pro Forma twelve month period is shown here for comparative purposes. However, as a result, the statutory financial statements for the year ending 31 March 2015 will not correspond to the forecast financial information shown here.

[7] Dividends are payable at the discretion of the Board and are subject to legal tests being met. Metroglass' dividend policy is set out in Section 10.5 *About the Shares*.

KEY INVESTMENT METRICS

These metrics are provided to help you assess the value of Metroglass. The calculations are explained in the table set out at the end of Section 11 *Glossary*.

	Forecast	
Investment metric	**FY2015 PF**	**12 months to Sep-15 F**
Enterprise Value / EBITDA	9.7x	8.6x
Enterprise Value / EBITA	11.0x	9.9x
Market Capitalisation / NPATA	14.5x	12.9x
Cash Dividend Yield [8]	2.1%	4.5%
Gross Dividend Yield [9]	3.0%	6.3%

[8] Forecast dividend for FY2015 to be paid in May 2015 in respect of the eight month period from allotment to 31 March 2015. Dividends are payable at the discretion of the Board and are subject to legal tests being met. Metroglass' dividend policy is set out in Section 10.5 *About the Shares*. The FY2015PF Cash Dividend Yield is not annualised.

[9] Gross dividend yield calculated based on the forecast dividend in each of FY2015PF (3.6 cents/share) and Y/E Sep-15 F (7.7 cents/share) grossed up for full imputation credits at the New Zealand corporate tax rate of 28%. The FY2015PF Gross Dividend Yield is not annualised.

Letter from the Chairman

Sir John Goulter
Chairman

Dear Investor,

On behalf of the Board, it is my pleasure to invite you to become a Shareholder in Metro Performance Glass Limited.

Metroglass is the New Zealand market leader in the value added glass processing market with more than 50% market share[10] and is twice the size of its nearest competitor by market share. Metroglass' market leadership is supported by a number of competitive advantages that have been developed over the past 27 years, including its high customer service standards, manufacturing capability and scale, distribution footprint, product offering and glazing capability.

Since the current shareholders gained control in January 2012, Metroglass has been focused on preparing for the expected uplift in construction activity. It has built out its management capability, invested in increased production capacity and automation and improved the operating cost structure while maintaining its high customer service levels. In particular, around $20 million has been invested over the past three years to successfully increase automation at the Christchurch facility, develop custom lamination capability and upgrade the transport fleet of Metroglass. Management is also working towards the consolidation of Metroglass' five existing Auckland sites into a new purpose built facility, targeted for completion in March 2015, which is forecast to bring further operational savings in the medium-term.[11]

The New Zealand value added glass processing market is forecast to grow, driven in particular by the expansion of the residential construction market and the improving commercial construction market. Whilst the New Zealand construction market is cyclical by nature, residential construction activity is forecast to exceed historical averages over the medium term, buoyed by economic growth, net migration flows, the stimulus of the Christchurch rebuild and the reversal of the below average level of building activity over the past six years since the global financial crisis.

In addition to market growth, Metroglass is focused on growing its revenue through initiatives related to retrofitting existing houses with double glazed units and increasing the prevalence of higher performance glass in the market (Low-e glass and custom laminates).

Metroglass has converted its competitive position into strong financial performance. From FY12 to FY14, Metroglass' Pro Forma revenue and Pro Forma EBITDA[12] increased at a compound annual growth rate of 11% and 45% respectively. Furthermore, the Board believes that Metroglass is well placed to deliver earnings growth over the Prospective Period.

This Investment Statement contains detailed information about the Offer, the New Zealand construction industry in which Metroglass operates, and Metroglass' operating and financial performance. Metroglass is subject to a range of risks, including exposure to a downturn in the New Zealand construction market and execution of its new plant and equipment projects. If these or any other material risks eventuate, it may have an adverse impact on Metroglass' earnings. I encourage you to read this Investment Statement carefully and in particular Section 8 *What are my risks?* before making your investment decision.

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

Yours sincerely,

Sir John Goulter, | KNZM, JP
Chairman.

[10] Based on industry interviews, publicly available import data and financial information as analysed by Partners in Performance and reported on in the Partners in Performance Report.
[11] After the Prospective Period.
[12] See Section 9.2 *Overview of Metroglass' financial information* for an explanation of Pro Forma revenue and Pro Forma EBITDA.

Investment highlights

Leading market position with more than 50% market share[13]

Metroglass has a market share of more than 50% of the value added glass market in New Zealand[13]. This is approximately double the size of its next largest competitor.

FIGURE 1:

Overview of Metroglass manufacturing and distribution locations

Auckland

- Currently two production sites with combined
  - 11,689m² of manufacturing/warehouse
  - 1,754m² of office space

  and three distribution sites (including Head Office and Bulk Store)
- To be consolidated in FY15

Bay of Plenty

- 3,826m² of manufacturing
- 634m² of office space

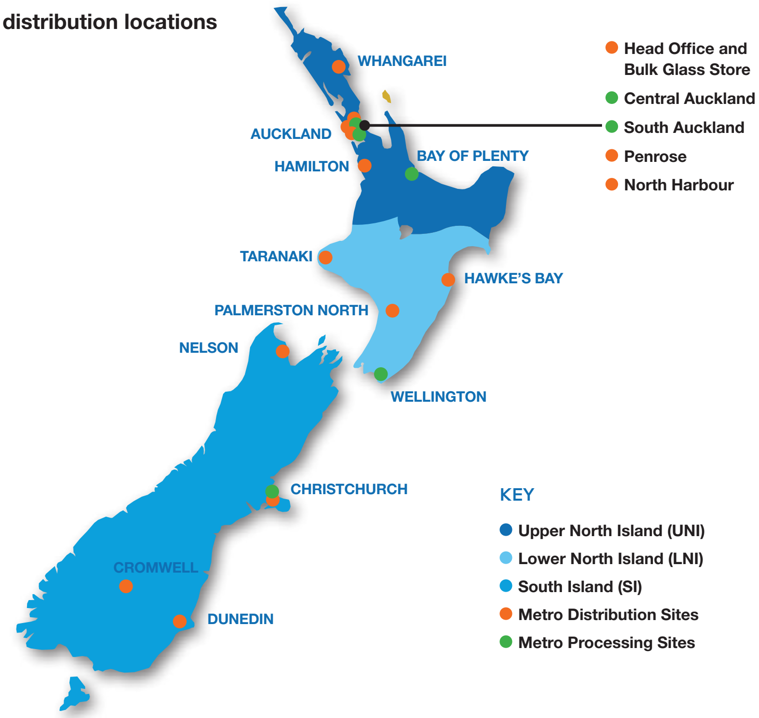
Wellington

- 4,805m² of manufacturing/warehouse
- 764m² of office space

Christchurch

- 8,374m² of manufacturing
- 955m² of office space

Note 1: The Christchurch facility is located in South/West Christchurch which was not as significantly affected by the recent earthquakes as other areas



For further information about Metroglass' position in the New Zealand value added glass market, refer to Section 5.6 *Market size and share* and Section 6 *Business Description.*

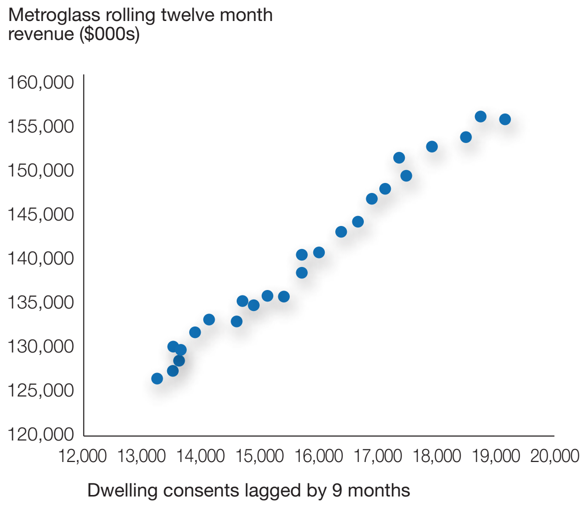
[13] Based on industry interviews, publicly available import data and financial information as analysed by Partners in Performance and reported on in the Partners in Performance Report, prepared for Metroglass dated 6 June 2014.

Construction market expected to grow

Metroglass' revenue is primarily derived from general construction activity. The New Zealand construction market is expected to enter a multi-year growth period which is supported in both the short and medium term[14].

FIGURE 2:

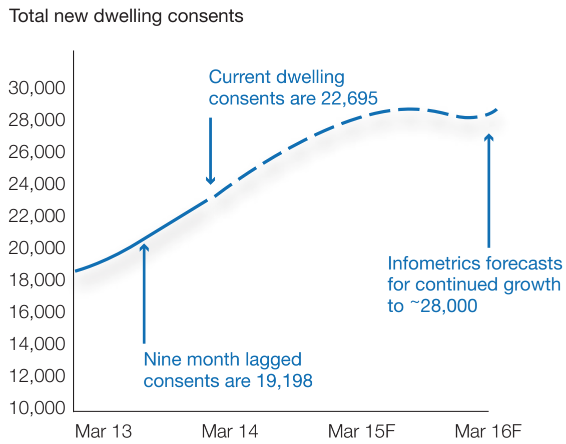
Metroglass rolling 12 month sales (monthly for last two years) vs. rolling 12 month dwelling consents (lagged by 9 months[15])



Source: Company information, Statistics New Zealand (April 2012 – April 2014)

FIGURE 3:

Historic and forecast dwelling consents activity



Source: Infometrics, rolling 12 month consents (March 2013 – March 2016, Forecast released July 2014).

"Nationwide construction spending is expected to rise as a share of GDP, to a level similar to that in the mid-2000s and remain strong for several years."

The Reserve Bank of New Zealand (RBNZ): Monetary Policy Statement March 2014

For further information about the anticipated trends in the New Zealand construction market, refer to Section 5 *Industry Overview.*

[14] Expectation based on RBNZ and Infometrics statements and data, as further described in Section 5.4 *Forecasts for the New Zealand Construction Market.*

[15] Housing consents being "lagged by nine months" means that each individual housing consent is assumed to have been issued nine months after it was actually issued. Because Metroglass' experience is that it typically takes six to 12 months from a consent being issued and the installation of glass, Metroglass uses lagged consent data when calculating the correlation between consents and its expected revenue.

Investment in growth opportunities

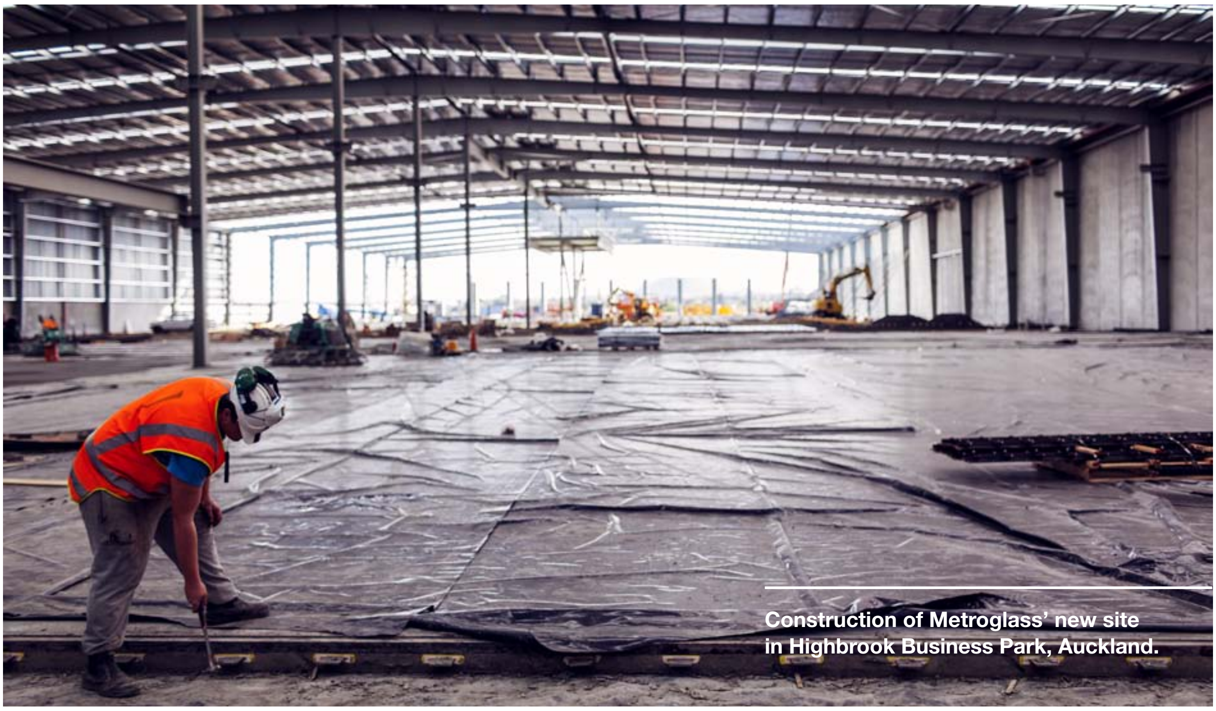
Metroglass is investing in marketing and product opportunities to allow it to grow the value added glass processing market. In the past three years, Metroglass has invested around $20 million to improve its operational efficiency.

FIGURE 4:

Key drivers of growth

A. Construction market growth	Historical underbuild		Favourable economic conditions	Net migration trends	Cyclical
B. Structural market improvements	Christchurch earthquake rebuild	Auckland Housing Accord and Unitary Plan	Increasing glass penetration	Trend towards higher value performance glass	Structural
C. Site optimisation	Christchurch automation		Auckland optimisation	Efficiency improvements (lean manufacturing)	Metroglass initiatives
D. New market segments	Retrofit	Low-e	Laminates	Image glass	

For further information about Metroglass' long term growth opportunities, refer to Section 6 *Business Description*, in particular Section 6.12 *Growth Strategy*.



Construction of Metroglass' new site in Highbrook Business Park, Auckland.

Strong financial profile

Metroglass' market position and capital investment have supported strong financial performance over the past three years, which is expected to continue during the Prospective Period.

FIGURE 5:

Metroglass' revenue ($000s)

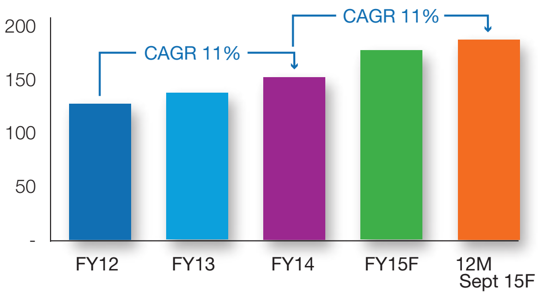
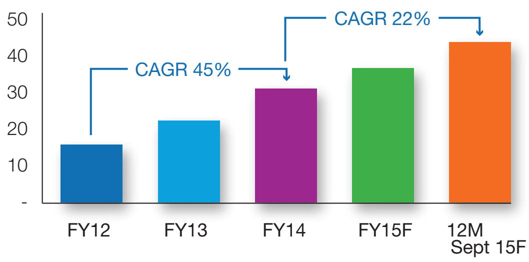


FIGURE 6:

Metroglass' EBITDA ($000s)



For further information about Metroglass' financial performance and prospects, refer to Section 9 *Financial Information* and Appendix *Metroglass, Prospective Financial Information*.

Experienced management team

Metroglass is led by its Chief Executive Officer, Nigel Rigby, who has extensive international building materials experience (including his prior role as Executive General Manager – USA for James Hardie).

The average tenure of the three Regional Managers and the General Manager Operations at Metroglass is 13 years. The Senior Management team is supported by a workforce of more than 700 staff.

Nigel Rigby
Executive Director and Chief Executive Officer

David Carr
Chief Financial Officer

Geoff Rasmussen
General Manager, Operations

For further information about Metroglass' Senior Management team, refer to Section 7.2 *Metroglass' Senior Management Team.*

Industry overview

5.1 INTRODUCTION

Metroglass operates in the value added glass processing market in New Zealand, which is a sub-segment of the broader construction industry. This market imports float glass (large glass sheets made by floating molten glass on a bed of molten metal) and converts it into double glazed units (**DGUs**), glass for single glazed windows, and other end use applications including shower screens, balustrades, splashbacks, furniture, mirrors and commercial facades. It excludes the manufacture of float glass (there is no manufacture of float glass in New Zealand) and the conversion of glass or DGUs into complete windows (which is generally undertaken by window manufacturers).

Key characteristics of the value added glass processing market include:

- **The importance of customisation:** The New Zealand construction industry does not have broadly accepted standardised window sizes or specifications. The size, colour and shape of windows are generally customised.
- **Short lead times:** Window manufacturers and glaziers in New Zealand generally expect a three day turnaround from submitting an order to the delivery of the glass.
- **Importance of DGUs:** The New Zealand Building Code introduced new regulations to encourage increased energy efficiency that has led to DGUs becoming relatively standard in new houses. Manufacturing a DGU is more complex than processing single glass panes and requires increased automation to enable production at a low cost with short lead times.
- **The geographical spread of the market:** Approximately 50% of New Zealand's population lives in cities and towns of less than 150,000 people. This broad geographical spread makes a strong distribution network necessary to meet short lead time expectations.
- **Complex delivery requirements:** A typical new house has more than 20 windows and may also include a splashback, shower screens, mirrors and a balustrade. Delivering this broad array of products within a short lead time requires efficient systems and processes.
- **Lagging indicator:** Glass is generally installed in the later stages of construction. Metroglass' experience is that demand for residential glass typically lags six to twelve months behind the issuance of a new dwelling building consent by the relevant authority.

Together, these characteristics have led to the market being primarily a just-in-time manufacturing market that benefits from investment in automation and distribution. Currently there are limited processed glass imports to New Zealand and the market has consolidated around two key operators, Metroglass and its major competitor, who together supply more than 75% of the market.

5.2 NEW ZEALAND CONSTRUCTION MARKET OVERVIEW

Statistics New Zealand estimates the New Zealand construction market to be a $13 billion market, of which residential construction comprises around 60% and non-residential construction comprises around 40%.

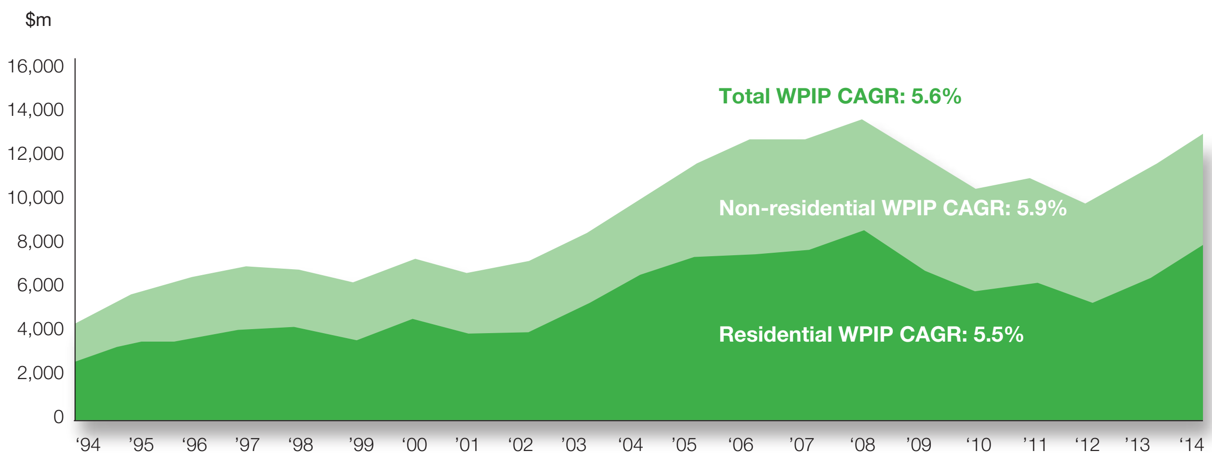
Work Put In Place (**WPIP**) is a key industry metric that is kept by Statistics New Zealand and measures the estimated value of construction activity completed in buildings that require a building consent. WPIP has grown by a CAGR of 5.6% (nominal) from March 1994 to 2014. Residential construction has grown by a CAGR of 5.5% (nominal) and non-residential construction by a CAGR of 5.9% (nominal) over this period.

Residential construction

Residential construction activity can be measured by the levels of new dwelling building consents issued by councils. For the past six years, the level of new dwellings consents has been below long-term averages (see Figure 8), leading to a housing deficit. The cyclical level of dwelling consents returned to long term averages in 2014.

FIGURE 7:

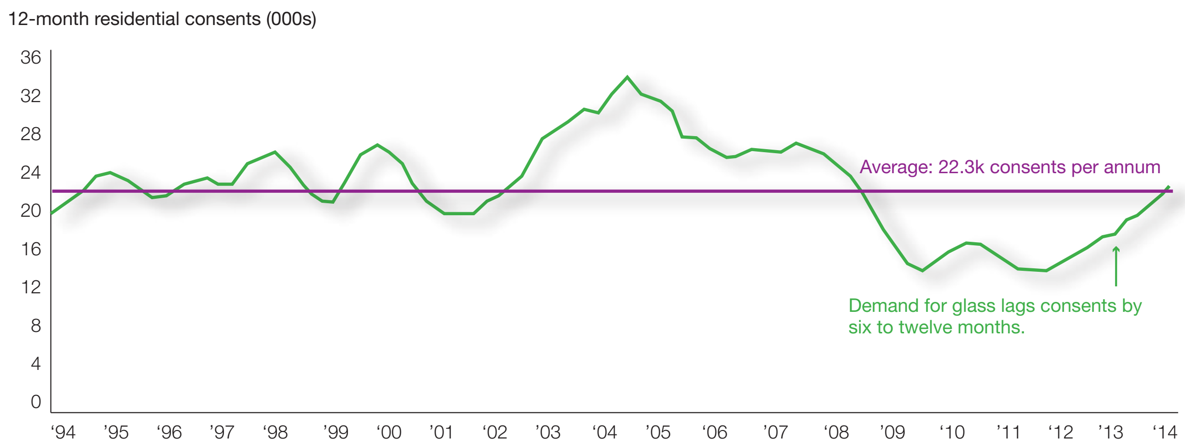
Construction WPIP in New Zealand ($m, rolling 12 months, nominal)



Source: Statistics New Zealand, March 1994 – March 2014

FIGURE 8:

New Zealand residential new build consents (000s, rolling 12 months)



Source: Statistics New Zealand, March 1994 – March 2014

5.3 DRIVERS OF THE NEW ZEALAND CONSTRUCTION MARKET

A number of underlying factors affect New Zealand's residential and non-residential construction demand, including:

- **Macroeconomic factors** including GDP growth and unemployment;
- **Government policy** including planning policies;
- **Residential construction drivers** including population and net migration growth, a decreasing average number of people per household and demolitions;
- **Non-residential construction drivers** including business sentiment, commercial leasing markets, vacancy rates and segment-specific commercial and industrial factors; and
- **Additional drivers** including the Christchurch rebuild and the Auckland Housing Accord.

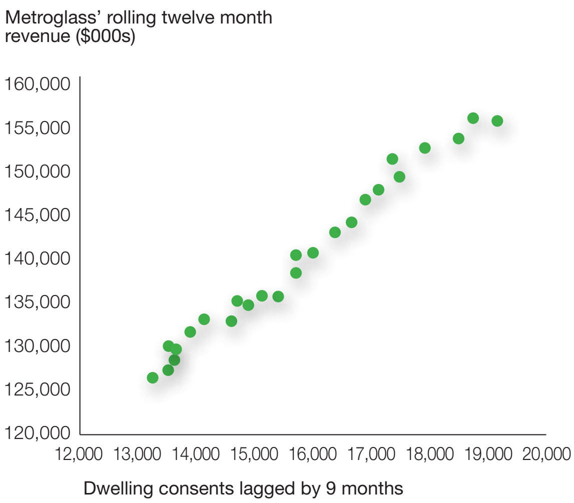
5.4 FORECASTS FOR THE NEW ZEALAND CONSTRUCTION MARKET

Metroglass' revenue is primarily derived from general construction activity. The New Zealand construction market is expected to enter a multi-year growth period which is supported in both the short and medium term.

- **Short term:** In the nine months to April 2014, the number of new dwelling consents has increased by around 18%, taking the rolling 12 month dwelling consents to 22,695. Given that it typically takes six to 12 months from the issue of a dwelling consent to the installation of glass in a new house, this increase supports material growth in glass demand from residential houses in the short term.
- **Medium term:** Market growth is supported by strengthening New Zealand economic conditions, the Christchurch rebuild, favourable population and housing demand trends, currently supportive government policies (such as the Auckland Housing Accord) and trends towards using more glass in residential and commercial buildings.

