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Investor Update

23 March 2015

Transaction Overview

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Overview	▪ iiNet Limited ("iiNet") and TPG Telecom Limited ("TPG") have entered into a Scheme Implementation Agreement ("