FIGURE 9:

Metroglass rolling 12 month sales (monthly for last two years) vs. rolling 12 months dwelling consents (lagged by 9 months[16])

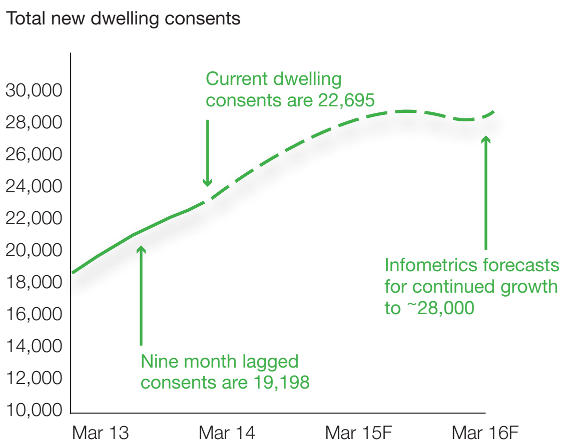


Source: Company information, Statistics New Zealand (April 2012 – April 2014)

The RBNZ stated in its March 2014 Monetary Policy Statement that "Nationwide construction spending is expected to rise as a share of GDP, to a level similar to that in the mid-2000s and remain strong for several years".

FIGURE 10:

Historic and forecast dwelling consents activity



Source: Infometrics, rolling 12 month consents (March 2013 – March 2016, Forecast released July 2014).

[16] Housing consents being "lagged by nine months" means that each individual housing consent is assumed to have been issued nine months after it was actually issued. Because it typically takes six to 12 months from a consent being issued and the installation of glass, Metroglass uses lagged consent data when calculating the correlation between consents and revenue.

FIGURE 11:

Construction expenditure as a % of GDP (quarterly, Mar-04 – Sep-16)

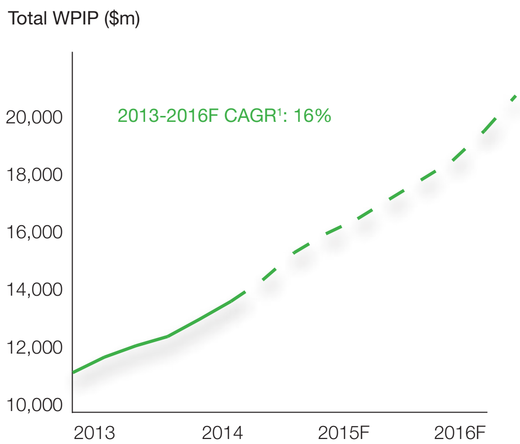
Source: RBNZ: Monetary Policy Statement, March 2014

Infometrics expects that the construction sector will grow strongly in the medium term and has forecasted the following:

- growth in WPIP of 34% between 2014 and 2016 from $13.2 billion to $17.7 billion; and
- growth in new dwelling consents of 24% between 2014 and 2016 from 22,366 to 27,765.

FIGURE 12:

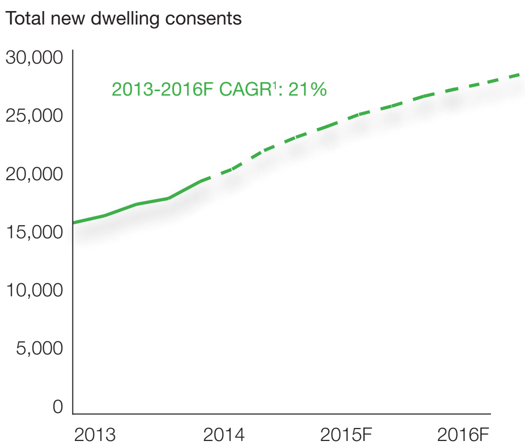
Residential & non-residential construction activity (rolling 12 months, nominal)



Source: Infometrics, March 2013 – September 2016, Forecast released July 2014.
Note 1: CAGR is for period March 2013 – March 2016

FIGURE 13:

Residential housing consents forecasts (9 month lag, rolling 12 months)



Source: Infometrics, March 2013 – September 2016, Forecast released July 2014
Note 1: CAGR is for period March 2013 – March 2016

5.5 VALUE ADDED GLASS PROCESSING MARKET

Metroglass operates in the New Zealand value added glass processing market. This is a sub-segment of the broader New Zealand construction market. The processing segment of the value chain is Metroglass' core focus.

5.6 MARKET SIZE AND SHARE

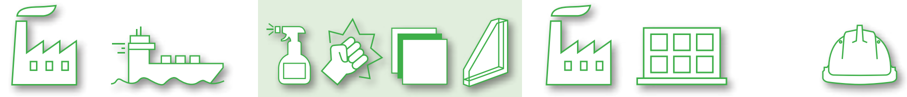
The value added glass processing market in New Zealand is an approximately $300 million market which has been growing at a CAGR of 8.6% (nominal) per annum over the past two years.[17]

The New Zealand glass market is highly consolidated, favouring companies that have the scale to invest in distribution, specialised processing equipment and high levels of customer service.

As of March 2014, Metroglass has more than 50% market share and its major competitor has an approximate 25% market share.[17]

FIGURE 14:

New Zealand glass value chain



	Float glass manufacture	Value added glass activities	Window manufacturing and glass installation	Builders
	Asian/global suppliers	Metro (>50%)	~60% >350 Window Manufacturers	~17,000 builders
		Others (20 - 25%)	~30% >750 Merchants/Glaziers	
	Major Competitor	Major Competitor (25%)	~10% Retail/Other	
Activity	Manufacture of large glass sheets	Cutting, edgework, toughening, laminating, printing, etc. DGU production	Window fabrication and installation, site glazing, residential retrofit/interior glass, commercial fitout	Residential and commercial building
Characteristics	Fragmented supplier base Global overcapacity High capital intensity and fixed costs No NZ manufacturing	Concentrated market Short lead times and mass customisation protect against imports Automated processing required for scale DGU driving higher value added glass products	Highly fragmented Largely manual job shops	Highly fragmented Customisation Short lead times
Metroglass	Able to shift suppliers to access latest innovations Scale provides it with competitive pricing Largest competitor associated with Australian manufacturer	National coverage and distribution network provides scale Investments in technology and processes have enabled more efficient cost structure than competitors Extensive product range serves market needs as "one stop shop"	No customer concentration risk – the largest single customer represents <2% of sales Metroglass provides some glazing services	High levels of customer service with strong DIFOT performance Key service differentiation

[17] Based on market research undertaken by Partners in Performance dated 6 June 2014.

Business description

6.1 INTRODUCTION

Metroglass is the leading value added glass processor in New Zealand.[18] Metroglass' glass processing activities include cutting, shaping, laminating, painting and toughening glass, and manufacturing DGUs. Metroglass is involved in the conversion of commodity float glass into end use products and applications. In FY14, Metroglass cut and processed more than 2,000,000 square metres of glass products. It has national coverage through 17 decentralised sites, including five major processing sites.

Metroglass sells a full range of glass products, including DGUs, toughened glass, laminated and cut-to-size glass to more than 3,000 customers, primarily window manufacturers, glaziers, merchants and builders. Its customer base is widely diversified across New Zealand and across products and channels, with no single customer accounting for more than 2% of FY14 revenues.

The business provides a "just-in-time" delivery service to its customers and manages its own logistics through a fleet of over 260 service vehicles. Metroglass' market leadership is supported by a number of competitive advantages including its high customer service standards, manufacturing capability and scale, distribution footprint, product offering and glazing capability. The short lead times and the customised nature of the glass products demanded by the market make it challenging for imports to compete effectively, while the regional population distribution throughout New Zealand makes the establishment of a scale operation challenging.

Over the last three years, Metroglass has been focused on preparing for the expected uplift in construction activity. Metroglass now considers that it is well positioned to take advantage of the expected growth in the construction market. In addition, the business is focused on increasing sales by driving market penetration of higher value performance glass (Low-e and custom laminates) and the retrofitting of DGUs into existing homes.

[18] Based on industry interviews, publicly available import data and financial information as analysed by Partners in Performance and reported on in the Partners in Performance Report.

6.2 HISTORY OF METROGLASS

Metroglass was established in 1987 in Auckland.

Since gaining control in January 2012[19] the Selling Shareholders have implemented a series of performance improvement initiatives including establishing a new management team, revising the procurement strategy, increasing focus on manufacturing efficiency, investing in products and technology and rebranding the business.

FIGURE 15:

History of Metroglass

1987	Metroglass established in Auckland Central
1988-1993	Branches opened in greater Auckland
1995-2000	A series of acquisitions to build out capability and expand into Bay of Plenty and Wellington
2003	Established Metro Frameless Glass (MFG) in Auckland
2004	Acquisition of GlassTech (50%) and Christchurch Glass in Christchurch to deliver national coverage
2006	Metro GlassTech purchased by a private equity investor
2009	Establishment of Metrofit
2010-2011	Canterbury earthquakes
2011-2012	Change of ownership (Crescent Capital Partners becomes largest shareholder)
2013-2014	National rebranding of company as Metro Performance Glass Upgrade of Christchurch plant
2014-2015	Investment in new glass technologies (e.g. lamination and Low-e) Consolidation and upgrade of Auckland sites underway

[19] For further detail about the 2012 recapitalisation, refer to Section 10.14 *Listing Rule 7.1.15*.

6.3 KEY ACTIVITIES

Metroglass conducts value added glass processing activities, as outlined in Figure 16.

FIGURE 16:

Key value added glass processing activities undertaken by Metroglass

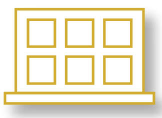
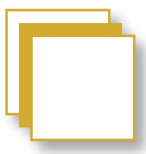
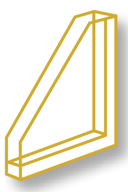
Activity	Description	Metroglass' approach
Cut and arris	Cutting large float glass sheets into smaller sizes Edges are typically smoothed and glass washed after cutting	Computer optimised cutting to reduce wastage
Edgeworking	Edge polishing Shape polishing Holes, notches and cut-outs for products such as balustrades or shower screens Other edgeworking possible such as mitred or bevelled edges	Automated and manual cutting, drilling and edgeworking
Toughen / Laminate / Paint	Toughening or laminating glass with special safety requirements Glass may have colouring, etching, sandblasting, painting, screen printing or other effects applied (for example, for shop fronts, splashbacks)	Tempering (furnace) Heat soaking Batch laminating (various interlayer and decorative insert options available) Digital printing
DGUs	Matching two panes of glass, inserting spacer bar and desiccant (drying agent), and sealing the glass together ready for window framing	Automated DGU lines with some manual processes for abnormal items Driving penetration of higher value added glass products (for example, Low-e)
Glazing	Installation of glass into buildings DGUs may be inserted directly into window frames already installed in a house Structural glazing facades	More than 150 glazing employees to install glass as required Sale of frameless glass hardware (Metroglass Frameless Glass)

6.4 PRODUCTS

Metroglass processes and produces a wide range of product types for a variety of end uses, primarily across residential and non-residential construction applications. Metroglass' core products are annealed (cut-to-size) glass, toughened glass, laminated glass and DGUs.

FIGURE 17:

Overview of Metroglass' core product range

	Product description	Typical uses
	**Annealed/cut-to-size glass** Unprocessed glass that is cut-to-size for the customer Typically arrissed (removal of rough edges) and washed	Windows Internal partitions Architectural features Picture frames
	**Toughened glass** Glass processed by a furnace in controlled thermal treatment to increase its strength and safety performance When it breaks, glass shatters into small pebble-like granules which are less likely to cause injury than the jagged shards of annealed glass	Showers screens Sliding doors Commercial building doors Bus shelters
	**Laminated glass** Two or more pieces of glass are bonded together by an interlayer The interlayer allows the glass to bend to a certain degree, making it more flexible and harder to break than annealed glass When broken, the cracked glass is held together by the interlayer which prevents the glass from falling and causing injury	High safety and security windows High safety balconies Balustrades Floors and treads
	**Double glazed units (DGUs)** Two or more window panes are separated by air or gas to reduce heat transfer Glass pieces are separated around the edges by a spacer bar and sealed at the perimeter in factory controlled conditions. The spacer contains a drying agent which absorbs moisture vapour in the cavity The window units are used to reduce building heat loss and heat gain depending on the climate and DGU combination (i.e. the type of glass, gas or seal used)	Energy efficient windows

Across these products there are a wide range of variations available, depending on the glass type (including clear, extra clear, tinted, reflective and Low-e glass), thickness and colour.

Metroglass supplies more than 250 types of glass to suit consumer preferences. It processes these glass types to meet their customised end use through a combination of the activities outlined in Figure 17.

This means that there is significant variation in terms of sales value across Metroglass' products. The products are produced by a combination of modern glass processing machines and specialised software applications that are designed to optimise the manufacturing process.

6.5 CUSTOMERS

Metroglass sells its products through a range of distribution channels which gives it flexibility and access to a broad base of customers. Metroglass' customer base is diverse, with over 3,000 customers in FY14.

Given Metroglass' high market share and its range of channels to market, its revenue is linked to the general demand for windows and glass in the market, which in turn is driven by residential and commercial construction expenditure.

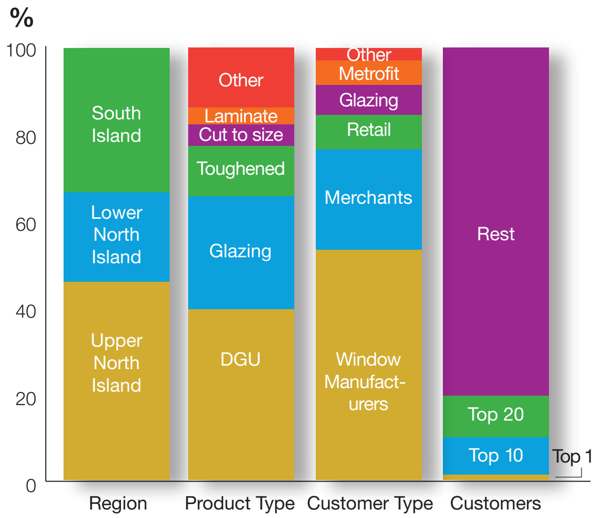
FIGURE 18:

Metroglass' customer segments

Customer segment	Description
Window manufacturers	Window manufacturers (both residential and non-residential) purchase glass from Metroglass and insert it into customised window or door frames, ready for installation. They commonly supply these products to builders. The New Zealand window manufacturer market is fragmented with over 350 companies. Window manufacturers are typically aligned with particular suppliers of aluminium.
Merchants and glaziers	Merchants and glaziers typically sell and install glass in residential and commercial settings. They purchase glass from Metroglass and install it in forms such as windows, doors, pool fences, balustrades and splashbacks, often as replacement or repairs. This is a fragmented market also with more than 750 merchants and glaziers throughout New Zealand.
Retail	A number of Metroglass' sites have sales offices offering products such as cut-to-size glass, splashbacks and mirrors direct to retail customers.
Glazing	Metroglass provides some glazing services for customers to assist with glass installation. This can include commercial glazing work for builders.
Metrofit	Metrofit is Metroglass' retrofit DGU business which provides product sales and installation services direct to the end user. This business replaces the existing single-glazed windows of a residential house with DGUs.

FIGURE 19:

Segmentation of Metroglass sales in FY14



As most of Metroglass' sales are through window manufacturers, glaziers and merchants, this means that Metroglass does not know the specific segmentation of its end customer use.

6.6 MANUFACTURING AND SALES OPERATIONS

Metroglass operates through a regional structure, reflective of the relatively regional nature of New Zealand's population distribution and the need to provide high service levels with short lead times. Metroglass operates from 17 locations across New Zealand. This includes a head office and bulk glass store, five key glass processing sites and 12 sales and distribution facilities with limited processing capability.

FIGURE 20:

Overview of Metroglass manufacturing and distribution locations

Auckland

- Currently two production sites with combined
  - 11,689m² of manufacturing/warehouse
  - 1,754m² of office space

  and three distribution sites (including Head Office and Bulk Store)
- To be consolidated in FY15

Bay of Plenty

- 3,826m² of manufacturing
- 634m² of office space

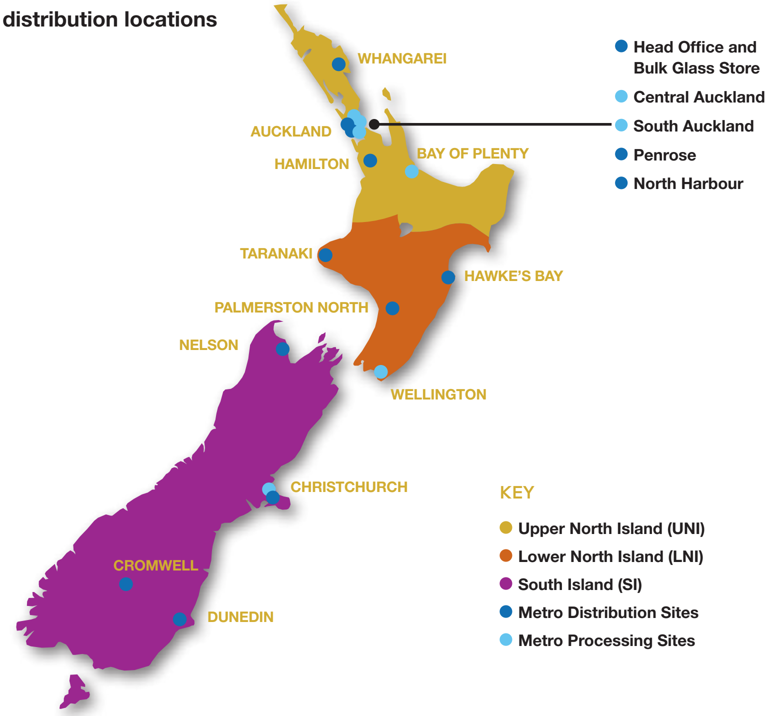
Wellington

- 4,805m² of manufacturing/warehouse
- 764m² of office space

Christchurch

- 8,374m² of manufacturing
- 955m² of office space

Note 1: The Christchurch facility is located in South/West Christchurch which was not as significantly affected by the recent earthquakes as other areas



6.7 LOGISTICS AND DISTRIBUTION

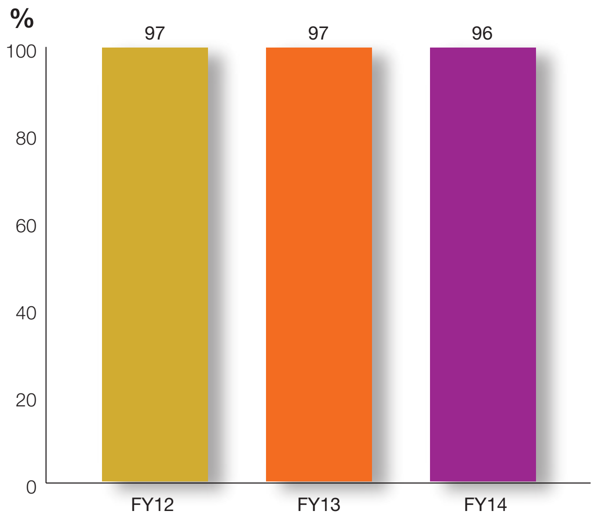
Metroglass has a nationwide network of branches across 12 key centres. This distribution network allows Metroglass to operate a hub and spoke distribution approach[20] to cover all of New Zealand.

To ensure a high level of customer service, Metroglass maintains its own national fleet of over 260 company vehicles for glass delivery, glazing and customer service.

The combination of Metroglass' processing capabilities, branch network coverage and fleet has enabled it to consistently achieve DIFOT rates of over 95% and high levels of customer satisfaction[21].

FIGURE 21:

Metroglass DIFOT performance[21]



6.8 KEY SUPPLIERS

Metroglass purchases glass and other glass consumables (for example to manufacture DGUs) from a variety of European, Asian, American, Australian and New Zealand suppliers. Due to Metroglass' scale, it has historically purchased its raw materials at globally competitive prices which has allowed it to compete in the New Zealand market effectively. Metroglass has historically demonstrated a capacity to shift suppliers to ensure that it receives globally competitive prices and access to the latest glass technology.

Metroglass purchases a range of consumables, such as those used in the production of DGUs, from a New Zealand based distributor.

Metroglass has been purchasing the majority of its capital equipment for its Auckland site consolidation from European manufacturers.

6.9 EMPLOYEES

Metroglass has more than 700 employees across New Zealand. Metroglass supports continuing professional development to encourage the best from its staff. Metroglass has a focus on workplace safety to protect the well-being of its employees.

[20] "Hub and spoke" distribution is a particular model for distribution arrangements involving centralised manufacturing sites and smaller distribution sites around the country.
[21] Metroglass measured DIFOT calculations, excluding the South Island for the six month period around the implementation of the Christchurch site automation.

6.10 COMPETITIVE ADVANTAGES

Metroglass' market leadership is supported by a number of competitive advantages, as shown below.

Customer service	Manufacturing flexibility and scale	Large distribution footprint	Procurement choice	Extensive product range	In-house glazing capacity
Despite the production complexity and challenges of regional distribution outlined above, Metroglass has developed processes that allow it to have strong DIFOT performance.	Metroglass has invested in the automation of its processing, which allows it to service the market and compete on price and product range with short lead times.	Metroglass operates through 17 sites and with more than 260 service vehicles throughout New Zealand. This coverage allows Metroglass to have significant scale and to operate a hub (manufacturing sites) and spoke (distribution sites) distribution system.	Metroglass has sound relationships with leading global float glass manufacturers and has the scale and capacity to switch suppliers to access glass innovation and maintain low purchasing costs.	Metroglass has invested in market leading technology that enables it to supply an extensive range of glass and related products.	Metroglass has more than 150 glazing employees and access to glazing subcontractors. This allows it to provide installation support and to meet deadlines for its customers.

6.11 GROWTH STRATEGY

Metroglass has invested in its business across production, distribution and product to position it for growth. This includes investment in production automation, renewing its distribution fleet, upgrading its IT systems and introducing new product innovation. This investment has allowed Metroglass to be prepared for both cyclical and structural market growth and to pursue ongoing strategic growth opportunities.

Construction market growth

Industry forecasts for the New Zealand residential and non-residential construction market are for multi-year growth (see Section 5.4 *Forecasts for the New Zealand construction market*). In the past nine months to April, New Zealand's rolling 12 month new dwelling consents have increased by approximately 18% relative to the prior comparable period.

Structural market improvements

There are a number of structural factors that Metroglass believes should assist with growth above normal in the medium term, including the Christchurch rebuild and government policy (see Section 5.3 *Drivers of the New Zealand construction market*).

Site optimisation

Christchurch: In December 2013, Metroglass completed an automation project for the Christchurch manufacturing facility. The project was completed on time and on budget and is forecast to deliver benefits including a 60% increase in DGU manufacturing capacity, labour efficiency savings, reduced raw materials wastage and improved product quality.

Auckland: Metroglass has commenced a similar automation project in Auckland. This project involves the consolidation of Metroglass' five existing Auckland sites into a purpose-built facility. It will also include the automation of most production processes and is designed to expand Metroglass' Auckland DGU production capacity by more than 80%. The project is targeted to be operational in January 2015 and completed in March 2015.

Both the Christchurch and Auckland site optimisations are expected to add operating leverage to the business and drive financial improvements in the medium term.

New market segments

As the market leader, Metroglass is focused on continuing to invest in ways to increase glass usage in New Zealand and expand into new segments, including:

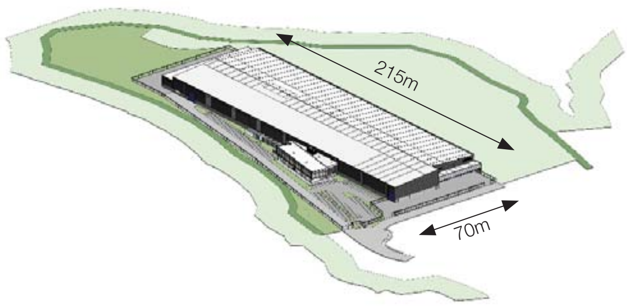
DGU retrofit: More than 80% of new homes in New Zealand now have double glazed windows. However, BRANZ has estimated that there are more than 1.1 million existing homes without DGUs, which provides a growth opportunity for Metroglass.

Low-e glass: Low-e glass can materially improve the thermal performance of DGUs and other windows. Metroglass plans to launch a Low-e marketing campaign in FY15F which will be designed to increase awareness of this higher end, higher value performance glass.

Custom lamination: In FY14 Metroglass invested in two new custom laminators. These laminators allow for improved safety products and special decorative effects. Metroglass will commence external marketing for custom lamination in FY15F to build on the level of market demand already experienced to date.

FIGURE 22

Architect's impressions of proposed new Auckland facility



Dimensions are approximate

Board and Senior Management team

7.1 METROGLASS' BOARD OF DIRECTORS

Metroglass has an experienced and balanced Board. Its members collectively contribute a diverse range of skills and backgrounds including executive and governance roles at various building products companies, publicly listed companies and other significant entities both in New Zealand and internationally. The Board comprises an independent, non-executive Chairman, two independent non-executive directors, one other non-executive director and one executive director.

Sir John Goulter KNZM, JP (age 72)

Independent, Non-Executive Chairman
Member of Audit and Risk Committee

Sir John has long standing experience in the New Zealand corporate sector in executive and non-executive roles across a variety of industrial and services organisations in both the public and private sectors. He brings a significant range and depth of business and corporate governance experience to the Board.

He currently acts as Chairman of the New Zealand Business and Parliament Trust, Northland Port Corporation (NZ) Limited, Northport Limited and Ururangi Limited.

Sir John has served on a number of boards, including the Reserve Bank of New Zealand, Vector and TVNZ. He has been the Chairman of a number of companies, including the New Zealand Lotteries Commission, United Carriers Group and Kapiti Coast Airport.

Prior to his non-executive roles, Sir John was the inaugural Managing Director of Auckland International Airport Limited.

In 2003, Sir John was appointed the New Zealand Herald Business Leader of the Year and a Distinguished Companion of the New Zealand Order of Merit (DCNZM) for services to business and the community. This honour was re-designated as Knight Companion of the New Zealand Order of Merit (KNZM) in 2009.

Sir John is a graduate of Harvard Business School (Advanced Management Program), a Justice of the Peace and a Fellow of the New Zealand Institute of Management. He was inducted as a Laureate into the New Zealand Business Hall of Fame in 2003.

Nigel Rigby (age 47)

Executive Director and Chief Executive Officer

Nigel was appointed as Chief Executive Officer of Metroglass in 2012.

Nigel has over 15 years' of experience working in the building products sector in New Zealand, Australia, Asia and the United States.

Prior to joining Metroglass, Nigel was with the James Hardie group for 13 years, including Executive General Manager – USA for James Hardie. In this role he led James Hardie's largest international business division, which included managing large and complex capital projects as well as the day-to-day management and responsibility for the performance of this division.

Neville Buch (age 56)
Non-Executive Director

Neville is a Partner at Crescent Capital Partners, an Australian private equity firm, specialising in high growth companies and certain industry sectors, including building products. Neville has particular expertise in operational management of industrial businesses.

Neville was Chairman of Metroglass Holdings from 2011 to 2014.

Neville is also Chairman of Crescent Capital portfolio companies Steel-Line Group and Groundprobe.

Before joining Crescent Capital Partners, Neville was Chief Executive Officer of Wormald Australia and a senior executive of Tyco where he held the roles of Global Vice President – Fire and Safety Division and Deputy Chairman – Tyco Securite Europe.

As a result of his affiliation with Crescent (which will have an interest in 8.3% of the Shares following the Transaction), Neville is not considered to be an independent director. Neville was the nominee director of Crescent Capital Partners to the Board of one of Crescent Capital Partner's investee companies – Rosella Food HoldCo Pty Limited. This company and other Rosella group companies voluntarily entered into external administration due to insolvencies during the time Neville was a director.

Russell Chenu (age 64)
Independent, Non-Executive Director and Chairman of Audit and Risk Committee

Russell has significant experience in the corporate sector with more than 22 years in senior management roles. He has considerable experience in financial roles, including with building products companies.

Russell is currently an independent director of ASX listed Leighton Holdings Limited (where he chairs the Audit Committee).

Russell had a 23 year career at James Hardie, holding various management and executive positions in a number of countries, including most recently serving as group Chief Financial Officer from 2004 to 2013.

Before this role, Russell served as Chief Financial Officer for several ASX-listed companies (Tab, Delta Gold, Australian National Industries and Pancontinental Mining) and Mighty River Power. Russell was also previously Treasurer of Pioneer International.

Willem (Bill) Roest (age 66)
Independent, Non-Executive Director and Member of Audit and Risk Committee

Bill has extensive experience in the New Zealand corporate sector both in executive and non-executive functions, in particular in the domains of finance and corporate governance.

He is currently on the boards of Synlait Milk (where he chairs the Audit and Risk Committee), Fisher & Paykel Appliances (where he chairs the Audit Committee) and New Zealand Housing Foundation.

Prior to his non-executive roles, Bill held the position of Chief Financial Officer at Fletcher Building for 12 years. Before this, he held several leadership roles within the Fletcher Group, including Managing Director of Fletcher Residential and Fletcher Aluminium.

The composition of Metroglass' Board committees and a summary of its key corporate governance policies are set out in Sections 7.4 *Corporate governance* and 7.5 *Policies and procedures* of the Prospectus.

7.2 METROGLASS' SENIOR MANAGEMENT TEAM

The Metroglass Senior Management team will continue without change following the Transaction, comprising a Chief Executive Officer, a Chief Financial Officer, a General Manager of Operations and three Regional Managers.

Nigel Rigby (age 47)
Chief Executive Officer

See Section 7.1 *Metroglass' Board of Directors.*

David Carr (age 50)
Chief Financial Officer

David was appointed Chief Financial Officer in August 2013.

Prior to his appointment, David was the General Manager of Finance for the Building Products division of Fletcher Building. Previously, he performed various roles across mergers and acquisitions, treasury and business development for Yum! Brands in the United States.

David is a former Chartered Accountant and holds a Bachelors degree in Economics from Macquarie University in Sydney.

Geoff Rasmussen (age 43)
General Manager Operations

Geoff has more than 17 years' of experience in various senior management roles at Metroglass and was appointed General Manager, Operations in April 2011.

Geoff has 27 years' of experience in the glass industry combining a trade background with experience including sales, production and operations management.

What are my risks?

8.0 WHAT ARE MY RISKS?

Principal risks for investors

Your Shares will be fully paid and you will have no liability to make any further payments in respect of your Shares. However, the principal risk is that you may not be able to recoup your original investment or you may not receive the returns you expect. This could happen for a number of reasons, including that:

- the price at which you are able to sell your Shares is less than the price paid for them;
- an inability to sell your Shares at all – for instance, because the market for them does not develop, becomes illiquid or ceases to exist;
- Metroglass does not perform as expected, and as a result, may not be in a position to pay dividends;
- the operational and financial performance of Metroglass is not as strong as expected; or
- Metroglass becomes insolvent and is placed in receivership, liquidation or voluntary administration.

Any investment in the share market has risks associated with it, and this investment is no exception. A number of the key risks specific to Metroglass are summarised briefly below. **You should also read Section 8 *What are my risks?* of the Prospectus for further information on the risks summarised below and for a description of certain other key risks that may affect Metroglass.** These risks, were they to occur, could have a material adverse effect on Metroglass' financial position or performance through reduced revenue, increased costs, reduced cash flows, a decrease in products sold, damage to reputation or a combination of these.

You should consider such risk factors together with the other information in this Investment Statement. In particular, you should read Section 6 Business Description, Section 7 Board and Senior Management team and Section 9 Financial Information.

- **The construction industry is cyclical and sensitive to economic factors.** Metroglass' business is highly dependent on the activity levels in the residential and commercial construction industry (comprising both new builds and additions and alterations) in New Zealand, which is cyclical and is highly sensitive to a broad range of economic and other factors that are beyond Metroglass' control.

  You should read Section 8.1 "Cyclical economic conditions and dependence on the construction industry" of the Prospectus for more information on this risk, including some of the various factors that can affect the level of activity in the construction industry.

- **Auckland site consolidation poses a number of risks.** Metroglass currently operates from five existing sites in the Auckland region which, between them, represented approximately one third of total Metroglass processing in FY14. Metroglass has commenced a plan to consolidate its Auckland sites into one new facility at Highbrook Business Park in Auckland. The new manufacturing facility is expected to be fully operational in March 2015.[22] There are a number of risks associated with this planned consolidation which, if they materialise, could mean that Metroglass suffers a combination of cost overruns, ongoing liabilities in relation to the existing Auckland sites, loss of production capability and delays in achieving the expected efficiencies from the new manufacturing facility. These circumstances could result in a loss of customers, loss of revenue and reduced profits.

  You should read Section 8.2 "Risks relating to changes currently being made within Metroglass' business" of the Prospectus under the heading "Implementation of the Auckland manufacturing facilities consolidation and automation project" for more information on this risk, including some of the specific risks associated with the Auckland site consolidation and optimisation.

- **Inability to extract expected efficiencies from the Auckland consolidation.** On completion of the new Auckland manufacturing facility, Metroglass' Auckland production processes will be mostly automated. The operation of this production capability will be technically complex and accordingly there will likely be a testing period before optimal operational efficiency is achieved. Any inability to extract the expected efficiencies from the new Auckland facility or any delays in achieving the efficiencies could slow production and reduce cost savings, which in turn could result in loss of customers, loss of revenue and lower profits.[23]

  You should read Section 8.2 "Risks relating to changes currently being made within Metroglass' business" of the Prospectus under the heading "Failure to extract the efficiencies expected from the Auckland manufacturing facilities consolidation and automation project" for more information on this risk.

- **Failure to successfully manage initiatives.** In order to increase productivity and grow the Metroglass business, Metroglass has implemented, or is implementing, a number of efficiency or growth programmes. Taken together, these and other Metroglass business improvement projects represent a high degree of change for its management, systems and resources. There is a risk that Metroglass' management will have difficulty managing and implementing the various initiatives successfully and, if that is the case, Metroglass' business could be materially adversely affected.

  You should read Section 8.2 "Risks relating to changes currently being made within Metroglass' business" of the Prospectus under the heading "Failure to manage initiatives successfully" for more information on this risk, including some of the various initiatives Metroglass has implemented, or is implementing.

- **Competition from other producers and distributors.** Metroglass is subject to competition from other domestic and international manufacturers and distributors of glass products in New Zealand. The market share of these competitor producers and distributors in each market segment may increase relative to Metroglass' share as a result of various factors, including a change in consumer preference towards glass products offered by those other producers or distributors for any reason. Further,

[22] For more information on the capital expenditure associated with the Auckland manufacturing facilities consolidation and automation project, see Note 10 *Capital Expenditure* in Appendix *Prospective Financial Information*. For more information on the associated one-off costs, fixed asset impairments and lease costs, please see notes (4) to (6) under the heading *Explanations of Pro Forma adjustments* in Section 9.3 *Reconciliation of Non-GAAP financial information*.

[23] For a description of the expected benefits from the Auckland manufacturing facilities consolidation and automation project, refer to Section 6.11 *Growth Strategy*.

Metroglass' business could also be negatively impacted if a new competitor entered the market at a scale or with a product range to compete across the board with Metroglass.

You should read Section 8.3 "Competition from other producers and distributors of the Prospectus" under the heading "Failure to manage initiatives successfully" for more information on this risk, including some of the factors that may result in consumers preferring glass products offered by other producers or distributors.

- **Market position may be affected by an increase in imports.** Metroglass' market position and pricing could be adversely affected if there was an increase of imported finished processed glass products from foreign suppliers or a "dumping" of processed glass products into the New Zealand markets by foreign suppliers (a practice that Metroglass may not have legal protections against). This risk could increase in magnitude if demand for glass products (for example, windows and doors) in New Zealand moved towards a standardised size and quality, including as the result of regulation.

- **Exchange rate fluctuations.** Metroglass buys almost all of its float glass from foreign suppliers and, as a result, a material proportion of its operating expenditure is denominated in foreign currencies. Conversely, Metroglass' revenues are earned almost exclusively in New Zealand Dollars. As a result, unfavourable foreign exchange movements could adversely affect Metroglass' profitability.

  You should read Section 8.9 "Exchange rate risks" of the Prospectus for more information on this risk. For further information regarding the effect of foreign exchange on Metroglass' business, including its approach to hedging, see Section 9.2 "Overview of Metroglass' financial information" under the heading "Overview of the effect of foreign exchange".

- **Key personnel.** The success of Metroglass' business is dependent on the leadership of its key management personnel, as well as its ability to continue to retain and motivate other skilled and qualified personnel, particularly those who have detailed experience in automated glass processing lines. The loss of these important employees could have a material adverse effect on Metroglass through a loss of leadership, institutional knowledge and potentially through loss of customer relationships.

  See Section 7 "Board and Senior Management Team" for more information on the key managers of Metroglass. You should read Section 8.4 "Key personnel, recruitment and staff retention" of the Prospectus for more information on this risk.

- **Diverse customer base and no long-term sales contracts.** Metroglass is dependent on the continued custom of its diverse customer base.[24] Consistent with industry practice, Metroglass does not have long-term sales contracts with its customers, and it largely depends on its ability to conduct independent negotiations with each of its customers. Accordingly, Metroglass does not have contractually secured revenues. Metroglass' relationships with its customers and the prices Metroglass charges them (and as a result Metroglass' revenues and profits) could be materially adversely affected by a number of factors, including, for example, if a section of Metroglass' customer base was to consolidate in some manner.

  See Section 6.5 "Customers" for further information on Metroglass' customer base, including in particular Figure 19, which provides a breakdown of Metroglass' sales, including by customer type. You should read Section 8.5 "Risks relating to customers" of the Prospectus for more information on this risk, including a description of other factors that may adversely affect Metroglass' relationships with its customers and the prices it charges them.

- **Payment collections from customers.** Given Metroglass' diverse customer base, its customers have a range of credit profiles. If Metroglass is unable to collect payments from customers, its financial results would be adversely affected. If Metroglass does not manage its credit risk issues across its customer base adequately, or if a large number of customers have financial difficulties at the same time, Metroglass' losses could increase above normal levels and its financial performance could be adversely affected. A worsening of economic conditions could also mean that bad debts generally could increase.

  You should read Section 8.5 "Risks relating to customers" of the Prospectus for more information on this risk.

- **Product claims.** Metroglass could be subject to claims if its glass products are not properly manufactured or installed and/or if people are injured as a result of its products. Metroglass' DGUs are supplied to customers with a 10 year product warranty covering defects. Product liability claims present a risk of litigation, monetary damages (in excess of any product liability insurance Metroglass has), reputational damage, costs and expenses and diversion of management's attention from the operation of Metroglass' business.

  You should read Section 8.6 "Claims in relation to the products Metroglass sells" of the Prospectus for more information on this risk and other related risks regarding Metroglass' products.

- **Business disruptions.** Metroglass' glass production lines are specialised and depend on critical pieces of equipment, some of which rely on technology systems for their operation. If Metroglass' equipment is out of service as a result of unanticipated failures or other operating risks such as shortages in float glass supply, industrial accidents, extended power outages, withdrawal of permits and licences, catastrophic events (including earthquakes), prolonged maintenance activity or labour disputes or stoppages, then Metroglass' business could be materially adversely affected through capital expenditure costs, lost sales, reduced revenues and profits.

  You should read Section 8.7 "Business disruptions" of the Prospectus for more information on this risk.

- **Changes in the cost of float glass.** The float glass that Metroglass purchases and processes has been subject to price changes in the past, some of which have been significant. A delay between the point at which float glass

[24] Refer to Figure 19 in Section 6.5 *Customers* for a breakdown of Metroglass' sales, including by customer type.

cost increases are implemented and the time Metroglass is able to increase prices for its glass products, or an inability to pass on cost increases in part or in full to customers at any time, may adversely affect Metroglass. Further, in the past Metroglass has been able to achieve advantageous purchase prices through high volumes and strong relationships with suppliers. Should Metroglass no longer receive advantageous pricing for the float glass it processes, this could have a material adverse effect on Metroglass' revenues and profits.

You should read Section 8.11 "Risks relating to Float Glass Supply" of the Prospectus under the heading "Changes in the cost of float glass" for more information on this risk.

- **Float glass shortages or the loss of key suppliers.** Some third parties are responsible for a material amount of the float glass processed by Metroglass. For commercial reasons, Metroglass does not generally enter into long-term agreements with its suppliers to secure volumes. There is no certainty that Metroglass could procure float glass from other sources on similar or more favourable terms than its current arrangements. Any material shortfall in float glass availability or any material issue in terms of quality could therefore adversely affect Metroglass' business.

  You should read Section 8.11 "Risks relating to Float Glass Supply" of the Prospectus under the heading "Float glass shortages or the loss of key suppliers" for more information on this risk.

- **Failure of IT systems.** A significant part of Metroglass' information systems are proprietary systems created in-house. Accordingly, the resources that are readily available to Metroglass to update, repair and modify these systems are limited. Metroglass also relies on third party software providers to provide IT support for upgrades or system failure issues. If critical information systems fail or are otherwise unavailable, or the services of third party IT support contractors are unavailable or delayed, Metroglass' business could be disrupted and its ability to receive and process customer orders, maintain proper levels of inventories, collect accounts receivable and pay accounts payable and expenses could be adversely affected.

  You should read Section 8.12 "Other business risks" of the Prospectus under the heading "Failure of IT systems" for more information on this risk.

The risk factors summarised above are not the only ones faced by Metroglass. There are additional risk factors described in the Prospectus that are not summarised above, some of which may be material. Those include risks associated with the matters described below (with references to the relevant sections of the Prospectus where you can find further information identified):

- Regulatory changes (Section 8.9 *Regulatory risks*);
- Occupational Health and Safety (Section 8.10 *Occupational health and safety*);
- Failure to comply with bank facilities (Section 8.12 *Other business risks*);
- Changes in interests rates (Section 8.12 *Other business risks*);
- Dependence on others within a construction project (Section 8.12 *Other business risks*);
- Adverse weather, which can create slowdowns in the construction industry (Section 8.12 *Other business risks*);
- Transport systems and fuel, which Metroglass is dependent on to deliver its products to its customers (Section 8.12 *Other business risks*);
- General investment risks, such as the influence of economic activity and taxation practice (Section 8.13 *General investment risks*); and
- General market risks, such as a failure of a liquid market to develop (Section 8.14 *General market risks*).

Further, there will be risk factors of which Metroglass is currently unaware, or that it currently deems not material but which may subsequently become key risk factors for the business.

2012 recapitalisation

Under previous ownership, and under a materially different capital structure, the entities that owned the Metroglass business breached the covenants and other obligations in their then bank facilities as a result of suppressed economic and industry conditions and a large debt burden. That resulted in the recapitalisation of the business in 2012. For further detail on the 2012 recapitalisation and what led to it, see Section 10.14 *NZX Listing Rule 7.1.15*.

Forward looking statements

This Investment Statement contains forward looking statements, including the Metroglass Prospective Financial Information set out in the Appendix. No party guarantees that any forward looking statements will occur as expected and you are cautioned not to place undue reliance on forward looking statements.

Consequences of insolvency

Shareholders will not be liable to pay any money to any person as a result of any future insolvency of Metroglass. All of Metroglass' creditors (secured and unsecured) will rank ahead of Shareholder claims if Metroglass 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

This section contains both the historical and prospective financial information for Metroglass. The financial information should be read in conjunction with the risk factors set out in Section 8 *What are my risks?* and the other information contained in this Investment Statement and the Prospectus.

Included within this section is:

9.1 Introduction to Metroglass' financial information

An overview of how Metroglass makes money and the main drivers of its financial performance are provided in this section to help readers better understand the financial information provided.

9.2 Overview of Metroglass' financial information

An overview of the key historical and prospective financial information (**PFI**) between the years ended 31 March 2012 (**FY12**) and the six months ending 30 September 2015 (**1H16F**), and commentary on key trends and drivers of historical and PFI. This selected information is provided in addition to the financial information disclosure required under the Securities Regulations to help readers understand Metroglass' financial performance.

9.3 Reconciliation of Non-GAAP financial information

A reconciliation of the Pro Forma profitability to the financial statements and PFI.

Appendix Metroglass Prospective financial information

PFI for the eight months ending 31 March 2015, the year ending 31 March 2015 (**FY15F**) and the six months ending 30 September 2015 (**1H16F**) comprising:

- prospective consolidated statement of comprehensive income;
- prospective consolidated statement of changes in equity;
- prospective consolidated statement of financial position;
- prospective consolidated statement of cash flows;
- a description of the general and specific assumptions on which the PFI has been prepared; and
- an analysis of the sensitivities of the PFI to changes in key assumptions.

9.1 INTRODUCTION TO METROGLASS' FINANCIAL INFORMATION

This Investment Statement contains a description and analysis of Metroglass' industry (see Section 5 *Industry Overview*) and business (see Section 6 *Business Description*). You are strongly encouraged to read those sections in detail, and also Section 8 *What are my risks?*

Certain information included in this section (including EBITDA, Pro Forma EBITDA, EBITA, Pro Forma EBITA, NPATA and Pro Forma NPATA) is non-GAAP financial information. It also includes Pro Forma financial information and profit measures other than net profit for the financial year as reported in the statutory financial statements. The statutory financial statements are prepared in accordance with NZ GAAP and comply with New Zealand equivalents to International Financial Reporting Standards (**NZ IFRS**). You can find an explanation as to why Metroglass uses these measures of financial performance in Section 9.2 *Overview of Metroglass' financial information* under the heading "Explanation of non-GAAP financial information" and a reconciliation of Statutory Net Profit to Pro Forma NPAT, NPATA, EBITA and EBITDA in Section 9.3 *Reconciliation of Non-GAAP Financial Information.*

A summary of how Metroglass makes money

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

Metroglass' core business is the value-added processing of float glass in New Zealand including cutting, shaping, laminating, painting and toughening glass, the manufacturing of DGUs and the glazing (installation) of windows. Metroglass' market includes more than 350 window manufacturers and 750 merchants and glaziers, and a large number of retail consumers.

Metroglass derives revenue from the sale of glass and related services to:

- **Window manufacturers:** Generally a window manufacturer will receive an order for windows from a builder who will then transfer this order onto the value added glass processor of their choice (such as Metroglass). An order is typically for a full house lot of glass (which may include more than 20 windows and additional glass used in showers, splashbacks, mirrors and balustrades) and the window manufacturer will expect delivery of the required DGUs or glass either to their factory or to an end consumer location.
- **Glass merchants and glaziers:** Typically a merchant or a glazier will order glass for on-sale to a smaller window manufacturer, builder or directly to a consumer. They may also install the glass in forms such as windows, doors, balustrades, splashbacks, office partitions and shop

fronts in residential and commercial settings, often as replacements or repairs.

- **Retail customers:** In most markets Metroglass offers glass products and services (typically cut-to-size glass, splashbacks, mirrors and glazing work) direct to retail customers.
- **Retrofit DGU customers:** Generally a consumer will call Metroglass directly for a measure and quote for DGUs to retrofit their existing house. Metroglass will manufacture the units and glaze them directly for the consumer.
- **Other customers:** Metroglass offers other products and services such as glazing services to assist with commercial projects and frameless glass hardware.

As most of Metroglass' sales are through window manufacturers, glaziers, merchants and builders, this means that Metroglass does not know the specific segmentation of its end customer use.

Main drivers of Metroglass' financial performance

The following factors can have a significant impact on the financial performance and net cash flows, but are not an exhaustive list of all relevant factors. This should be read in conjunction with "Trends in revenue, Pro Forma EBITA and statutory net profit" later in this section as well as Section 8 *What are my risks?*

Demand for windows and glass in the market, which in turn is linked to residential and commercial construction

Given Metroglass' high market share and its range of channels to market, its revenue is linked to the general demand for windows and glass in the market, which in turn is driven by residential and commercial construction expenditure. The comparison of Metroglass' historical revenue with nine month lagged new dwellings consents, and also with the value of residential and non-residential Work Put In Place, in Section 5.4 *Forecasts for the New Zealand construction market,* demonstrates this correlation. Metroglass believes that glass is a late cycle construction product (in other words, it is generally installed late in a build process).

As set out in Section 5.4 *Forecasts for the New Zealand construction market*, industry forecasts are for construction expenditure growth in the PFI forecast period. Rolling 12 month new dwellings consents have increased by approximately 18% over the nine months to April 2014 compared with the previous corresponding period. Given the historical relationship between lagged consents and Metroglass' revenue, this supports continued growth of Metroglass revenue in the next 12 months.

There are a number of factors that support continued growth in the construction sector in the medium term including the Christchurch rebuild, the increased level of net migration, the general under-build since the global financial crisis, government policy and a decreasing average number of people per household (see Section 5.3 *Drivers of the New Zealand construction market* for more details).

Capacity to drive efficiency from the site optimisation and capital expenditure programme

Since 1 January 2012, Metroglass has spent approximately $20 million on new capital equipment. This includes spend related to the optimisation and automation of the Christchurch processing site, investment in new technologies (for example, batch laminators), an upgrade of the vehicle fleet and initial deposits on the Auckland site optimisation and consolidation process. Between July 2014 and January 2015 an additional $15 million of capital is expected to be invested, which includes the targeted completion of the Auckland site consolidation and optimisation project (see Section 6.11 *Growth strategy*).

Metroglass believes that this capital expenditure programme will increase its capacity to deal with the expected market growth and generate operational improvement. Early indications from the implementation of the automation processes in Christchurch (completed in December 2013) are that the business should achieve operational improvements over time from both the Christchurch automation and Auckland consolidation and site optimisation project capital expenditure.

Glass and consumables costs

Metroglass purchases glass and other glass consumables (for example to manufacture DGUs) from a variety of European, Asian, American, Australian and New Zealand suppliers. Due to Metroglass' scale, it has historically purchased its raw materials at globally competitive prices which has allowed it to compete in the New Zealand market effectively. Metroglass

has demonstrated its capacity to shift suppliers which has allowed it to negotiate appropriate pricing. Metroglass has in place a foreign exchange hedging policy to protect it from short term movements in foreign exchange rates (see Appendix *Metroglass Prospective Financial Information*).

Glass processing costs

Metroglass employs over 300 personnel in relation to processing glass in its various factories (more than 700 personnel in total). These people are appropriately experienced and trained in the operation of specialist glass processing equipment, including automated machinery.

Distribution and glazing costs

Metroglass' business model relies on being the preferred glass provider to window manufacturers, glaziers and merchants. These customers typically require very fast turnaround of service and Metroglass has built its business model to provide reliable just-in-time service. This focus on customer service requires Metroglass to invest in logistics capabilities (it owns more than 260 service vehicles) and a distribution network (it has 17 sites around New Zealand). Metroglass' glazing installation resources are a key component of its service offering and it considers that they represent a competitive advantage (Metroglass employs more than 150 glaziers). Metroglass has invested in various supply chain elements, including glass trolleys and specialised trucks.

Selling and marketing costs

Metroglass employs a number of customer service and sales staff who are available both to accept orders and to resolve any order or shipping issues as they arise. Metroglass has invested in IT infrastructure that allows customers to electronically submit orders, becoming an efficient part of its customers business models.

9.2 OVERVIEW OF METROGLASS' FINANCIAL INFORMATION

Presented in this section are certain historical and prospective financial information and a description of 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.

The financial information is presented in New Zealand Dollars and is rounded to the nearest thousand (unless stated otherwise), which may result in some minor discrepancies between the sum of components and totals within tables, and also in certain percentage calculations.

If you do not understand the information in this section, you should consult a financial adviser.

Financial information presented

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

- **Statutory historical financial information** as reported in Metroglass' financial statements.
- **Pro Forma historical financial information** adjusts the statutory historical financial results to reflect publicly listed company costs and to exclude certain costs relating to the Auckland site consolidation and optimisation project.
- **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 remove certain costs relating to the Auckland site consolidation and optimisation project, and to remove the costs associated with the Offer process. The Pro Forma PFI also presents the Pro Forma financial information for the 12 months ending 31 March 2015.

In addition, forecast Pro Forma profitability for the 12 month period ending 30 September 2015 (**12M Sept 15F**) is provided as additional information. This information represents the Pro Forma prospective financial information for the six months ending 30 September 2015 (**1H16F**) and the six months ending 31 March 2015, which has been extracted from the prospective financial information for the 12 months ending 31 March 2015.

The Pro Forma prospective financial information for the 12 months ending 30 September 2015 has been provided as additional information to show the readers the 1H16F six month period as part of a full 12 calendar month period. As there is a degree of seasonality in the business, this additional disclosure will enable readers to better compare the period ending 30 September 2015 with the historical Pro Forma financial information presented for FY12, FY13 and FY14 and the prospective Pro Forma financial information for FY15F.

PRO FORMA FINANCIAL INFORMATION

Unless otherwise noted, all of the financial information presented in this document is shown on a Pro Forma (**PF**) basis. Metroglass believes this Pro Forma information more closely reflects the Metroglass Group's post-Offer organisation and provides a better basis for investors to assess both historical and prospective financial information. Metroglass has made Pro Forma adjustments for Auckland plant and lease costs, forecast one-off listing costs and forecast publicly listed company costs. For a full explanation of the term Pro Forma, the adjustments Metroglass has made to its financial information and why these adjustments have been made, please see page 53 under the heading "Explanation of non-GAAP financial information".

OVERVIEW OF FINANCIAL INFORMATION

The following non-GAAP financial information represents historical and prospective financial information that has been adjusted for specific items to assist potential investors with comparing profitability on a consistent basis. It is provided in addition to the statutory information required for the PFI set out in the Appendix *Metroglass Prospective Financial Information*.

This selected information is provided in addition to the financial information disclosure required under the Securities Regulations to help readers understand the drivers of financial performance. Set out in Section 9.3 *Reconciliation of Non-GAAP financial information* is a reconciliation of non-GAAP profitability to historical and prospective financial information, with a description of the various adjustments following.

PRO FORMA CONSOLIDATED INCOME STATEMENT

$000s	FY12	FY13	FY14	FY15F	1H16F	12M Sept 15F
	12 months ended 31 March 2012	**12 months ended 31 March 2013**	**12 months ended 31 March 2014**	**12 months ending 31 March 2015**	**6 months ending 30 Sep 2015**	**12 months ending 30 Sep 2015**
Sales	**126,865**	**135,612**	**155,374**	**171,880**	**94,081**	**182,308**
Cost of goods sold	71,047	69,986	74,871	81,787	44,005	86,014
Gross Margin	**55,818**	**65,626**	**80,503**	**90,093**	**50,076**	**96,293**
Gross Margin %	*44.0%*	*48.4%*	*51.8%*	*52.4%*	*53.2%*	*52.8%*
Distribution and glazing related expenses	24,486	24,524	26,731	28,696	16,381	30,567
Selling and marketing expenses	6,980	6,711	7,378	8,586	4,601	8,902
Administration expenses	15,306	16,628	19,283	19,645	9,957	19,975
Total Operating Expenditure	**46,772**	**47,863**	**53,392**	**56,928**	**30,940**	**59,444**
Pro Forma EBITA	**9,046**	**17,763**	**27,111**	**33,165**	**19,136**	**36,849**
Depreciation	5,906	4,572	4,420	4,372	3,135	5,609
Pro Forma EBITDA	**14,952**	**22,335**	**31,531**	**37,537**	**22,271**	**42,459**
Pro Forma EBITDA %	*11.8%*	*16.5%*	*20.3%*	*21.8%*	*23.7%*	*23.3%*
Depreciation				(4,372)	(3,135)	(5,609)
Pro Forma Interest Expense				(3,189)	(1,594)	(3,189)
Interest income				96	69	128
Pro Forma NPBTA				**30,073**	**17,611**	**33,789**
Tax				(8,420)	(4,931)	(9,461)
Pro Forma NPATA				**21,652**	**12,680**	**24,328**
NPAT (Statutory)	**8,773**	**8,263**	**11,951**	**14,331**	**12,117**	**21,167**

Notes

Pro Forma financial information: The Pro Forma financial information should be read in conjunction with the notes and discussion accompanying this section, including the explanation of the Pro Forma adjustments in Section 9.3 *Reconciliation of Non-GAAP financial information* and Appendix *Metroglass Prospective Financial Information*.

FY12 Pro Forma financial information: Metroglass Holdings was incorporated on 8 November 2011 as the ultimate parent of the group of companies that acquired Metropolitan Glass and Glazing Limited and associated companies. That acquisition was completed on 31 January 2012. As such, Pro Forma results, including the results for the period 1 April 2011 to 31 January 2012 for the predecessor entity have been included in order to present the full 12 month period for FY12 (see Section 9.3 *Reconciliation of Non-GAAP financial information).*

FY15F Pro Forma financial information: Metroglass was incorporated on 30 May 2014, and is not expected to commence business until 29 July 2014. Therefore, the results for FY15F will only include 8 months of trading. The forecast Pro Forma financial results for FY15F have been restated to assume that incorporation was on 1 April 2014.

12M Sept 15F: Forecast Pro Forma profitability for the 12 month period ending 30 September 2015 (**12M Sept 15F**) is provided as additional information.

Cost of goods sold: This includes the cost of raw materials consumables and all processing costs including labour, factory management, other factory costs and factory depreciation.

Distribution and glazing related expenses: This includes costs related to logistics and transportation, including depreciation and the costs associated with glazing (installation) and glazing support.

Selling and marketing expenses: This includes sales and customer service staff and advertising.

Administration expenses: This includes branch and head office administration and all corporate costs including Director's fees.

Pro Forma interest: Pro Forma interest relates to the interest charge that will be incurred under the New Banking Facilities (see Appendix *Metroglass Prospective Financial Information*).

Depreciation: This includes depreciation of property, plant and equipment, and the amortisation of computer software.

Explanation of non-GAAP financial information

Metroglass' financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards (**NZ IFRS**) and other applicable Financial Reporting Standards, as applicable for profit-orientated entities. The consolidated financial statements also comply with International Financial Reporting Standards (**IFRS**). Metroglass monitors its profitability using the non-GAAP financial measures of NPATA, EBITA and EBITDA. The use of these measures removes the effects of amortisation, the Metroglass Group's capital structure and tax position and the impact of a range of non-cash items (depreciation (for EBITDA), amortisation, revaluations (when they occur), fair value movements in financial instruments and other gains or losses). A reconciliation between NPATA, EBITA, EBITDA and NPAT is presented in Section 9.3 *Reconciliation of Non-GAAP financial information*.

The measures are not defined by NZ GAAP, IFRS, or any other body of accounting standards and therefore Metroglass' 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 Metroglass' financial information, should not be considered in isolation and are not substitutes for those measures.

EBITA, Pro Forma EBITA, EBITDA, Pro Forma EBITDA

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

EBITDA is earnings before net finance expense, tax, depreciation of tangible assets and amortisation of intangibles.

Pro Forma EBITA and Pro Forma EBITDA are non-GAAP profit measures which reflect a number of historical and prospective Pro Forma adjustments (see Section 9.3 *Reconciliation of Non-GAAP financial information*).

Metroglass uses EBITA to evaluate the operating performance over time without the impact of non-cash amortisation, capital structure and tax position. Metroglass also uses EBITDA to evaluate the operating performance over time without the impact of depreciation, non-cash amortisation, capital structure and tax position.

Metroglass considers that both EBITA and EBITDA allow for better comparison of operating performance with that of other companies than do NZ GAAP measures that include these items, although caution should be exercised as other companies may calculate EBITA and EBITDA differently.

NPATA or Net Profit after tax before amortisation

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

Metroglass considers that NPATA allows better comparison of underlying profitability with that of other companies as it excludes the amortisation of acquisition related intangibles, resulting from acquisition accounting effected in 2012.

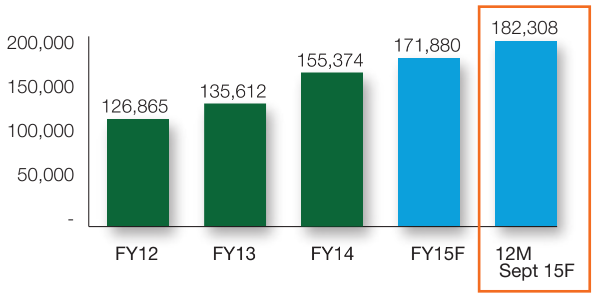
Metroglass' dividend policy is based on 55% to 75% of NPATA as Metroglass believes NPATA better reflects the underlying profitability and cash generation of Metroglass than does statutory net profit. Metroglass' dividend policy is described in detail in Appendix *Metroglass Prospective Financial Information* of this Investment Statement under the heading "Dividends".

Trends in revenue, Pro Forma EBITA and statutory net profit

The charts below summarise the movements in revenue and Pro Forma EBITA over FY12, FY13 and FY14, the PFI for FY15F and additional forecast information relating to the 12 month period ending 30 September 2015.

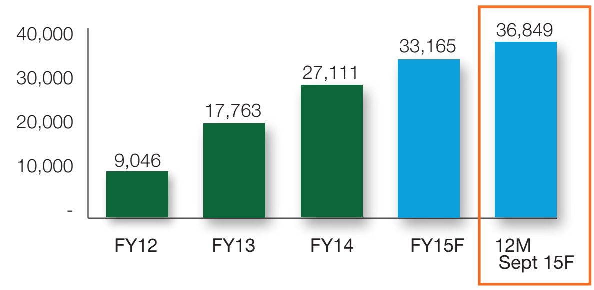
SALES TRENDS

($000s)



PRO FORMA EBITA TRENDS

($000s)



Overview of historical revenue and Pro Forma EBITA for FY12

FY12 was a year of significant change for Metroglass for two reasons. Firstly, the full negative effects of the February 2011 Christchurch earthquake impacted the financial results. Also, the recapitalisation of the business was completed, which led to a change in the ownership of Metroglass in January 2012. There were no prior comparable financial results to FY12 for Metroglass Holdings, which was a new company established in November 2011. Key factors that affected the FY12 Revenue and Pro Forma EBITA result included:

- significant softness in the Christchurch construction market and generally throughout New Zealand. The total number of consents (on a nine month lagged basis) in

FY12 was 13,539, compared to 16,167 in FY11. This was driven by a lack of building activity in the Christchurch area following the February 2011 earthquake and the aftershocks that occurred in the region;

- Metroglass' decision to maintain its workforce and operating cost structure despite the lower sales achieved. This was driven by the belief that there was value in retaining Metroglass' skilled workforce in preparation for the future rebuild in Christchurch and expected rebound in the building and construction market generally; and
- continued shift towards DGU penetration in the Upper North Island of New Zealand. This allowed Metroglass to partly offset the impact to revenue which resulted from a reduction in consents.

From January 2012, Metroglass commenced a number of initiatives that would materially affect the FY13 financial results. These initiatives included:

- renegotiation of supply arrangements to take effect at various points over the first half of FY13 which reduced the costs of glass and consumables;
- closure of one site in Auckland and the formulation of the plan for consolidation of all sites in Auckland;
- an accelerated capital expenditure plan to prepare the business for the anticipated rebound in the residential and commercial construction markets; and
- recruitment of additional management resources.

Overview of historical revenue and Pro Forma EBITA for FY13 compared to FY12

Pro Forma EBITA increased by 96.4% to $17.8 million, primarily due to an increase in revenue of 6.9% to $135.6 million, and an improvement in gross margin by 4.4% from 44.0% to 48.4%. This was offset by an increase in operating expenditure of $1.1 million. Key factors that affected the FY13 Revenue and Pro Forma EBITA results included:

- the nine month lagged consents increased from 13,539 to 15,414, an increase of 1,875 consents. This increase in residential building activity led to an increase in demand for windows, which in turn was the primary driver of an $8.7 million increase in revenue. Metroglass believes that the increase in revenue in FY13 was primarily driven by growth in residential demand rather than in commercial demand. Growth was also supported by price increases from September 2012;
- the part year flow through of the renegotiated supply agreements into the gross margin. These new contracts related to both glass and consumables purchasing; and
- the increase in operating costs by $1.1 million, which was driven by an increase in management expenses related to a new Chief Executive Officer being recruited (in September 2012) and changes to the Road User Charge billing methodology in FY13. Relatively high operating costs to revenue in FY12 meant the increase in operating costs to FY13 was relatively low.

Other material factors that occurred in FY13 included:

- an investment of approximately $1.0 million in the upgrade of various machinery at the Wellington site and $1.5 million at the Christchurch site; and
- the announcement of the Christchurch Central Recovery Plan (30 July 2012) which paved the way for increased activity related to the Christchurch rebuild by providing a framework for redeveloping the city area that incorporated changes to zoning.

Overview of historical revenue and Pro Forma EBITA for FY14 compared to FY13

Pro Forma EBITA increased by 52.6% to $27.1 million, primarily due to growth in revenue of 14.6% to $155.4 million and an improvement in gross margin by 3.4%, from 48.4% to 51.8%. This was offset by an increase in operating expenditure of $5.5 million. Key factors that affected the FY14 Revenue and Pro Forma EBITA results included:

- the nine month lagged consents increased from 15,414 to 18,783, an increase of 3,369 consents. This increase in residential building activity led to an increase in demand for windows, which in turn was the primary driver of a $19.8 million increase in revenue. Metroglass believes that the increase in revenue in FY14 was primarily driven by growth in residential demand rather than growth in commercial demand. Growth was also supported by price increases from August 2013;
- the full year flow-through of the renegotiated supply agreements into the gross margin. These new contracts related to both glass and consumables purchasing; and
- the significant increase in operating expenditure was driven by increased labour and subcontractors to support higher volumes. Additionally Metroglass invested in increased management strength, including the full year effects of a new Chief Executive Officer, a new Chief Financial Officer and investing in additional operational and management resources to assist in managing the expected growth in the market.

Other material factors that occurred in FY14 included:

- an investment of $4.8 million in the automation of the Christchurch site and a $2.7 million investment in other capital expenditure including laminating machines and $0.5 million in IT upgrades; and
- a rebranding of the business to Metro Performance Glass (for production sites) and Metro Direct (for distribution sites) throughout the country.

Overview of prospective revenue and Pro Forma EBITA for FY15F and 1H16F compared with FY14 and 1H15F respectively

In FY15F, Pro Forma EBITA is expected to increase by 22.3% to $33.2 million, primarily due to growth in revenue of 10.6% to $171.9 million and an improvement in gross margin by 0.6% from 51.8% to 52.4%. This is offset by an increase in operating expenditure of $3.5 million.

In 1H16F, Pro Forma EBITA is expected to increase by 23.8% to $19.1 million, primarily due to growth in revenue of 12.5% to $94.1 million and the continued improvement in gross margin by 0.8% from 52.4% to 53.2%. This is expected to be offset by an increase in operating expenditure of $2.5 million.

Key factors that are expected to affect the FY15F and 1H16F Revenue and Pro Forma EBITA results include:

- the nine month lagged consents are forecast to increase from 18,783 to 23,560, an increase of 4,777 for the year ending 31 March 2015. The May 2014 level of consents is currently 22,849, which provides support for the forecast level of nine month lagged consents. It is assumed that this level of increased residential demand will lead through to increased demand for Metroglass products and services, and is the primary driver of an increase in forecast revenue. In addition, due to the Christchurch rebuild, there is forecast growth in commercial building in FY15F and 1H16F;
- operational improvements as a result of the automation of the Christchurch plant, resulting in reduced headcount and labour hours which will improve the gross margin during FY15F;
- operational improvements as a result of the Auckland site consolidation and optimisation project, resulting in reduced headcount and labour hours which will start to phase in during 1H16F, which is offset by the increased depreciation;
- an increase in operating expenditure (6.6% in FY15F, 8.9% in 1H16F) relating primarily to an increase in labour and subcontracting costs to support higher volumes and cost inflation. Administration expenses are expected to increase in FY15F as Metroglass introduces a management training programme to enhance management capabilities; and
- growth is also expected to be supported by a price increase across all regions that is partly offset by cost increases on certain raw materials.

Other material factors assumed to occur in FY15F include:

- an investment of $17.2 million as a result of the Auckland site consolidation and optimisation project, and $5.3 million of other capital equipment.

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 in nature and interest and tax costs. The more significant differences are explained below:

- FY13 Net Profit of $8.3 million was 5.8% down on FY12 due to a tax expense of $3.0 million, after a tax benefit of $0.2 million was received in FY12. The difference in tax was largely due to taxable profit in FY12 being offset by losses incurred by the predecessor financing company. The results were also impacted by an increase in interest expense (from $1.1 million to $5.8 million) following the introduction of $80.0 million of debt into the business as a result of the business recapitalisation. Offsetting the tax and interest was an increase in Pro Forma EBITA as discussed above.
- FY14 Net Profit of $12.0 million was 44.6% higher than that for FY13, driven by the increase in revenue and Pro Forma EBITA discussed above, offset by the tax effect of this growth. Net profit was also impacted by a lease cost provision ($3.0 million) and an asset impairment ($1.5 million) which is not included in Pro Forma EBITA (see Section 9.3 *Reconciliation of Non-GAAP financial information*).
- Forecast FY15F Net Profit of $14.3 million is expected to be 19.9% higher than that for FY14, driven by the increases in revenue and Pro Forma EBITA discussed above. Offsetting this growth is the impact of the Auckland site consolidation and optimisation costs ($2.9 million) and one-off Listing costs ($3.9 million) which are discussed in Section 9.3 *Reconciliation of Non-GAAP financial information*.
- Forecast 1H16F Net Profit of $12.1 million is expected to be 129.4% higher than that for 1H15F. Excluding abnormals included in 1H15F, the Net Profit is expected to increase by 32.5%, resulting from the revenue and Pro Forma EBITA movements discussed above.

Overview of the effect of foreign exchange

Metroglass' earnings are exposed to movements in the New Zealand Dollar (**NZD**) / United States Dollar (**USD**) exchange rate as a significant proportion of Metroglass' raw material purchases are denominated in USD. The appreciation of the NZD relative to the USD has contributed to a reduction in the average cost of glass over the historical period. Metroglass hedges its estimated foreign currency exposure out 12 months on a rolling basis. For FY15F approximately 68% of glass purchases are covered by USD forward exchange contracts at average rates of USD0.793/NZD1.00.

9.3 RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

Set out below is a reconciliation of non-GAAP profitability (set out in Section 9.2 *Overview of Metroglass' financial information*) to historical and prospective financial information together with a description of the various adjustments following.

EBITA and EBITDA are key metrics which management monitor to operate the business.

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

$000s	Notes/Pro Forma adjustment	FY12	FY13	FY14	8M15F	1H16F
		12 months ended 31 March 2012	12 months ended 31 March 2013	12 months ended 31 March 2014	8 months ending 31 March 2015	6 months ending 30 Sep 2015
Reported NPAT	(A)	**8,773**	**8,263**	**11,951**	**9,410**	**12,117**
Intangible amortisation (tax effected)	(B)	174	1,044	1,044	696	522
Reported NPATA		**8,947**	**9,307**	**12,995**	**10,106**	**12,639**
Net financing costs		1,037	5,536	4,850	1,948	1,582
Income tax expense (benefit)	(B)	(114)	3,445	5,457	5,433	4,915
Reported EBITA		**9,871**	**18,287**	**23,302**	**17,487**	**19,136**
Depreciation		5,906	4,572	4,420	3,130	3,135
EBITDA		**15,776**	**22,859**	**27,722**	**20,618**	**22,271**
Four month trading pre-IPO	(1)	-	-	-	10,128	-
Listing costs	(2)	-	-	-	3,864	-
Incremental public company costs	(3)	(825)	(524)	(668)	(12)	-
Costs associated with the Auckland Site Optimisation:						
Auckland site optimisation one-off costs	(4)	-	-	-	2,940	-
Fixed asset impairment	(5)	-	-	1,523	-	-
Lease cost provision	(6)	-	-	2,954	-	-
Total adjustments		**(825)**	**(524)**	**3,809**	**16,919**	**-**
Pro Forma EBITDA		**14,952**	**22,335**	**31,531**	**37,537***	**22,271**
Pro Forma EBITA		**9,046**	**17,763**	**27,111**	**33,165***	**19,136**

* For the 12 months ending 31 March 2015 (the aggregate of the "Four month trading pre-IPO" added at note (1) and the eight months trading ending 31 March 2015).

Notes:

(A) **FY12 Reported NPAT -** Metroglass Holdings was incorporated on 8 November 2011 as the ultimate parent of the group of companies that acquired Metropolitan Glass and Glazing Limited and associated companies. The acquisition was completed on 31 January 2012. As such, the reported NPAT was for a two month period only and represented a loss of $0.5 million. The reported NPAT of $8.8 million shown in the table above assumes the acquisition took place on 1 April 2011 in order to present the financial results on a comparable basis to later years. A reconciliation is provided below under the heading "Consolidated Income Statement - FY12".

(B) **Intangible amortisation and Income tax expense (benefit) -** Intangible amortisation relates to the amortisation of customer relationships. The income tax expense (benefit) excludes the impact of the tax effect on amortisation (used in the calculation of NPATA). The impact is $0.1 million in FY12, $0.4 million in FY13 and FY14, $0.3 million in 8M15F and $0.2 million in 1H16F.

Explanations of Pro Forma adjustments

1. Four month trading pre-IPO: This reflects the actual results for April 2014, and the PFI for the months of May, June and July 2014 which, when taken together with the eight months PFI following the Listing Date, allow presentation of the Pro Forma EBITDA for the 12 month period ending 31 March 2015.

2. Listing costs: Total expenses of the Offer are estimated at $10.9 million, of which $3.9 million (non tax deductible) is expensed in the statutory forecast results. The remaining $7.0 million is directly attributable to the issue of Shares and will be offset against equity raised in the Offer.

3. Incremental public company costs: An adjustment has been made to include an estimate of the incremental annual costs that will be incurred as a listed public company. These incremental costs include Director remuneration, additional audit and tax costs, Listing fees, share registry fees, Directors' and officers' insurance premiums, investor relations, company secretarial costs, as well as annual general meeting and annual report costs.

4. Auckland site consolidation and optimisation one-off costs: The Auckland site consolidation and optimisation project has been described in detail in Section 6 *Business Description*. The one-off costs associated with the project include assumptions with regards to duplicated rent costs, make good costs, redundancy costs and equipment relocation costs.

Six months of rental overlap is expected from the time Metroglass starts paying the Highbrook Business Park lease (October 2014) to the time all facilities are moved (expected in March 2015). The lease incentive agreed with the Highbrook landlord has been recorded as a reduction in the rent charge over the term of the lease.

Metroglass has estimated make good costs for the exit of existing sites.

As a result of increased automation and the removal of duplicated services, increased operating efficiencies are expected during 1H16F. This may require some redundancy expenses, however, these costs have been provisioned for in FY15F.

5. Fixed asset impairment: In moving to the new premises at Highbrook, a number of assets will not be transferred and as such have been written off. This amount has been extracted from the audited financial statements of Metroglass Holdings.

6. Lease cost provision: The relocation from the existing Auckland premises will result in the Metroglass Group exiting a number of certain leases. This resulted in a lease termination provision being recorded in FY14. This amount has been extracted from the audited financial statements of Metroglass Holdings.

Reconciliation of FY12 extracted financial information

Metroglass Holdings (**MHL**) was incorporated on 8 November 2011, as the ultimate parent of the group of companies that acquired Metropolitan Glass and Glazing Limited (**MGGL**) and associated companies. That acquisition was completed on 31 January 2012. As such, Pro Forma results, including the results for the period 1 April 2011 to 31 January 2012 for the predecessor entity, have been included in order to present the full 12 month period in FY12. The financial information has been extracted as follows:

- audited financial statements for Metroglass Holdings for the two months ended 31 March 2012; and
- unaudited Metropolitan Glass and Glazing Limited management accounts for the ten months ended 31 January 2012.

The FY12 Pro Forma financial information does not include the results for New Zealand Glass Investment Company Limited, which was the predecessor financing company. For the ten month period ended 31 January 2012 this company made a net loss of $24.4 million relating to interest and bank restructuring payments. Given the change in the financing structure of Metroglass Holdings from 31 January 2012, this information has been excluded.

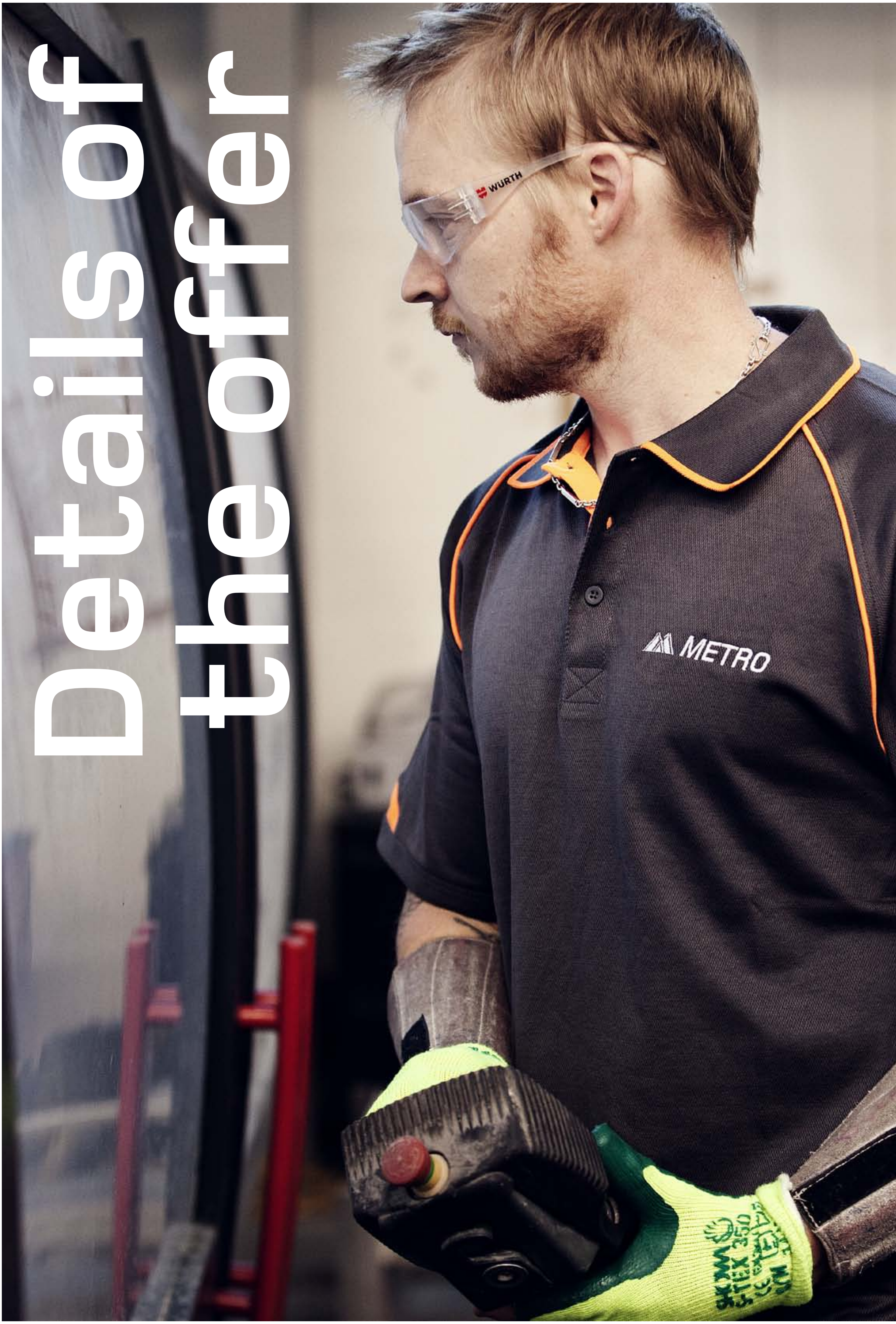
In FY14, the Statutory Accounts were reformatted from a 'nature of expenses' classification to a 'function of expense' classification as this better reflects current internal and industry reporting. As a result in FY12 expenditure items in the Statutory Accounts were not classified on a consistent basis with those used in the Pro Forma consolidated income statement. The FY12 Pro Forma expense classifications have therefore been extracted from the relevant management accounts.

CONSOLIDATED INCOME STATEMENT – FY12

$000s	Audited MHL two months ended 31 March 2012	Unaudited MGGL 10 months	MHL 12 months ended 31 March 2012
Sales revenue	**21,543**	**105,322**	**126,865**
Operating expenditure	20,851	96,091	116,942
Other (gains) / losses, net	52	-	52
Finance costs	981	151	1,132
Finance income	(23)	(72)	(95)
Amortisation of intangibles	322	(80)	242
Profit (loss) before income taxation	**(640)**	**9,232**	**8,592**
Income taxation expense (benefit)	(181)	-	(181)
Profit (loss) for the period	**(459)**	**9,232**	**8,773**

Note: No tax expense was recorded in Metroglass Glass and Glazing Limited in the 10 months to 31 January 2012, as the taxable profit was offset by the losses incurred by New Zealand Glass Finance Company Limited.

Details of the offer



10.1.THE OFFER

The Offer is made by Metroglass on the terms, and is subject to the conditions, set out in this Investment Statement and the Prospectus. This section summarises the key terms of the Offer. Those terms are set out in more detail in Section 10 *Details of the Offer* of the Prospectus.

The Offer is fully underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement (see Section 12.17 *Material Contracts* of the Prospectus for a summary of the terms of the Underwriting Agreement).

The Offer is an offer of 143.7 million Offer Shares to be issued by Metroglass. The Offer Shares will be offered to Retail Investors and Institutional Investors at the Offer Price of $1.70 per Offer Share. On allotment, all Offer Shares will be fully-paid ordinary shares which rank equally with each other and all other Shares.

Size of the Offer

The Offer comprises an offer by Metroglass of 143.7 million Offer Shares. The gross proceeds from the Offer will be $244.2 million.

In addition, 41.4 million Consideration Shares[25] will be issued by Metroglass to the Selling Shareholders and Senior Management in connection with the Acquisition.

Upon completion of the Transaction, there will be 185.0 million Shares on issue.

Structure of the Offer

The Offer comprises:

- the Retail Offer, which consists 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
  - Australian resident clients of Brokers who have received an allocation from that Broker; and
  - the Employee Offer which is available to Eligible Employees and Directors (or their nominees), up to a maximum of 0.6 million Offer Shares[26]; and
- 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 general public offer. Members of the public wishing to subscribe for Offer Shares under the Offer must do so through a NZX Firm (or, if in Australia, through a Broker) with a Firm Allocation.

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 Metroglass, having consulted with the Joint Lead Managers and having regard to the allocation policies outlined under the headings *"Allocation Policy under the Broker Firm Offer", "Allocation Policy under the Employee Offer"* and *"Allocation Policy under the Institutional Offer"* below.

How much do I pay?

You will pay the Offer Price in full, being $1.70 per Offer Share.

The Application Form requires that you apply for a specified number of Offer Shares at the Offer Price.

The minimum Application amount for the Retail Offer is 1,176 Offer Shares, which equates to a minimum aggregate subscription amount of $2,000. Metroglass reserves the right to accept Applications for less than $2,000.

Refunds and rounding

If the Offer or any part of it is withdrawn, then the relevant Application Monies will be refunded without interest to the relevant Applicant by no later than five Business Days after the decision to withdraw the Offer is announced.

If the total dollar amount of the Offer Shares you apply for and the value (based on the Offer Price) of the Offer Shares you receive differs by more than the Offer Price due to scaling of your Application, this difference will be refunded to you (without interest) no later than five Business Days after the Allotment Date. If this difference is less than the Offer Price, it will be retained by Metroglass.

If you apply for a total Application amount that is not a multiple of the Offer Price, your Application will be rounded down to the nearest multiple of the Offer Price and any difference will be retained by Metroglass.

Refunds will be paid in the manner you elect any future dividend payments to be paid on the Application Form.

Current shareholding and ownership structure

The Selling Shareholders and Senior Management presently hold 100% of the shares in Metroglass Holdings.

Each of the Selling Shareholders is intending to realise a portion of their investment in Metroglass in connection with the Offer. The consideration payable to such remaining Selling Shareholders in connection with the Acquisition will be payable partly in cash from the proceeds of the Offer and partly by the issue of Consideration Shares. The consideration split between cash and Consideration Shares for each such Selling Shareholder has been determined under the Selling Shareholder Acquisition Agreement.

Senior Management are intending to realise 25% of their investment in Metroglass through the Acquisition. The consideration payable to Senior Management in connection with the Acquisition will be payable partly in cash from the proceeds of the Offer and partly by the issue of 7.1 million Consideration Shares as determined under the Senior Management Acquisition Agreement.

[25] For the purposes of NZX Listing Rule 7.1.8 this represents 22.4% of the total Shares that Metroglass will have on issue following the Offer.

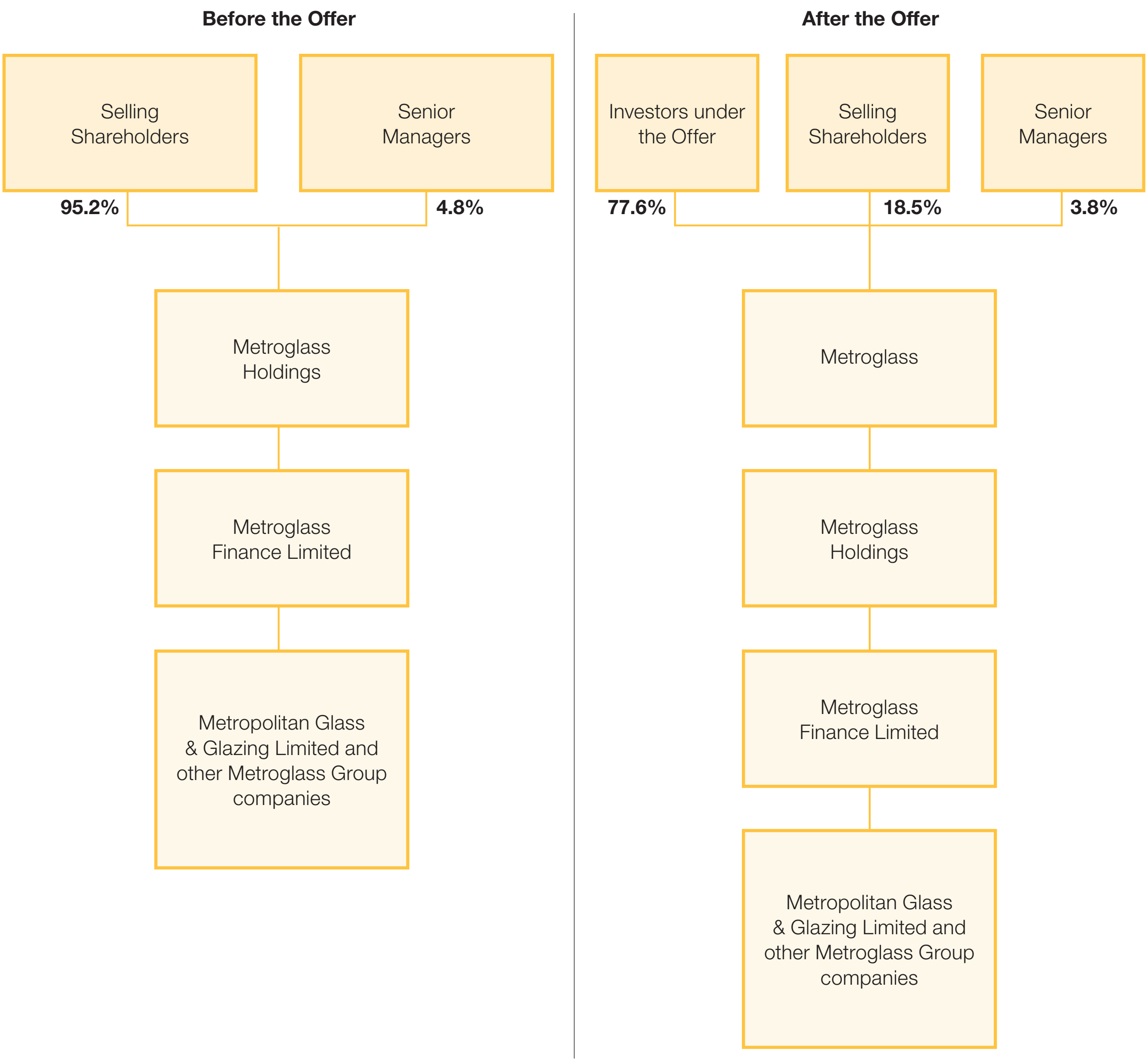
[26] For the purposes of NZX Listing Rule 7.1.8 this represents a maximum of 0.3% of the total Shares that Metroglass will have on issue following the Offer, which have been reserved for any person resident in New Zealand who Metroglass determines is an Eligible Employee or is a Director (or their nominees).

Following completion of the Offer and the Acquisition:

- the sole shareholder of Metroglass Holdings will be Metroglass;
- the Selling Shareholders and Senior Management will cease to hold any shares in Metroglass Holdings;
- the Shareholders of Metroglass will be:
  – investors who subscribe for Offer Shares under the Institutional Offer and the Broker Firm Offer;
  – Eligible Employees and Directors (or their nominees) who subscribe for Offer Shares under the Employee Offer; and
  – Selling Shareholders and Senior Management who are issued Consideration Shares under the Acquisition.

On completion of the Offer, the Selling Shareholders will have no shareholders' agreement or other arrangements between them in respect of the Shares they hold.

The following structure diagrams show the shareholding structure of the Metroglass Group before and after the Offer (ownership interests are 100% unless marked).



The table below illustrates the ownership structure of the Group immediately prior to the Offer and upon completion of the Transaction (following allotment of the Offer Shares and the Consideration Shares).

	Ownership of Metroglass Holdings immediately prior to completion		Indicative ownership of Metroglass following completion[3]	
Shareholder	**Shares (millions)**	**%**	**Shares (millions)**	**%**
Selling Shareholders				
Crescent Capital Partners Management Pty Limited as trustee for Crescent Capital Partners Trust IIIA	18.5[1]	16.3%	5.9	3.2%
Crescent Capital Partners Management Pty Limited as trustee for Crescent Capital Partners Trust IIIB	18.5[1]	16.3%	5.9	3.2%
Crescent Capital Partners III (Belgium) BVBA	11.3[1]	9.9%	3.6	1.9%
Sankaty Credit Opportunities III, L.P.	4.2	3.7%	1.3	0.7%
Sankaty Credit Opportunities IV, L.P.	3.4	3.0%	1.1	0.6%
Sankaty Credit Opportunities (Offshore Master) IV, L.P.	4.4	3.8%	1.4	0.7%
Deutsche Bank AG, London Branch	2.1	1.9%	0.7	0.4%
J.P. Morgan Special Opportunities (Delaware) II LLC	12.4	10.9%	3.9	2.1%
Portigon AG	11.9	10.5%	3.8	2.0%
AIO Finance (Ireland) Limited	15.7	13.8%	5.0	2.7%
AIO II Finance (Ireland) Limited	5.2	4.6%	1.7	0.9%
AIO III Finance (Ireland) Limited	0.6	0.5%	0.2	0.1%
Senior Management				
Nigel Rigby	4.0[2]	3.5%	5.1	2.8%
David Carr	1.0[2]	0.9%	1.3	0.7%
Geoff Rasmussen	0.5[2]	0.4%	0.6	0.3%
Other shares issued				
New Shareholders pursuant to the Offer	-	-%	143.7	77.6%
Total	**113.8**	**100.0%**	**185.0**	**100.0%**

Note 1: These entities currently hold a combination of ordinary shares and "B shares" in Metroglass Holdings. The B shares will convert into ordinary shares in Metroglass Holdings pursuant to a formula set out in a shareholders' agreement between the Selling Shareholders before the allotment of Offer Shares pursuant to the Offer. For ease of comparison, this table reflects the position as if this conversion had already taken place.
Note 2: These Senior Managers currently hold "C shares" in Metroglass Holdings. The C shares will convert into ordinary shares in Metroglass Holdings upon their acquisition by Metroglass at completion of the Offer on a one-for-one basis. For ease of comparison, this table reflects the position as if this conversion had already taken place.
Note 3: Under the Selling Shareholder Acquisition Agreement affiliated shareholder groups (e.g., the three Crescent entities identified in the table above), may allocate Consideration Shares in different numbers as between them, provided that the aggregate shareholdings of each affiliated shareholder group will not be different from that set out above.

10.2 INTERESTED PERSONS

A number of Metroglass' 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 in Metroglass Holdings prior to the Offer	Total interest in Metroglass after the Offer
Neville Buch (Director of Metroglass and director of Crescent Capital Management Partners Pty Limited)	Crescent Capital Partners Management Pty Limited as trustee or Crescent Capital Partners Trust IIIA	16.3%[1]	3.2%
	Crescent Capital Partners Management Pty Limited as trustee for Crescent Capital Partners Trust IIIB	16.3%[1]	3.2%
	Crescent Capital Partners III (Belgium) BVBA	9.9%[1]	1.9%
Nigel Rigby (Director and Chief Executive Officer)	Nigel Rigby	3.5%[1]	2.8%
David Carr (Chief Financial Officer)	David Carr	0.9%[1]	0.7%
Geoff Rasmussen (General Manager, Operations)	Geoff Rasmussen	0.4%[1]	0.3%

Note 1: This number assumes any C and B class shares, which will convert to ordinary shares before the allotment of Offer Shares pursuant to the Offer, have converted to ordinary shares in Metroglass Holdings

In addition, each of Sir John Goulter KNZM, JP, Russell Chenu and Willem Roest intend to apply for Offer Shares under the Offer. At this stage, their respective applications are expected to be for 20,000, 25,000 and 25,000 Offer Shares.

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

Nigel Rigby, David Carr and Geoff Rasmussen have agreed with Metroglass that, following completion of the Offer, they will not sell any shares for a period after the Listing Date. These restrictions are subject to certain customary exceptions. For further information on these escrow arrangements, and those that apply to the Selling Shareholders, please see further details in Section 10.14 *Escrow arrangements* of the Prospectus.

In addition, a portion of each of Nigel Rigby, David Carr and Geoff Rasmussen's holdings of Shares after the Offer will be subject to certain additional restrictions pursuant to the Senior Management Shareholding Plan (as described in Section 7.7 *Executive remuneration of the Prospectus*).

10.3 RETAIL OFFER

	Broker Firm Offer	Employee Offer
Who may apply	In New Zealand, the Broker Firm Offer is open to persons who have received an allocation from their NZX Firm and who are residents of New Zealand. If you have been offered an allocation by an NZX Firm having a Firm Allocation, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your NZX Firm to determine whether they may allocate Offer Shares to you under the Broker Firm Offer. In Australia, the Broker Firm Offer is open to persons who have received an allocation from their Broker and who are residents of Australia. If you have been offered an allocation by a Broker having a Firm Allocation, you will be treated as an Applicant under the Broker Firm Offer 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.	The Employee Offer is open to Metroglass Directors and Eligible Employees (or their nominees). For example, an eligible Director or employee can apply through a company or a family trust. Offer Shares will not be allotted to any Applicant under the Employee Offer if that Applicant has given or received notification of termination of employment on or before 5.00pm on the Closing Date. All Applications made under the Employee Offer will be reviewed by Metroglass prior to the Share Registrar accepting such Applications. Up to 0.6 million Offer Shares have been reserved for the Employee Offer. Applicants under the Employee Offer may also apply for Offer Shares under the Broker Firm Offer, in which case a separate Broker Firm Application Form must be completed.
How to apply	Investors who have received an allocation of Offer Shares in the Broker Firm Offer must follow instructions provided by their NZX Firm or Broker. Those Applicants must complete the blue Broker Firm 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 a Broker Firm Application Form. Please contact your NZX Firm or Broker if you require further instructions. Any Broker Firm Application Form must be stamped by an NZX Firm or Broker so that the correct allocation of Offer Shares is received.	Complete the yellow Employee Offer Application Form provided to you by Metroglass. By making an Application, you declare that you were given a copy of this Investment Statement, together with an Employee Offer Application Form.
Minimum and maximum Application amount	Amounts will be determined by your NZX Firm or Broker. However, the minimum Application amount under the Broker Firm Offer is 1,176 Offer Shares ($2,000). If you apply for a total Application amount that is not a multiple of the Offer Price, your Application will be rounded down to the nearest multiple of the Offer Price and any difference will be retained by Metroglass.	The minimum Application amount under the Employee Offer is 1,176 Offer Shares ($2,000). If you apply for a total Application amount that is not a multiple of the Offer Price, your Application will be rounded down to the nearest multiple of the Offer Price and any difference will be retained by Metroglass. There is no maximum amount that can be applied for by each Eligible Employee or Director applying under the Employee Offer, although a maximum of 0.6 million Offer Shares in total has been reserved for the Employee Offer.

	Broker firm offer	Employee offer
How to pay	Applicants under the Broker Firm Offer should make payments in accordance with the directions of the NZX Firm or Broker from whom you received an allocation.	Application Monies should be paid by cheque drawn on a New Zealand bank. Cheques should be crossed "Not Transferable" and made out to "Metroglass Share Offer". Alternatively, you may pay by direct debit by including your direct debit details on your Employee Offer Application Form.
Address for return of Application Forms and Application Monies	Applicants under the Broker Firm Offer should send their completed Broker Firm Application Form and Application Monies to their NZX Firm or Broker in time to enable forwarding to the Share Registrar by 12.00 noon on the Closing Date. Please confirm with your broker the manner in which you should make your payment. Alternatively, Applications can be lodged with Metroglass, any NZX Firm or Broker, any Joint Lead Manager, or any other channel approved by NZX so as to be received in time to enable forwarding to the Share Registrar by 12.00 noon on the Closing Date.	The details of who the Employee Offer Application Forms should be returned to will be notified to Directors and Eligible Employees separately.
Closing Date for receipt of Applications	The Broker Firm Offer opens at 9.00am on 15 July 2014 and is expected to close at 12.00 noon on 28 July 2014. Metroglass 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. Applicants applying for Offer Shares using a paper Broker Firm Application Form are encouraged to submit an Application Form and Application Monies to their NZX Firm or Broker as early as possible in advance of the Closing Date and to allow a sufficient period for mail processing time.	The Employee Offer opens at 9.00am on 15 July 2014 and is expected to close at 5.00pm on 23 July 2014. Metroglass 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 Closing Date.
How to obtain a copy of this Investment Statement and the Prospectus	Please contact your NZX Firm or Broker for instructions. You may also obtain a copy of this Investment Statement and the Prospectus as follows: • you can download a copy at www.metroglassoffer.co.nz; or • request a copy from the Share Registrar, Link Market Services by phoning +64 9 375 5998. 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 NZX Firm or Broker.	To obtain a copy of this Investment Statement and the Prospectus: • you can download a copy at www.metroglassoffer.co.nz • request a copy from the Share Registrar, Link Market Services by phoning +64 9 375 5998; or • request a copy from Metroglass.

10.4 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 payment. If the amount of your Application Monies is less than the amount of Offer Shares applied for multiplied by the Offer Price, you may be taken to have applied for such lesser number of Offer Shares for which your 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, Brokers or other financial intermediaries approved by the Joint Lead Managers, in each case for the purpose of making Firm Allocations to their New Zealand or Australian resident retail clients, will be decided by Metroglass in its sole discretion, having consulted with the Joint Lead Managers.

It will be a matter for the NZX Firm to determine how they allocate 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 Metroglass, having consulted with the Joint Lead Managers. It is Metroglass' intention that Applicants under the Employee Offer would be allocated the full amount of any Offer Shares applied for, subject to a maximum of 0.6 million Offer Shares available across all Applicants under the Employee Offer.

Acceptance of Applications

Applicants must apply for a specific number of Offer Shares and pay upon Application the full amount for the Offer Shares applied for in the Application Form based on the Offer Price.

An Application in the Retail Offer is an offer by the Applicant to Metroglass to subscribe for all or any of the number of the Offer Shares specified in the Application Form, at the Offer Price and on the terms and conditions set out in this Investment Statement, the Prospectus and the Application Form (including the conditions regarding quotation on the NZX and ASX). To the extent permitted by law, the offer by an Applicant is irrevocable. By submitting an Application Form, the Applicant agrees to be bound by these terms and conditions and the Constitution.

An Application may be accepted by Metroglass in respect of the full number of Offer Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

10.5 INSTITUTIONAL OFFER

The Institutional Offer consisted of an invitation prior to the date of this Investment Statement to certain Institutional Investors in New Zealand, Australia and a number of other selected jurisdictions (excluding the United States and any persons who are, or are acting for the account or benefit of, US Persons) to apply for Offer Shares. The Joint Lead Managers have separately advised Institutional Investors of the additional terms and conditions, and the Application procedures for the Institutional Offer.

10.6 ABOUT THE SHARES

Each Share confers an equal right on the holder to:

- attend and vote at a meeting of Shareholders, including the right to cast one vote per Share on a poll on any resolution, such as a resolution to:
  - appoint or remove a Director;
  - adopt, revoke or alter the Constitution;
  - approve a major transaction (as that term is defined in the Companies Act);
  - approve the amalgamation of Metroglass under section 221 of the Companies Act; or
  - place Metroglass in liquidation;
- receive an equal share in any distribution, including dividends, if any, authorised by the Board and declared and paid by Metroglass in respect of that Share;
- receive an equal share with other Shareholders in the distribution of surplus assets in any liquidation of Metroglass;
- be sent certain information, including notices of meeting and company reports sent to Shareholders generally; and
- exercise the other rights conferred upon a Shareholder by the Companies Act and the Constitution.

A Shareholder's ability to exercise these rights is subject to restrictions contained in the Constitution, the NZX Listing Rules and the ASX Listing Rules.

Once the Shares are trading, further information about Metroglass will be available at 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 what 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.

Metroglass is the person 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 Metroglass. The payment of dividends is not guaranteed and Metroglass' 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, Metroglass must comply with the solvency test specified in the Companies Act.

Factors expected to influence or affect the Board's decision to pay dividends over time include:

- any statutory or regulatory requirements;
- the financial performance of Metroglass;
- one-off or non-recurring events;
- Metroglass' capital expenditure requirements;
- the availability of imputation credits;
- prevailing business and economic conditions;
- the outlook for all of the above; and
- any other factors deemed relevant by the Board.

Subject to the above, Metroglass intends to make dividend payments to Shareholders semi-annually, in respect of half years ending 30 September and full years ending 31 March.

The dividend is currently expected to be approximately 55% to 75% of NPATA. However, the actual ratio of dividends paid to NPATA is expected to vary over time reflecting the above factors.

Metroglass intends to weight dividends to the second half of its financial year, with the first half targeting 40% to 50% of the total expected dividend for the year. However, the split will vary according to actual and forecast NPATA and the factors described above.

It is the Board's intention to attach imputation credits to dividends to the extent they are available.

The first dividend following the Offer is expected to be paid in or around July 2015, in respect of the 6 month period to 31 March 2015.

Can my investment be altered?

The full terms of the Offer, including the Offer Price and the amounts payable on Application, are set out in this Investment Statement and the Prospectus.

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

Metroglass may only amend its Constitution (which sets out the rights attached to Shares) with approval by a special resolution of Shareholders. Metroglass 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 Metroglass to purchase your Shares.

Who do I contact with inquiries about my investment?

If you have any queries about the risk or suitability of an investment in Offer Shares you should consult your financial adviser or an NZX Firm.

If you have any inquiries about the Offer Shares, you should contact the Share Registrar using the contact details set out in the Directory.

Is there anyone to whom I can complain if I have problems with the investment?

If you have complaints about the Offer Shares, you should contact the Share Registrar on the details set out in the Directory. There is no trustee, statutory supervisor or industry body to whom you can make complaints about this investment.

There is also no ombudsman or approved dispute resolution scheme to which you can make complaints about this investment.

10.7 NZX MAIN BOARD LISTING

Metroglass has applied to NZX for permission to list Metroglass 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 have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement. NZX has authorised NZX Firms to act on the Offer. 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 on 30 July 2014 under the ticker code “MPG”.

10.8 AUSTRALIAN STOCK EXCHANGE – APPLICATION FOR LISTING

An application will be made to ASX after this Investment Statement and the Prospectus have been lodged with ASIC for Metroglass 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 Metroglass’ Shares will be “MPP”. Neither ASIC nor ASX takes any responsibility for the content of this Investment Statement or for the merits of the investment to which this Investment Statement relates. The fact that ASX may admit Metroglass 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 Metroglass or the Offer Shares. The ASX is not a registered market under the Securities Markets Act 1988. Shares are expected to commence trading on the ASX on a normal settlement basis on 30 July 2014.

10.9 QUOTATION AND TRADING

Initial quotation of the Shares on the NZX Main Board and the ASX is expected to occur on or about 30 July 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 or when the registry process your application a CSN or FIN will be allocated to you. 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.

10.10 FAILURE TO ACHIEVE LISTING

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

10.11 CONFIRMATION OF ALLOCATION

Applicants will be able to confirm their holding by contacting their NZX Firm or Broker upon commencement of trading of the Shares on the NZX Main Board or ASX.

You should not attempt to sell any Shares until you know whether any, and how many, Offer Shares have been allocated to you. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. None of Metroglass, the Joint Lead Managers, 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).

10.12 ESCROW ARRANGEMENTS

Under the Acquisition Agreements the Shares held by the Selling Shareholders and Senior Management subject to the escrow undertakings summarised below will represent, in aggregate, 22.4% of the Shares on issue immediately following the Offer.

The terms of the Acquistion Agreements provide that (other than with the written approval of NZX, the Company, and the Directors who are not interested in the matter as defined in the Companies Act (the **Non-Interested Directors**)):

- the Selling Shareholders cannot sell or otherwise dispose of any Shares subject to the escrow arrangements until the first day after Metroglass’ preliminary announcement of its results for the six month period ending 30 September 2015 has been released, subject to potential early release exceptions as set out below; and
- Senior Management cannot not to sell or otherwise dispose of any Shares subject to the escrow arrangements until the first day after Metroglass’ preliminary announcement of its results for the six month period ending 30 September 2015 has been released,

the **Escrow Arrangements**.

Exceptions to Escrow Arrangements Applicable to Selling Shareholders

The following exceptions to the Escrow Arrangements apply in respect of the Selling Shareholders (but not Senior Management):

- Each Selling Shareholder may transfer up to 25% of its Shares that are subject to the Escrow Arrangements (in one or more transactions) to any person or persons at least 10 Business Days after both of the following conditions have been satisfied:
    - the Company has released to NZX its preliminary announcement of the Company’s audited financial results in respect of the financial year ending 31 March 2015 (the date of such release being the **FY15 Announcement Date**); and
    - the volume weighted average price of the Company’s shares on NZX for each of the 10 consecutive trading days following the FY15 Announcement Date is at least 20% higher than the Offer Price.
- One Selling Shareholder, J.P. Morgan Special Opportunities (Delaware) II LLC (**JPMSO**) may transfer its Shares to a bona fide third party purchaser in a single off-market transfer as part of the existing sales process

being conducted in respect of certain of JPMSO's and its affiliates' assets (including JPMSO's investment in the Company), provided that, before any such transfer, the purchaser executes a deed poll for the benefit of the Non-Interested Directors, the Company and NZX, in a form reasonably satisfactory to the Non-Interested Directors and NZX, pursuant to which the purchaser undertakes to comply with any restrictions imposed on, and perform any obligations of, JPMSO pursuant to the Escrow Arrangements.

- If a full or partial takeover offer under the Takeovers Code (a **Takeover Offer**) in relation to the Shares is sent to Shareholders pursuant to Rule 43 of the Takeovers Code; or any information memorandum or other documentation (**Shareholder Materials**) convening a meeting of the Shareholders to vote on any scheme of arrangement or other arrangement, having a substantially similar effect to a Takeover Offer (an **Arrangement**) in relation to the Shares, is sent to Shareholders, then, whether or not the Takeover Offer or Arrangement remains subject to unsatisfied conditions, a Selling Shareholder may transfer all or any of its Shares to any person or persons other than the offeror or the acquirer under the Takeover Offer or the Arrangement, in one or more on-market or off-market transactions during the period commencing on the date the Takeover Offer or the Shareholder Materials are sent to Shareholders and ending on the date that the transaction lapses, is withdrawn or completes.

General Exceptions to Escrow Arrangements Applicable to both Selling Shareholders and Senior Management

The restrictions set out in the Escrow Arrangements do not apply to either Selling Shareholders or Senior Management in the following additional circumstances:

- an escrowed Shareholder may grant a security interest in respect of its Shares in favour of a lender to that holder if the lender has agreed to be bound by the relevant Escrow Arrangements;
- an escrowed Shareholder that is a trustee may transfer any Shares subject to the Escrow Arrangements to a replacement trustee, provided the new trustee accedes to the applicable Escrow Arrangements;
- an escrowed Shareholder may transfer any Shares subject to the Escrow Arrangements to an Associated Person (as defined in the NZX Listing Rules) with the prior written approval of the Non-Interested Directors, provided that that person accedes to the applicable Escrow Arrangements; and
- an escrowed Shareholder may transfer all or any of its Shares by way of acceptance of a Takeover Offer (including pursuant to a pre-bid agreement, or lock up agreement) or pursuant to an Arrangement.

10.13 BROKERAGE

You are not required to pay any brokerage or commission for Offer Shares under the Offer. See Section 12 *Statutory information* of the Prospectus under the heading "Preliminary and issue expenses" for details of the brokerage payable by Metroglass to brokers.

10.14 NZX LISTING RULE 7.1.15

Metroglass

The sole shareholder of Metro Performance Glass Limited on the date on which this Investment Statement was published is Nathanial Thomson, who is the legal and beneficial owner of the one ordinary share that was issued on incorporation for nil consideration. That one share will be bought back for nil consideration on the allotment of the Offer Shares.

Nathanial Thomson does not guarantee, nor undertake, any liability in respect of, the Shares.

Metroglass Holdings

For the purposes of NZX Listing Rule 7.1.15, set out on page 70 are details of the persons who have relevant interests (as defined in the Securities Markets Act 1988) in 5% or more of Metroglass Holdings' ordinary shares or C class shares (being the classes of securities in Metroglass Holdings which have voting rights) as at the date on which this Investment Statement was published (based on the information provided to Metroglass by each relevant person).

Ordinary shares

Relevant interest holder	Number of ordinary shares	Percentage of ordinary shares	Nature of relevant interest	Consideration from the registered holder and other terms
Crescent Capital Partners Management Pty Limited Crescent Capital Partners Trust IIIA Crescent Capital Partners Trust IIIB Crescent Capital Partners III (Belgium) BVBA	40,000,000	40.00%	Crescent Capital Partners Management Pty Limited is the investment manager and advisor of the fund named "Crescent Capital Partners III", which comprises: • Crescent Capital Partners Trust IIIA, on behalf of which Crescent Capital Partners Management Pty Limited holds 15,332,670 ordinary shares and 3,833 B class shares as trustee*; • Crescent Capital Partners Trust IIIB, on behalf of which Crescent Capital Partners Management Pty Limited holds 15,332,670 ordinary shares and 3,833 B class shares as trustee*; and • Crescent Capital Partners III (Belgium) BVBA*. In that capacity, Crescent Capital Partners Management Pty Limited has the power to exercise the votes, relating to, or dispose of, the shares held by trusts. Crescent Capital Partners III (Belgium) BVBA is the registered holder of 9,334,660 ordinary shares and 2,334 B class shares.	Received under 2012 recapitalisation as new sponsor (described below)
Anchorage Advisors Management, L.L.C. Anchorage Capital Group, L.L.C. Anthony Davis Kevin Ulrich	21,540,134	21.54%	Anchorage Advisors Management, L.L.C. is the sole managing member of Anchorage Capital Group, L.L.C., the investment advisor to each of AIO Finance (Ireland) Limited (which is the registered holder of 15,701,796 ordinary shares), AIO Finance II (Ireland) Limited (which is the registered holder of 5,233,932 ordinary shares) and AIO Finance III (Ireland) Limited (which is the registered holder of 604,406 ordinary shares). In that capacity, Anchorage Advisors Management, L.L.C. has the power to exercise, or control the exercise of the votes relating to, or dispose of, the ordinary shares held by those entities. Mr. Davis is the President of Anchorage Capital Group, L.L.C. and a managing member of Anchorage Advisors Management, L.L.C. Mr. Ulrich is the Chief Executive Officer of Anchorage Capital Group, L.L.C. and the other managing member of Anchorage Advisors Management, L.L.C.	Received under 2012 recapitalisation as senior lender (described below)
J.P. Morgan Special Opportunities (Delaware) II LLC	12,446,535	12.45%	Registered holder	Received under 2012 recapitalisation as senior lender (described below)

Relevant interest holder	Number of ordinary shares	Percentage of ordinary shares	Nature of relevant interest	Consideration from the registered holder and other terms
Sankaty Credit Opportunities III, L.P. Sankaty Credit Opportunities Investors III, LLC Sankaty Credit Member, LLC Sankaty Credit Opportunities IV, L.P. Sankaty Credit Opportunities Investors IV, LLC Sankaty Credit Opportunities (Offshore Master) IV, L.P. Sankaty Credit Member II, LLC	11,949,065	11.95%	Sankaty Credit Opportunities III, L.P. is the registered holder of 4,214,037 ordinary shares. Sankaty Credit Opportunities Investors III, LLC has a relevant interest in those shares by being the General Partner of Sankaty Credit Opportunities III, L.P. Sankaty Credit Member, LLC also has a relevant interest in those shares by being the Managing Member of Sankaty Credit Opportunities Investors III, LLC. Sankaty Credit Opportunities IV, L.P. is the registered holder of 3,380,207 ordinary shares. Sankaty Credit Opportunities Investors IV, LLC has a relevant interest in those shares by being the General Partner of Sankaty Credit Opportunities IV, L.P. Sankaty Credit Member, LLC also has a relevant interest in those shares by being the Managing Member of Sankaty Credit Opportunities Investors IV, LLC Sankaty Credit Opportunities (Offshore Master) IV, L.P. is the registered holder of 4,354,821 ordinary shares. Sankaty Credit Opportunities Investors (Offshore) IV, L.P. has a relevant interest in those shares by being the General Partner of Sankaty Credit Opportunities (Offshore Master) IV, L.P. Sankaty Credit Member II, Ltd. also has a relevant interest in those shares by being the General Partner of Sankaty Credit Opportunities Investors (Offshore) IV, L.P.	Received under 2012 recapitalisation as senior lender (described below)
Portigon AG	11,947,794	11.95%	Registered holder.	Received under 2012 recapitalisation as senior lender (described below)

* B class shares do not have voting rights but are referrred to for completeness. B class shares will convert to ordinary shares immediately prior to completion of the Offer.

C class shares

Relevant interest holder	Number of C class shares	Percentage of C class shares*	Nature of relevant interest	Consideration and other terms
Nigel James Rigby	4,000,000	72.72%	Registered holder and beneficial owner. Held pursuant to the Rules of the Metroglass Holdings Executive Long Term Incentive Plan.	$4,000,000 (loaned from Metroglass Holdings)
David Joseph Carr	1,000,000	18.18%	Registered holder and beneficial owner. Held pursuant to the Rules of the Metroglass Holdings Executive Long Term Incentive Plan.	$1,000,000 (loaned from Metroglass Holdings)
Geoff Rasmussen	500,000	9.09%	Registered holder and beneficial owner. Held pursuant to the Rules of the Metroglass Holdings Executive Long Term Incentive Plan.	$500,000 (loaned from Metroglass Holdings)

* C class shares automatically become ordinary shares, on a one-for-one basis, upon acquisition by Metroglass at completion of the Offer.

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

2012 recapitalisation

Background

In 2006, the Metroglass business was acquired by private equity investors in a transaction, funded with a material amount of debt, through a holding company NZ Glass Holdings Limited (**NZ Glass** and, together with its subsidiaries at the time, the **NZ Glass Group**). Following a period of suppressed economic and industry conditions as result of the global financial crisis, compounded by high debt, the financial performance of the Metroglass business had deteriorated to a point that the NZ Glass Group was in breach of certain financial and other covenants in its facility agreements with its lenders. NZ Glass' audited financial statements for the period to 31 March 2011 show that, as at that date, the NZ Glass Group had total assets of approximately $191.0 million and total liabilities of $317.8 million, giving it negative total equity of $126.4 million.

The breach of covenants by the NZ Glass Group led to the recapitalisation of the Metroglass business pursuant to which the Selling Shareholders (being the then senior lenders to the business and investment entities associated with Crescent Capital Partners Management Pty Limited) took ownership and control of the operating subsidiaries of the Metroglass Group through a new holding company Metroglass Holdings. The debt position of NZ Glass was not assumed by Metroglass Holdings or any of its subsidiaries. As set out in Appendix 1: *Metroglass Group Summary Historical Financial Statements* of the Prospectus, as at 31 March 2012, the Metroglass Group had total assets of $194.0 million and total liabilities of $94.5 million, giving it total equity of $99.5 million.

As is set out in the Appendix: *Metroglass Prospective Financial Information*, on its first balance date after the Listing Date (31 March 2015), Metroglass is forecast to have total assets of $225.6 million and total liabilities of $75.7 million (including $55.0 million of bank debt), giving it total equity of $150.0 million.

Recapitalisation transaction

The Selling Shareholders were issued shares in Metroglass Holdings in connection with a debt and equity restructuring transaction that completed on 31 January 2012. The Selling Shareholders were party to the 2012 recapitalisation as either:

- **Senior Lenders:** being the Selling Shareholders other than Crescent Capital Partners Management Pty Limited (as trustee) and Crescent Capital Partners III (Belgium) BVBA; or
- **New Sponsors:** being Crescent Capital Partners Management Pty Limited (as trustee) and Crescent Capital Partners III (Belgium) BVBA.

The transaction was effected by the Senior Lenders instructing the security trustee to enforce its security interest over the shares in Metropolitan Glass & Glazing Limited and exercise the powers afforded to it under the relevant security documents to sell those shares to Metroglass Finance Limited in consideration for $75,000,000 of senior notes and 60,000,000 new shares in Metroglass Holdings. The security trustee distributed the senior notes and shares in Metroglass Holdings to the Senior Lenders in part satisfaction of the amounts owing to them by the NZ Glass Group. Each Senior Lender received senior notes and shares in proportion to the amount owed to them by the NZ Glass Group. The New Sponsors subscribed for 40,000,000 new shares in Metroglass Holdings for $40,000,000.

At settlement of the Offer the senior notes held by the Senior Lenders will be repaid using funds drawn under the New Banking Facilities. See Section 10.2 *Sources and uses of funds* and Note 11 *Financing* in Section 9.4 *Prospective Financial Information* in the Prospectus.

Glossary

Acquisition
The acquisition of 100% of the shares in Metroglass Holdings by Metroglass under the Acquisition Agreements

Acquisition Agreements
The Selling Shareholder Acquisition Agreement and the Senior Management Acquisition Agreement

Allotment Date
29 July 2014, unless brought forward or extended by Metroglass

Applicant
An investor who makes an application for Offer Shares under the Offer

Application
An application to subscribe for Offer Shares offered under the Offer

Application Form
A Broker Firm Application Form or an Employee Offer Application Form

Application Monies
The amount payable on Application

ASIC
Australian Securities and Investments Commission

ASX
ASX Limited, or the financial market operated by ASX Limited, as the context requires, also known as the Australian Securities Exchange

ASX Listing Rules
The official listing rules of the ASX

Auckland Housing Accord
An agreement between the Auckland City Council and the New Zealand Government which is intended to result in increased housing supply and improved housing affordability in Auckland in the interim period until the Proposed Auckland Unitary Plan becomes operative

Board or **Board of Directors**
The board of Directors of Metroglass

BRANZ
Building Research Association of New Zealand

Broker
Any company, firm, organisation or corporation designated as a market participant by ASX

Broker Firm Application Form
An application form to subscribe for Offer Shares under the Broker Firm Offer included in or accompanying this Investment Statement

Broker Firm Offer
The offer of Offer Shares under the Prospectus to New Zealand resident Retail Investors to apply for an allocation of Offer Shares from an NZX Firm that has received a Firm Allocation and to Australian resident Retail Investors to apply for an allocation of Offer Shares from a Broker that has received a Firm Allocation

Business Day
A day on which the NZX Main Board is open for trading

CAGR
The compound annual growth rate is the rate at which something (for example, revenue) grows over a period of years, taking into account the effect of annual compounding

Closing Date
28 July 2014

Companies Act
The Companies Act 1993

Company
Metro Performance Glass Limited

Consideration Shares
The 41.4 million Shares to be issued to the Selling Shareholders and Senior Management in connection with the Acquisition

Constitution
The constitution of the Company

CSN
Common Shareholder Number

Directors
The directors of the Company

Directory
The directory set out on the final page of this Investment Statement

DPS
dividend per share

EBITDA
Earnings before interest, tax, depreciation and amortisation

Eligible Employees
A person who Metroglass determines is a full or part time employee of one of the Group Companies at the Opening Date and who is a resident of New Zealand and who has not given or received notice of termination of employment on or before 5.00 p.m. on the Closing Date

Employee Offer
The offer of Offer Shares under the Prospectus to Eligible Employees and Directors (or their nominees)

Employee Offer Application Form
An application form to subscribe for Offer Shares under the Employee Offer

EPS
earnings per share

Firm Allocation
Offer Shares reserved for subscription by clients of the Joint Lead Managers, NZX Firms, Brokers and Institutional Investors as determined by Metroglass

GAAP
Generally Accepted Accounting Principles

GDP
Gross Domestic Product as defined by Statistics New Zealand

Glossary
This glossary of key terms

Group Companies
Metro Performance Glass Limited (following the Acquisition), Metroglass Holdings Limited, Metroglass Finance Limited, Metropolitan Glass & Glazing Limited, Canterbury Glass & Glazing Limited, Christchurch Glass & Glazing Limited, Hawkes Bay Glass & Glazing Limited, Taranaki Glass & Glazing Limited and IGM Software Limited

Institutional Investor
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 Metroglass 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

Institutional Offer
The invitation to Institutional Investors under the Prospectus, as described in Section 10 *Details of the Offer* of the Prospectus

Investigating Accountant
PricewaterhouseCoopers

Investment Statement
The Investment Statement relating to the Offer dated 7 July 2014 (as amended on 15 July 2014)

James Hardie
James Hardie Building Products Inc.

Joint Lead Managers
Forsyth Barr Limited, Macquarie Capital (New Zealand) Limited and UBS New Zealand Limited

Listing Date and **Listing**
The date on which Metroglass 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

Metroglass
As the context requires, either Metro Performance Glass Limited or the value added glass processing business carried on by the Metroglass Group

Metroglass Group
Refers to (a) the Company and each of its direct or indirect wholly-owned subsidiaries immediately following completion of the Acquisition and (b) Metroglass Holdings Limited and each of its wholly-owned subsidiaries immediately prior to the Acquisition

Metroglass Holdings
Metroglass Holdings Limited

New Banking Facilities
The multi option facility agreement to be entered into between Metroglass Finance Limited, certain parties named therein as initial borrowers, certain parties named therein as initial guarantors and ANZ Bank New Zealand Limited on or about the Allotment Date

NZD, NZ$ or $
New Zealand Dollars

NZX
NZX Limited

NZX Firm
Any company, firm, organisation or corporation designated or approved as a Primary Market Participant from time to time by NZX, see www.NZX.com/investing/find_a_participant for a list

NZX Listing Rules
The listing rules applying to the NZX Main Board as amended from time to time

NZX Main Board
The main board equity security market operated by NZX

Offer
The offer of Offer Shares under the Prospectus to Retail Investors in New Zealand and Australia and Institutional Investors in New Zealand, Australia and certain other jurisdictions where lawfully permitted (excluding the United States and any persons who are, or are acting for the account or benefit of, US Persons)

Offer Price
$1.70 per Offer Share

Offer Shares
The 143.7 million new Shares being offered by Metroglass under the Offer

Opening Date
15 July 2014

Partners in Performance
Partners in Performance International Pty Limited and Partners in Performance Global Solutions

Partners in Performance Report
Market research report prepared by Partners in Performance dated 6 June 2014

PFI
Prospective Financial Information

Pro Forma
Means adjusted financial information that is different from Metroglass' statutory financial information, as described under the heading "Pro Forma adjustments" in Section 9 *Financial Information*

Promoter
Crescent Capital Partners Management Pty Limited and its directors who are not also Directors of the Company

Proposed Auckland Unitary Plan
The proposed plan to replace the existing district and regional plans in the Auckland region (excluding the Hauraki and Gulf Islands)

Prospective Period
The period from 1 April 2014 to 30 September 2015

Prospectus
The prospectus relating to the Offer dated 7 July 2014 (as amended by an instrument to amend dated 15 July 2014)

RBNZ
Reserve Bank of New Zealand

Retail Investors
Applicants who are not Institutional Investors

Retail Offer
The offer of Offer Shares under the Prospectus to Retail Investors in New Zealand and Australia under the Broker Firm Offer and the Employee Offer

R-Value
Measure of thermal resistance

RWT
Resident withholding tax

Selling Shareholder Acquisition Agreement
The agreement entered into between Metroglass, the Selling Shareholders and others dated 26 June 2014 as more fully described under the heading "Material Contracts" in Section 12 *Statutory Information* of the Prospectus

Selling Shareholders
The existing shareholders of Metroglass Holdings, other than Senior Management, who will sell their shares in Metroglass Holdings to Metroglass under the Acquisition Agreement. A list of the Selling Shareholders is set out in the table under the heading "Indicative Ownership Structure" in Section 10 *Details of the Offer* of the Prospectus

Senior Management
Nigel Rigby (Chief Executive Officer), David Carr (Chief Financial Officer) and Geoff Rasmussen (General Manager Operations)

Senior Management Acquisition Agreement
The agreement entered into between Metroglass, Senior Management and Metroglass Holdings dated 3 July 2014 as more fully described under the heading "Material Contracts" in Section 12 *Statutory Information* of the Prospectus

Share
A fully paid ordinary share in the Company

Shareholder
A holder of one or more Shares

Share Registrar
Link Market Services Limited

Transaction
The Offer, Listing and Acquisition

Underwriters
Forsyth Barr Group Limited, Macquarie Securities (NZ) Limited and UBS New Zealand Limited

Underwriting Agreement
The underwriting agreement between Metroglass and the Underwriters dated 5 July 2014, as more fully described under the heading "Material Contracts" in Section 12 *Statutory Information* of the Prospectus

US Person
The meaning given to such term by Regulation S under the United States Securities Act of 1933, as amended

ADDITIONAL DEFINITIONS FOR THE KEY OFFER STATISTICS AND KEY INVESTMENT METRICS

Market capitalisation / NPATA

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.

Enterprise Value / EBITDA

EV divided by EBITDA for the respective forecast financial year. This is a valuation metric that enables comparison with industry competitors and stock market peers.

Enterprise Value / EBITA

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.

Cash Dividend Yield

DPS for the respective prospective financial year divided by the Offer Price. Based on the cash cost to Metroglass, 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.

Gross Dividend Yield

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 Offer Price. This metric is used to approximate the return to the average investor on a pre-tax basis.

Indicative enterprise value (EV)

The implied market capitalisation less Prospective Net Cash as at completion of the Offer.

Net debt on completion of the Offer

The forecast value of cash and cash equivalents less current and non-current borrowings at Allotment Date.

Indicative market capitalisation

The number of Shares on issue following the Offer multiplied by the Offer Price.


METRO

Appendix

METROGLASS PROSPECTIVE FINANCIAL INFORMATION

The prospective financial statements included in this section (including what is required by clause 11(1)(c) of Schedule 1 of the Securities Regulations) are the consolidated group position of Metro Performance Glass Limited and subsidiaries and include:

- the basis of preparation for the PFI for Metroglass;
- prospective consolidated income statement;
- prospective consolidated statement of comprehensive income;
- prospective statement of financial position;
- prospective statement of movements in equity;
- prospective statement of cash flows; and
- a description of the general and specific assumptions that underpin the PFI contained in this Investment Statement, including the significant accounting policies applied.

Basis of preparation

The prospective financial statements, including the assumptions on which they are based, are the responsibility of, and have been prepared by management and approved by the Directors and are based on events and conditions existing as at the date of this Investment Statement. The Directors have given due care and attention to the preparation of the prospective financial statements, including the underlying assumptions set out under the heading "Notes to the Prospective Financial Information" below. These assumptions should be read in conjunction with the sensitivity analysis further below, the risk factors set out in Section 8 *What are my risks?* and Metroglass' accounting policies which are consistent with the accounting policies of Metroglass Holdings, which are set out in Appendix 2 *Audited financial statements for the year ended 31 March 2014* of the Prospectus.

Forecasts by their nature are inherently uncertain. They are predictions of future events which cannot be assured. They involve risks and uncertainties, many of which are beyond the control of Metroglass. These risks and uncertainties include, but are not limited to, the non-occurrence of anticipated events or alternatively events occurring that were not anticipated. Various risk factors and the management of those risks may influence the success of Metroglass' business. Accordingly, actual results are likely to vary from the PFI, and these variations may be significantly more or less favourable to Metroglass. Therefore, the Directors cannot and do not guarantee the achievement of these financial forecasts and investors are cautioned not to place undue reliance on the PFI.

The prospective financial statements were prepared and authorised by the Directors as at 5 July 2014 for use in this Investment Statement and not for any other purpose. The Pro Forma PFI for the 12 months ending 31 March 2015 comprises one month of actual trading results for the Metroglass Group (April 2014) and 11 months forecast operating results for the Metroglass Group. While the forecast does not include the actual trading results for May 2014, the operating results for May are known and were consistent with the forecast for the month. The prospective income statement, prospective statement of comprehensive income, prospective statement of changes in equity and prospective statement of cash flows cover the eight month period from 1 August 2014 to 31 March 2015 and the six month period from 1 April 2015 to 30 September 2015.

The FY15F financial reporting period will only cover eight months of trading as Metro Performance Glass Limited will only acquire Metroglass Holdings with effect from the Allotment Date. In addition to the forecast results for the eight month period, this Appendix *Metroglass Prospective Financial Information* therefore also presents financial information for the year from 1 April 2014 to 31 March 2015 as if the operations of Metroglass Holdings and Metro Performance Glass Limited were consolidated from 1 April 2014 onwards. A reconciliation between the prospective financial statements incorporating the eight months of trading to 31 March 2015 and the 12 months ending 31 March 2015 is set out at the end of this section.

The prospective statement of financial position is presented as at 31 March 2015 and 30 September 2015. The period from 1 April 2014 to 30 September 2015 is referred to as the Prospective Period.

There is no present intention to update the prospective financial statements or to publish prospective financial statements in the future. Investors must consider the assumptions on which the prospective financial statements have been prepared and the sensitivities analysis in order to fully understand the prospective financial statements. Metroglass will report actual financial results against the prospective financial statements in accordance with generally accepted accounting practice in the 31 March 2015 financial statements and 30 September 2015 interim financial statements, and will provide that information to shareholders on request under section 54B of the Securities Act and regulation 44 of the Securities Regulations.

PROSPECTIVE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

$000s	8M15F	FY15F	1H16F
	8 months ending 31 March 2015	**12 months ending 31 March 2015**	**6 months ending 30 Sep 2015**
Sales	**117,792**	**171,880**	**94,081**
Cost of goods sold	58,195	84,727	44,005
Gross Margin	**59,597**	**87,153**	**50,076**
Distribution and glazing related expenses	19,193	28,696	16,381
Selling and marketing expenses	5,799	8,586	4,601
Administration expenses	18,085	24,745	10,682
Operating Profit (EBIT)	**16,521**	**25,126**	**18,411**
Interest expense	2,018	3,768	1,650
Interest income	(70)	(96)	(69)
Earnings (loss) before income taxation	**14,572**	**21,454**	**16,830**
Income taxation expense (benefit)	5,162	7,123	4,712
Earnings (loss) for the year	**9,410**	**14,331**	**12,117**
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	989	1,478	-
Total comprehensive income/(loss) for the year attributable to Shareholders	**10,399**	**15,809**	**12,117**

Note: 8M15F and 1H16F represent statutory prospective financial statements and are not on a Pro Forma basis. FY15F is presented on a Pro Forma basis representing the 12 months ending 31 March 2015.

STATEMENTS OF FINANCIAL POSITION – PFI

$000s	As at 31 March 2015	As at 30 September 2015
Assets		
Current assets		
Cash and cash equivalents	11,375	11,369
Receivables	23,624	27,837
Inventories	14,526	16,292
Other current assets	1,843	1,887
Total current assets	**51,368**	**57,385**
Property, plant and equipment	48,865	49,692
Deferred tax asset	-	51
Intangibles[1]	125,397	124,672
Total non-current assets	**174,262**	**174,415**
Total assets	**225,630**	**231,800**
Liabilities		
Current liabilities		
Payables and accruals	(17,712)	(18,570)
Income tax liability	(731)	(646)
Other liabilities	(133)	(133)
Total current liabilities	**(18,577)**	**(19,350)**
Non-current liabilities		
Deferred tax liabilities	(152)	-
Interest bearing liabilities	(55,000)	(55,000)
Other non-current liabilities	(1,934)	(2,066)
Total non-current liabilities	**(57,085)**	**(57,066)**
Total liabilities	**(75,662)**	**(76,416)**
Net assets	**149,968**	**155,385**
Equity		
Contributed equity	302,213	302,213
Retained earnings/(Accumulated losses)	(152,998)	(147,581)
Share based payment reserve	753	753
Total equity	**149,968**	**155,385**

Note: 31 March 2015 and 30 September 2015 represent statutory prospective financial statements and are not on a Pro Forma basis.

[1] Intangibles are related to goodwill and intangibles related to customer relationships reflecting the purchase price in excess of net tangible assets from the 2012 recapitalisation. The intangibles related to customer relationships are written off in the non-cash amortisation over time. For further detail about the 2012 recapitalisation, refer to Section 10.4 *Listing Rule 7.1.15*.

STATEMENTS OF CHANGES IN EQUITY – PFI

$000s	Contributed Equity	Reserves	Retained Earnings	Total
Balance as at 1 August 2014	-	-	-	-
Profit for the period	-	-	9,410	9,410
Other comprehensive income (loss) for the period	-	-	-	-
Total comprehensive income (loss) attributable to Shareholders	-	-	**9,410**	**9,410**
Dividends paid	-	-	-	-
Share based payment reserve	-	753	-	753
Issue of share capital (net of costs)	302,213	-	-	302,213
Group restructuring	-	-	(162,408)	(162,408)
Balance as at 31 March 2015	**302,213**	**753**	**(152,998)**	**149,968**
Balance as at 1 April 2015	302,213	753	(152,998)	149,968
Profit for the period			12,117	12,117
Other comprehensive income (loss) for the period	-	-	-	-
Total comprehensive income (loss) attributable to Shareholders	-	-	**12,117**	**12,117**
Dividends paid			(6,700)	(6,700)
Issue of share capital	-	-	-	-
Balance as at 30 September 2015	**302,213**	**753**	**(147,581)**	**155,385**

Note: Group restructuring – as a result of the Transaction, Metro Performance Glass Limited will acquire the shares in Metroglass Holdings. This transaction will be accounted for as a Group restructure and as a result the difference between the consideration paid for Metroglass Holdings and the book value of net assets acquired will be recorded as a movement in retained earnings.

STATEMENT OF CASH FLOWS – PFI

$000s	8M15F	FY15F	1H16F
	8 months ending 31 March 2015	**12 months ending 31 March 2015**	**6 months ending 30 Sep 2015**
Cash flows from operating activities			
Receipts from customers	117,846	170,681	90,030
Payments to suppliers and employees	(86,148)	(132,807)	(72,792)
Interest received	70	97	69
Interest paid	(2,018)	(5,590)	(1,650)
Income taxes received / (paid)	(5,000)	(6,569)	(5,000)
Net cash inflow / (outflow) from operating activities	**24,750**	**25,812**	**10,656**
Cash flows from investing activities			
Payments for property plant and equipment	(18,870)	(26,649)	(3,962)
Payment to acquire MGH	(230,459)	(230,459)	-
Net cash inflow / (outflow) from investing activities	**(249,329)**	**(257,108)**	**(3,962)**

STATEMENT OF CASH FLOWS – PFI – *Continued*

$000s	8M15F	FY15F	1H16F
	8 months ending 31 March 2015	12 months ending 31 March 2015	6 months ending 30 Sep 2015
Cash flows from financing activities			
Proceeds from new debt facility	55,000	55,000	-
Repayment of borrowings	(64,000)	(64,000)	-
Proceeds and costs from issue of shares	241,721	241,721	-
Dividends paid	-	-	(6,700)
Net cash inflow / (outflow) from financing activities	**232,721**	**232,721**	**(6,700)**
Net increase / (decrease) in cash and cash equivalents	**8,143**	**1,425**	**(6)**
Cash and cash equivalents at the beginning of the year	3,233	9,950	11,375
Cash and cash equivalents at end of year	**11,375**	**11,375**	**11,369**

Note: 8M15F and 1H16F represent statutory prospective financial statements and are not on a Pro Forma basis. FY15F is presented on a Pro Forma basis representing the 12 months ending 31 March 2015.

NOTES TO THE PROSPECTIVE FINANCIAL INFORMATION

The principal assumptions on which the prospective financial statements have 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. The prospective financial statements comply with FRS-42. The general and specific assumptions to the prospective financial statements are set out below.

GENERAL ASSUMPTIONS

1. **Economic environment** – there will be no material change in the general economic environment in which Metroglass 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 Metroglass acquires or sells its products or otherwise operates.

3. **Competitive environment** – there will be no material change in the competitive dynamics of the markets in which Metroglass operates or sells its products, including any material change in competitor activity. No new entrants will materially change the competitive environment.

4. **Industry conditions** – there will be no material change in the general industry structure, third party relationships or employee environments.

5. **Key customers and suppliers** – there will be no loss of key customers or suppliers.

6. **Disruption to operations** – there will be no material disruption to operations, including through natural disasters, marine or industrial accidents, fires or explosions, product supply or quality issues or through normal hazards associated with Metroglass' activities (including disruptions to or affecting any of Metroglass' key suppliers or customers).

7. **Operating environment** – there will be no material costs incurred through either industrial or contractual disputes.

8. **Business acquisitions or disposals** – there will be no material business acquisitions or disposals made by Metroglass.

9. **Management of Metroglass** – no directors, key personnel or consultants will leave Metroglass, and management resources will be sufficient for Metroglass' requirements.

10. **Taxation** – there will be no material change to the income tax, excise tax or goods and services tax regime in New Zealand, including no change to the corporate tax rate.

SPECIFIC ASSUMPTIONS

1. Accounting policies

It is assumed that Metroglass' accounting policies will be the same as the current Metroglass Holdings' accounting policies and will remain consistent throughout the period covered by the prospective financial statements. It is also assumed there will be no material change in NZ IFRS or otherwise in NZ GAAP. The Company's existing accounting policies are consistent with the accounting policies of Metroglass

Holdings, which are set out in the historical financial statements for the year ended 31 March 2014 in Appendix 1 *Metroglass Group Summary Historical Financial Statements* of the Prospectus, and can also be obtained from the Company.

2. Offer Proceeds and acquisition of Metroglass Holdings

As part of this Offer process, Contributed Equity will be $302.2 million, representing the issue of share capital ($309.2 million) offset by the costs relating to the issue of the equity instrument ($7.0 million).

In order to facilitate the Offer process, Metro Performance Glass Limited will acquire Metroglass Holdings for cash ($230.5 million) and share consideration ($62.3 million).

Under NZ IFRS, the acquisition is deemed a Group Restructure. The difference between the consideration paid and the carrying value of the assets and liabilities acquired in Metroglass Holdings is recorded as a component of equity ($162.4 million).

3. Macroeconomic assumptions

Inflation

The forecast has been based on an assumption that general inflation will be 2.0% in FY15F and 3.0% per annum in 1H16F. Wages are assumed to increase in line with anticipated payroll inflation.

4. Sales assumptions

Revenue by region

$000s	FY14	8M15F	FY15F	1H16F
	12 months ended 31 March 2014	8 months ending 31 March 2015	12 months ending 31 March 2015	6 months ending 30 Sep 2015
Upper North Island	72,978	54,804	80,320	44,887
Lower North Island	31,832	24,414	34,917	18,246
South Island	50,564	38,574	56,642	30,949
Total	**155,374**	**117,792**	**171,880**	**94,081**

Revenue has been forecast by region, based on management expectations of market volume growth and selling price increases. Metroglass has taken into consideration building consent data, Infometrics forecast WPIP, and recent trends in financial performance.

Over time, revenue has a strong correlation with lagged residential building consents and WPIP (see Section 9.1 *Introduction to Metroglass' financial information*).

WPIP

Metroglass' revenues track WPIP over the long term, but there are differences in the short term, particularly in periods of high growth, as glass is usually installed in the later stages of any construction project.

Infometrics have forecast strong growth in FY15F WPIP, with a lower growth rate thereafter. Metroglass believes capacity constraints in the overall construction sector will limit the ability of the market to service the forecast level of WPIP and has therefore assumed a level of growth that is lower than that indicated by the WPIP forecast, but is more consistent over a longer time period.

As a result, WPIP is forecast to grow at a stronger rate than revenue across FY15F and 1H16F with the exception of the lower North Island (**LNI**). LNI has a lower forecast rate of revenue growth than WPIP in FY15F (9.7% compared with 32.4%), but then a higher forecast rate in 1H16F (10.7% compared with 5.6%), reflecting Metroglass' expectation of a more consistent growth profile, with some of the growth forecast by Infometrics in FY15F expected by Metroglass' management to carry over into a higher level of activity in 1H16F.

Volumes

Volumes have been forecast by month, based on the actual volumes in FY14, after applying monthly volume growth assumptions.

Upper North Island (**UNI**) volumes are forecast to grow by 6% in FY15F and 11% in 1H16F. Volume growth is forecast to increase, with the anticipated increase in residential construction in the second half of FY15F, which then flows into 1H16F.

LNI volumes are forecast to grow by 6% in FY15F and 10% in 1H16F. Whilst Infometrics are forecasting very strong regional growth in the LNI region, Metroglass management has forecast growth to be slower but anticipate a longer period of growth.

South Island (**SI**) volumes are forecast to grow by 9% in FY15F and 11% in 1H16F. Although significant growth is expected as a result of an increase in construction activity in Christchurch, labour constraints are expected to limit the rate of growth in 1H16F when compared to WPIP forecast.

Price inflation

UNI and LNI price inflation has been forecast at 4% in FY15F and 2% in 1H16F.

SI price inflation has been forecast at 2% for FY15F and 1H16F.

Price increases have been forecast based on pricing letters issued in FY14 and anticipated in FY15F, after consideration of market dynamics.

5. Cost of goods sold assumptions

Costs of goods sold

$000s	FY14	8M15F	FY15F	1H16F
	12 months ended 31 March 2014	8 months ending 31 March 2015	12 months ending 31 March 2015	6 months ending 30 Sep 2015
Cost of goods sold - statutory	79,348	58,195	84,727	44,005
Cost of goods sold - Pro Forma	74,871	N/A	81,787	44,005

Cost of goods sold includes materials, factory management, factory labour, factory rent and other factory costs. The cost of goods sold Pro Forma in FY14 removes the impact of the lease termination provision and fixed asset impairment (see Section 9.3 *Reconciliation of Non-GAAP financial information*). In 8M15F and FY15F the cost of goods sold – Pro Forma removes the impact of the Auckland site consolidation and optimisation costs.

Materials costs are forecast to remain broadly consistent as a percentage of sales in FY15F and 1H16F with that of the percentage incurred in FY14. An increase in material cost pricing of 2% has been assumed for FY15F. Metroglass buys its raw materials in USD and as at May 2014 had in place foreign exchange contracts for USD15.6m covering 68% of FY15F glass purchases, and USD3.0m covering 23% of 1H16F glass purchases.

Factory management is largely a fixed cost, whilst factory labour is variable and forecast based on labour hours. Labour hours are forecast to grow with production volumes, after an allowance for expected efficiencies arising from the Christchurch automation project in FY15F and 1H16F, and the Auckland site consolidation and optimisation project which starts to phase in during 1H16F. The labour cost per hour has been forecast based on the average monthly rate in FY14, after allowing for payroll inflation.

A new lease was entered into for the new factory in the Highbrook Business Park in Auckland from 1 October 2014. The rental expense has been forecast based on the average annual contracted lease payments over the term of the lease (15 years).

Other factory costs include a one-off lease termination provision expense in FY14 and one-off costs relating to the Auckland site consolidation and optimisation and plant relocation in FY15F, as described in Section 9.3 *Reconciliation of Non-GAAP financial information.*

The other remaining factory costs are relatively fixed in nature, and are forecast to increase as a result of cost inflation.

6. Operating costs assumptions

Operating Costs

$000s	FY14	8M15F	FY15F	1H16F
	12 months ended 31 March 2014	8 months ending 31 March 2015	12 months ending 31 March 2015	6 months ending 30 Sep 2015
Distribution and glazing related expenses	26,731	19,193	28,696	16,381
Selling and marketing expenses	7,378	5,799	8,586	4,601
Administration expenses	20,065	18,085	24,745	10,682
Total Operating Costs	**54,174**	**43,077**	**62,027**	**31,665**
Administration expenses - Pro Forma	19,283	N/A	19,645	9,957

Distribution and glazing related expenses

The majority of non-labour distribution and glazing costs are largely variable in nature, and are forecast to grow with sales volume growth, and expected cost inflationary increases. Certain distribution costs have been forecast to increase in line with volumes after allowing for operating leverage.

Distribution and glazing management labour costs are forecast to increase with payroll inflation, whilst other distribution and glazing labour is forecast to increase with sales volume and payroll inflation.

Selling and marketing expenses

Selling and marketing expenses include branch and customer service management, customer service labour and advertising.

Branch labour is a relatively fixed cost, which is forecast to increase by payroll inflation.

Customer service labour is considered to be partly fixed and partly variable in nature, and is forecast to grow at half of the rate of sales growth, combined with payroll inflation.

Metroglass has forecast advertising spend, based on a detailed assessment of the proposed sales and marketing programme, over FY15F and 1H16F.

Administration expenses

Administration costs include head office employee expenses, overheads, corporate governance costs and the Transaction costs. The administration expenses – Pro Forma in each period removes amortisation (in order to derive Pro Forma EBITA) and adds back the incremental costs of being a publicly listed company. In 8M15F and FY15F the administration expenses – Pro Forma removes the one-off listing costs (see Section 9.3 *Reconciliation of Non-GAAP financial information*).

Employee costs are forecast to increase with payroll inflation, combined with an additional $0.4 million for the management training programmes put in place to enhance overall management capabilities.

Overheads are forecast to increase with costs related to the opening of the Metro Direct store in Hamilton ($0.3 million), additional information technology spending ($0.2 million) assumed due to the evaluation of the Enterprise Resource Planning (**ERP**) system, centralisation of accounting systems and Metro Connect software, offset by a reduction in employee related costs ($0.5 million).

Corporate governance costs have been forecast to increase to the level required for a public company, after allowance for an increase in Directors and other public company costs, which in total is a net increase of $0.7 million per annum.

Transaction costs that relate to the issue of Shares are treated as costs that relate to the issue of an equity instrument and in accordance with NZ IFRS are recorded as a deduction of the Offer proceeds ($7.0 million). All other transaction costs are recorded in the profit and loss ($3.9 million).

7. Depreciation and amortisation

Historically depreciation was calculated on a diminishing value (DV) basis. With the move to being a publicly listed company the depreciation policy has been reassessed and with effect from 1 April 2014 new straight line rates that better reflect the consumption of the assets have been adopted. These rates are summarised in the table below.

Depreciation	**Old rate (DV)**	**New rate (SL)**
Computer software / hardware	48.0%-60.0%	25.0%
Office furniture and fittings	11.0%-60.0%	20.0%
Cars	18.0%-36.0%	20.0%
Trucks	18.0%-36.0%	12.0%
Plant & equipment (purchased after 1 April 2014)	9.0%-60.0%	7.5%
Plant & equipment (purchased prior to 1 April 2014)	9.0%-60.0%	15.0%

The change in rates described above and the capital expenditure programme described later in this section are the key drivers of the changes in the depreciation expense. The change in the rates resulted in a decrease in depreciation by $0.7 million.

The table below summarises the depreciation costs included in the cost of goods sold and overheads.

Depreciation

$000s	**FY14**	**8M15F**	**FY15F**	**1H16F**
	12 months ended 31 March 2014	**8 months ending 31 March 2015**	**12 months ending 31 March 2015**	**6 months ending 30 Sept 2015**
Cost of goods sold	2,639	2,054	2,872	2,032
Overheads	1,781	1,076	1,500	1,103
Total Depreciation	**4,420**	**3,130**	**4,372**	**3,135**

8. Taxation

An income tax rate of 28% on taxable profit is assumed for the PFI, being the current corporate tax rate in New Zealand.

9. Current assets and liabilities

Current Assets & Liabilities

$000s	As at 31 March 2014	As at 31 March 2015	As at 30 Sept 2015
Receivables	22,163	23,624	27,837
Inventories	12,804	14,526	16,292
Other current assets	5,728	1,843	1,887
Payables and accruals	(16,562)	(17,712)	(18,570)
Other liabilities	(3,359)	(133)	(133)
Net Working Capital	**20,774**	**22,147**	**27,312**

Average Net Working Capital Days			
Receivable days	59	55	55
Inventory turn	3.8	3.2	3.3
Payable and accruals trade days	(69)	(77)	(85)

Net current assets primarily relate to receivables, inventory, and payables and accruals.

Receivables relates to trade receivables (net of provision for doubtful debts).

Trade receivables are forecast based upon receivable days, which are expected to reduce during FY15F in line with the downward trend seen historically. This is a result of improved debtor management and the write off of historical bad debts. Although receivable days reduce, the increase in forecast sales will result in higher accounts receivable. It has been assumed that there will be no change in debtor days at September 2015.

Inventory has been forecast based on inventory turn and is expected to reduce by March 2015. The growth in inventory is driven by the forecast increase in volumes.

Other current assets at March 2014 included capital work in progress relating to the Auckland site optimisation project. At 31 March and 30 September 2015 these balances relate to prepayments and spare parts.

Payables and accruals at March 2014 comprise accounts payable, employee accruals, employee bonuses and accrued interest.

Accounts payable have been forecast based on payable days. An increase is assumed during FY15F following a change in supplier terms with a key raw material supplier. The full impact of this change is expected by September 2015. The expected increase in payable days is offset by an increase in trading activity, resulting in growth in accounts payable.

Other liabilities at March 2014 include a provision in respect of anticipated lease costs and warranties. Other Liabilities are forecast to decrease by $3.2 million at 31 March 2015 as it is assumed that the lease termination provision will be paid out during FY15F.

10. Capital expenditure

Capital Expenditure

$000s	FY14	8M15F	FY15F	1H16F
	12 months ended 31 March 2014	8 months ending 31 March 2015	12 months ending 31 March 2015	6 months ending 30 Sep 2015
Christchurch Automation / Auckland Site Optimisation	**7,520**	**12,018**	**17,245**	**-**
Motor vehicles	1,672	1,445	2,520	1,504
Other plant and equipment	722	1,215	2,517	1,361
Furniture fittings & equipment	473			
Software	17	74	249	1,097
Replacement capital expenditure	**2,884**	**2,734**	**5,286**	**3,962**
Total capital expenditure	**10,404**	**14,752**	**22,531**	**3,962**
Total capital expenditure (including prepayments)	10,404	14,752	22,531	3,962
Less prepayments	(4,118)	-	-	-
Plus prepayments recognised as capital expenditure	1,531	4,118	4,118	-
Capital expenditure per cash flow statement	**7,817**	**18,870**	**26,649**	**3,962**
Net movement in capital expenditure prepayments	2,587	(4,118)	(4,118)	-
Total capital expenditure (Actual cash spend in period)	**10,404**	**14,752**	**22,531**	**3,962**

Note: Capital expenditure in the FY14 and FY15F statement of cash flows differs. The difference to the cash actually spent in the period relates to prepaid capital expenditure that has been classified as a prepayment in other current assets for statutory reporting purposes.

Capital expenditure for FY15F is expected to be $22.5 million, with $14.8 million expected in the eight months to 31 March 2015. However, Property, Plant and Equipment (**PPE**) will increase by $26.6 million in FY15F and $18.9 million in 8M15F as capital expenditure which was prepaid in FY14 will be transferred to PPE. The capital expenditure prepaid in FY14 includes deposits for equipment for both the Christchurch automation project and the Auckland site consolidation and optimisation project.

FY15F capital expenditure primarily relates to the Auckland site consolidation and optimisation project (further discussed below). In FY14, $3.2 million was spent on the Christchurch automation project, and $4.3 million on the Auckland project.

Other capital expenditure relates to the ongoing upgrade of motor vehicles (replacement of trucks), general replacement of plant and equipment and software expenditure relating to the upgrades of the current systems in place.

Auckland site consolidation and optimisation project

Metroglass has commenced a plan to consolidate its Auckland sites into one new facility at Highbrook Business Park in Auckland. The new manufacturing facility is expected to be operational by March 2015. The PFI contains the following key assumptions with regard to this project:

- total capital expenditure of $21.5 million, of which $4.3 million was spent in FY14, with $17.2 million expected to be incurred in FY15F;
- a reduction in labour hours is assumed to be phased in during 1H16F due to improved efficiencies as a result of the new plant and automation (see Section 6 *Business Description*); and
- a number of one-off costs amounting to $2.9 million (see Section 9.3 *Reconciliation of Non-GAAP financial information* under the heading "Explanations of Pro Forma adjustments").

A lease cost provision was recognised in FY14 resulting from Metroglass terminating a number of leases. Also, a fixed asset impairment was recognised as a number of assets will not be transferred to the new Highbrook site and therefore have been written off. The lease cost provision and fixed asset impairment have been included as Pro Forma adjustments (see Section 9.3 *Reconciliation of Non-GAAP financial information*).

Christchurch plant automation

During FY13 and FY14 capital expenditure of $4.8 million was spent automating the existing Christchurch plant. The PFI assumes labour savings in FY15F as a result of the reduction of 18 full time employees (**FTEs**), with a further reduction of 12 FTEs expected in 1H16F.

11. Financing

Metroglass Finance Limited (**Metro**) and ANZ Bank New Zealand Limited (**ANZ**) have entered into a committed term sheet for the provision of new banking facilities for a three year term (**New Banking Facilities**).

Subsequent to execution of the committed term sheet Metro and ANZ have agreed the documentation relating to the New Banking Facilities on the basis that the agreed documents will be executed and delivered at or about the Allotment Date.

Provision of the New Banking Facilities is subject to satisfaction of all conditions precedent to the provision of the New Banking Facilities being met to ANZ's satisfaction. These conditions are reasonably standard for facilities of this type, except that some conditions relate specifically to completion of the Offer. If the conditions are not met, the New Banking Facilities will not be available to Metro.

Funding to be provided under the New Banking Facilities will be utilised to repay existing debt facilities and assist with ongoing working capital requirements and general corporate purposes (including the issue of instruments).

The New Banking Facilities will:

- initially be borrowed by Metro and Metropolitan Glass & Glazing Limited and will include mechanics to allow for additional borrowers to accede to the New Banking Facilities;
- initially be guaranteed by Metroglass and its subsidiaries and will include mechanics to allow for additional guarantors to accede to the New Banking Facilities in order to comply with the guaranteeing group cover ratio (see below for detail); and
- be secured by way of a composite general security deed to be granted by Metroglass and its subsidiaries in favour of ANZ.

The New Banking Facilities will comprise:

- a $60.0 million three year revolving term loan facility (**Facility A**); and
- a $15.0 million three year revolving cash advance facility (**Facility B**).

On listing, the intention of the business is to have net $50.0 million of debt, comprising an initial $55.0 million drawing under the New Banking Facilities and $5.0 million cash at bank.

Amounts drawn under the New Banking Facilities are subject to a variable interest rate based on Bank Bill Market (**BKBM**) plus an applicable margin. Each of the margin and the rate of line fee payable on the New Banking Facilities varies depending upon the leverage ratio at the time.

The total forecast interest charge of $2.0 million for the eight months to FY15F is the sum of the Facility A interest and of the Facility B interest based on the projected BKBM rate and a starting debt of $55.0 million under Facility A and $4.3 million under Facility B.

A disposal of all or substantially all of the group's assets or business will trigger a mandatory prepayment of the net proceeds of such disposal against outstanding amounts under the New Banking Facilities.

Facility A

It is assumed that $55.0 million of Facility A will be utilised immediately following completion of the Offer in order to repay existing debt facilities.

Facility B

It is assumed that $4.3 million of Facility B will be utilised immediately following completion of the Offer in order to provide $2.0 million of bank letters of credit to suppliers of Metroglass and $2.3 million of guarantees over leasehold properties occupied by Metroglass. The terms of such instruments shall be based on ANZ's usual terms and conditions for those instruments. The forecast assumes that no cash is drawn down under the facility.

Ancillary finances

Metroglass' current policy is to review whether to hedge interest rate risk on a quarterly basis and has currently determined to remain unhedged at this time. As a result, the PFI has been prepared on the basis that Metro does not hedge any interest rate risk in respect of the total New Banking Facilities. Despite this fact, Metro may decide to hedge its interest rate risk under Facility A going forward.

Other financing considerations

The agreement under which the New Banking Facilities are proposed to be made available contains certain representations, undertakings, events of default and review events which are standard for facilities of this nature and in some cases are subject to certain agreed qualifiers such as materiality and threshold amounts. If an event of default occurs, ANZ may (among other things) require repayment of the New Banking Facilities or enforce the security held by ANZ.

A review event will be triggered if a change of control occurs or a financial covenant is breached. If a review event occurs, the parties may try to negotiate revised terms for the New Banking Facilities. If agreement cannot be reached within a certain period, then ANZ may declare that the New Banking Facilities are cancelled and require all outstanding amounts under the New Banking Facilities to be repaid.

The New Banking Facilities contain the following financial covenant ratios:

- the leverage ratio (net debt to adjusted EBITDA) shall be less than or equal to 3:1;
- the interest cover ratio (EBITDA to interest expense) shall be greater than or equal to 3:1; and
- the guaranteeing group cover ratio (total tangible assets/ EBITDA of the guaranteeing group to total tangible assets/ EBITDA of the group) shall be no less than 90%.

The New Banking Facilities also contain restrictions on the making of distributions by the group while an event of default, potential event of default or event of review is continuing or will occur as a result of the making of the distribution.

For a further summary of the restrictive covenants applicable to the group under the New Banking Facilities, see Section 12.20 *Restrictions on issuing group* of the Prospectus.

12. Equity and dividends

The payment of dividends and other distributions by Metroglass is solely at the Board's discretion and depends on a number of factors. The payment of dividends is not guaranteed and Metroglass' dividend policy may change in the future.

Factors expected to influence or affect the Board's decision to pay dividends over time include:

- any statutory or regulatory requirements;
- the financial performance of Metroglass;
- one-off or non-recurring events;
- Metroglass' capital expenditure requirements;
- the availability of imputation credits;
- prevailing business and economic conditions;
- the outlook for all of the above; and
- any other factors deemed relevant by the Board.

Except as explained below in relation to FY15F and subject to the above, Metroglass intends to make dividend payments to Shareholders twice each year, in respect of half years ending 30 September and full years ending 31 March. The dividends for these periods are expected to be paid to Shareholders in January and July respectively.

The dividend is currently expected to be approximately 55% to 75% of NPATA. However, the actual ratio of dividends paid to NPATA is expected to vary over time reflecting the above factors.

Metroglass intends to weight dividends to the second half, with the first half targeting 40% to 50% of the total expected dividend for the year. However, the split will vary according to actual and forecast NPATA and the factors described above.

The first dividend payment is expected to be made for the six month period ending 31 March 2015.

It is the Board's intention to attach imputation credits to dividends to the extent they are available. Dividends are expected to be fully imputed for New Zealand tax purposes but no franking credits are expected to be available for Australian tax purposes.

Sensitivity analysis

PFI is inherently subject to uncertainty and, therefore, 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 FY15F and 1H16F 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 significant potential impact on the prospective financial performance are:

Sales

As detailed in the key assumptions, revenues have historically lagged building consents and correlated to WPIP. If the WPIP does not eventuate as forecast or if for any reason the historical correlation between building consents and revenue does not continue, then the revenue shortfall will impact NPATA. This sensitivity assumes that only certain direct costs are variable as in the short term other operating costs are mainly fixed in nature.

Exchange rates

Metroglass purchases a significant proportion of raw materials in USD. As discussed in Section 9.2 *Overview of Metroglass' financial information* under the heading "Overview of the effect of foreign exchange", Metroglass has hedged approximately 68% of purchases for FY15F. If the exchange rates change and Metroglass has not been able to obtain currency hedges at the same rates, then the cost of goods sold may be impacted. The sensitivity analysis table shows the estimated impact of a change in the New Zealand Dollar against the US Dollar.

The impact on NPATA of sales and exchange rate movements are set out in the table below.

Sensitivites - NPATA

	FY15F		1H16F	
$millions	**Upside**	**Downside**	**Upside**	**Downside**
Sales (+/- $5m per annum)	1.7	(1.7)	0.8	(0.8)
NZD/ USD exchange rate (+/-5%)	0.3	(0.3)	0.4	(0.5)

The above sensitivities do not take into account any mitigating measure that Metroglass management may take. In the case of a reduction in sales volume Metroglass would endeavour to reduce operating costs.

Pro Forma financial statement reconciliation

Set out below is a reconciliation between the forecast period for the eight months ending 31 March 2015, and the Pro Forma period for the 12 months ending 31 March 2015. The four month period ending 31 July 2015 includes the actual results for April 2014 and the PFI for the months of May, June and July 2014.

Reconciliation between the 8 months forecast trading to the full year FY15F (PF)

$000s	4M15F	8M15F	FY15F
	4 months ending 31 July 2014	8 months ending 31 March 2015	12 months ending 31 March 2015
Sales	**54,088**	**117,792**	**171,880**
Cost of goods sold	26,533	58,195	84,727
Gross Margin	**27,556**	**59,597**	**87,153**
Distribution and glazing related expenses	9,503	19,193	28,696
Selling and marketing expenses	2,788	5,799	8,586
Administration expenses	6,660	18,085	24,745
Operating Profit (EBIT)	**8,605**	**16,521**	**25,126**
Interest expense	1,750	2,018	3,768
Interest income	(27)	(70)	(96)
Earnings (loss) before income taxation	**6,882**	**14,572**	**21,454**
Income taxation expense (benefit)	1,961	5,162	7,123
Earnings (loss) for the year	**4,921**	**9,410**	**14,331**
Items that may be subsequently reclassified to profit or loss			
Other comprehensive income/(loss) for the year	489	989	1,478
Total comprehensive income/(loss) for the year attributable to shareholders	**5,410**	**10,399**	**15,809**

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 12.00 noon (NZT) on 28 July 2014 or such other date as Metroglass 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.

Applications must be for a minimum of 1176 Shares.

An Application must be completed in full and may be rejected if any details are not entered or it is otherwise incorrectly completed. Metroglass reserves 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. Metroglass' 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 number of Shares 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 Metroglass' 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. Applications by trusts, funds, estates, partnerships or other unincorporated bodies must be made in the individual names of the persons who are the trustees, proprietors, partners or office bearers (as appropriate).

More than one Applicant name may be required, depending on the terms of any governing documents for the body (for example, the trust deed or charter).

If, for your own purposes, you want to record that the Applicants hold their Shares on a particular account or for a particular purpose, you can record that as the "Corporate Name or On Account".

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

Mobile Number – Investors on the New Zealand register only

By supplying your mobile number you consent to the Share Registrar, Link Market Services advising 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

The amount payable in respect of an Application is the number of Offer Shares applied for multiplied by the Offer Price.

Payment must be made in accordance with the instructions of your broker, in New Zealand dollars or, if applying in Australia, in Australian dollars. Institutional investors in New Zealand may pay through the NZClear system and in Australia as per the instruction of the Joint Lead Managers or your broker.

Complete the number of Offer Shares applied for and the dollar amount. Note the application minimum stated in the Application Form. Please advise payment method and bank account details for future dividend payments.

Please ensure you fully understand the payment instructions which will be supplied to you by your broker and follow those instructions when you return your application and payment to your broker.

Investors who are members of NZClear may, by prior arrangement with the Share Registrar, settle their Applications for the Offer Shares on the Allotment Date through the NZClear system. Australian investors and Institutional Investors must settle their Application as per the instructions received from the Joint Lead Managers or their broker.

DIVIDEND PAYMENTS

The bank account supplied will be used to direct credit your future Metroglass dividends.

C - Holder Number Details – Investors on the New Zealand register only

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 Offer Shares.

D - IRD Number / Tax File Number

Please provide your IRD number (New Zealand) or Tax File Number (**TFN**) (Australia). 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 or ATO, please tick the exempt box and attach a photocopy of your exemption certificate. Only one IRD number is required per holding.

E - Electronic Investor Correspondence

By supplying your email address Metroglass 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 that 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 on 28 July 2014 (being the **Closing Date**) at 12.00 noon NZT and 10.00 am AEST. You should remember that the Closing Date may be changed at the sole discretion of Metroglass. Changes will be advised by NZX announcement. Metroglass reserves the right to refuse to accept Applications received by the Share Registrar after the Closing Date. Your Application Form should be delivered in accordance with the instructions contained on 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 Application Monies 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 Metroglass 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 Monies 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 Metroglass, 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 Offer Shares, including sending you information concerning Metroglass, your Offer Shares and other matters Metroglass considers may be of interest to you by virtue of your holding of Offer Shares; and
(c) for conducting an audit or review of the activities contemplated in (a) or (b).

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

(d) each other;
(e) their respective related companies; and
(f) agents, contractors or third party service providers to whom they outsource services such as mailing and registry functions.

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 Metroglass 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 Metroglass and the Share 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 Metroglass and the Share Registrar at their respective addresses shown in the Directory. You can also access your information on the Registrar's website:

New Zealand registry:
www.linkmarketservices.co.nz (you will be required to enter your CSN and Identification number ("FIN") for secure access).

Australian registry:
www.linkmarketservices.com.au (you will be required to enter your holder number and postcode for secure access).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METRO PERFORMANCE GLASS LIMITED

Application Form

NEW ZEALAND BROKER FIRM OFFER

This Application Form is issued with the Investment Statement dated as at 7 July 2014 (as amended on 15 July 2014) (**Investment Statement**) for the Broker Firm Offer by Metro Performance Glass Limited (**Metroglass**) of fully paid ordinary shares (**Offer Shares**) in Metroglass.

Before completing this Application Form, you should read the Investment Statement. This Application Form constitutes an offer to purchase the Offer Shares described herein. The full amount of the purchase price for the Offer Shares is due upon application.

The closing date for the Offer is 12.00 noon NZT, 28 July 2014 or 10.00 am AEST, 28 July 2014 (or such other date as Metroglass may determine in its sole discretion) (the **Closing Date**).

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:

B. APPLICATION PAYMENT - IMPORTANT

Applications must be accompanied by payment in full. Payment must be made in accordance with the instructions of your financial advisor who provided you with this Investment Statement. Payment must be in New Zealand dollars (or Australian dollars if applying from Australia). Your application and payment must be received by your broker or financial advisor by 12.00 noon NZT, 28 July 2014 (or such other date as Metroglass may determine in its sole discretion). Applications must be for a minimum of $2,000 (being 1,176 shares). Metroglass may accept or reject all or part of this application without giving reason.

Number of shares applied for:	Price per share	Total amount due:
	NZ$1.70	NZ$

Please contact your broker or financial advisor for instructions as to how to make your payment.

Bank Account details for payment of future dividends.

Name of Bank/ Financial Institution

Name of Account

New Zealand: Bank, Branch, Account Number, Suffix

Australia: BSB, Account Number

OR:

Direct credit to my Cash Management Account:

Cash Management Account Number:

Name of NZX Firm where Cash Management Account is held:

C. COMMON SHAREHOLDER NUMBER (CSN)

A CSN is required to trade the Offer Shares on the NZX Main Board once the Offer has closed and the Offer Shares have been allotted. If you have a CSN, your CSN must be in the same name(s) as those of the applicants on this form otherwise a new CSN will be allocated. If you do not have a CSN, you will be allocated a CSN and Authorisation Code (FIN) at Allotment of your shares.

D. IRD NUMBER OR RWT EXEMPTION (NEW ZEALAND)

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

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

TFN (Australia) name of Security holder

TFN, ABN or Exemptia code

Company Partnership Trust Superfund

E. ELECTRONIC CORRESPONDENCE AND REPORTING

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.

F. SIGNATURE(S) OF APPLICANTS

I/we hereby acknowledge that I/we have received and read the Metroglass Investment Statement, including the application instructions, and I/we 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 Metroglass Investment Statement and application instructions. 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.

All Applicants on the Application Form must sign.

Date **2014**

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 SHARE REGISTRAR, LINK MARKET SERVICES BY NO LATER THAN 12.00 NOON (NZT) ON 28 JULY 2014.

Link Market Services

PO Box 91976, Auckland 1142
Level 7, Zurich House, 21 Queen Street,
Auckland 1010

Investor contact number: +64 9 375 5998

Email: metro@linkmarketservices.co.nz **(please put Metro application in the subject line for easy identification)**
Website: www.linkmarketservices.co.nz
Fax: +64 9 375 5990

Application Form

NEW ZEALAND BROKER FIRM OFFER

H. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

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 Offer 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:	

I. CERTIFICATE OF NON-REVOCATION OF AGENT

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 Agency Agreement.

2. THAT I have executed the application for Offer 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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NATIONWIDE

Metro Performance Glass

Head Office
Unit E, 15 Kerwyn Ave
East Tamaki
Auckland
(09) 274 1030

Central Auckland
17-19 Patiki Road Avondale
Auckland
(09) 815 1199

South Auckland
24-36 Lady Ruby Drive
East Tamaki
Auckland
(09) 274 1030

Bay of Plenty
88 Portside Drive Mt
Maunganui
Bay of Plenty
(07) 575 5503

Wellington
18 Jamaica Drive
Grenada North
Wellington
(04) 232 9920

Christchurch
700 Halswell Junction Road
Hornby
Christchurch
(03) 348 4184

MFG
(Metro Frameless Glass)

Penrose
Unit O, 35 Maurice Rd
Penrose
Auckland
(09) 622 2643

Retrofit

North Harbour
6B Parkhead Place
Rosedale 0632
Auckland
(09) 415 0470

Metro Direct & Retrofit

Whangarei
28 Porowini Ave
Whangarei
(09) 438 9399

Hamilton
32 The Boulevard
Te Rapa Park
Hamilton
(07) 850 6371

Napier
9 Niven Street
Onekawa
Napier
(06) 843 3777

Palmerston North
193 John F Kennedy Drive
Palmerston North
(06) 354 2071

Taranaki
159 Gill Street
New Plymouth
(06) 758 8366

Nelson
146 Tahunanui Drive
Nelson 7011
(03) 546 5365

Cromwell
Ree Crescent
Cromwell
Central Otago
(03) 445 4530

Dunedin
140 Portsmouth Drive
Dunedin
(03) 477 9485

Christchurch Glass & Retrofit

Christchurch
35 Hammersmith Drive
Wigram
Christchurch
03) 343 5103

Directory

DIRECTORY

ISSUER

Metro Performance Glass Limited
Unit E15, Kerwyn Avenue
East Tamaki
Auckland
New Zealand

Phone: +64 9 274 1030

DIRECTORS OF THE ISSUER

The Directors can be contacted at Metro Performance Glass Limited's registered office (as set out above).

LEGAL ADVISERS TO THE ISSUER AS TO NEW ZEALAND LAW

Bell Gully
Vero Centre
48 Shortland Street
Auckland 1140
New Zealand

Phone: +64 9 916 8800

AUDITOR AND INVESTIGATING ACCOUNTANTS

PricewaterhouseCoopers
22/188 Quay Street
Auckland 1142
New Zealand

Phone: +64 9 355 8000

JOINT LEAD MANAGERS AND UNDERWRITERS

Forsyth Barr Limited (as a Joint Lead Manager)
Forsyth Barr Group Limited (as an Underwriter)

Level 9, Forsyth Barr House
The Octagon
Dunedin 9054
New Zealand

Phone: +64 800 367 227

Macquarie Capital (New Zealand) Limited (as a Joint Lead Manager)
Macquarie Securities (NZ) Limited (as an Underwriter)

Level 17, Lumley Centre
88 Shortland Street
Auckland 1010
New Zealand

Phone: +64 9 357 6931

UBS New Zealand Limited (as a Joint Lead Manager and as an Underwriter)

Level 17, 188 Quay Street
Auckland 1010
New Zealand

Phone: +64 9 913 4800

CRESCENT

Crescent Capital Partners Management Pty Limited

Level 29, Governor Philip Tower
1 Farrer Place
Sydney NSW 2000
Australia

Phone: +61 2 9220 8100

DIRECTORS OF CRESCENT

The directors of Crescent can be contacted at its registered office (as set out above).

LEGAL ADVISERS TO THE ISSUER AS TO AUSTRALIAN LAW

Gilbert + Tobin

2 Park Street
Sydney
NSW 2000
Australia

Phone: +61 2 9263 4000

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
Website: www.linkmarketservices.com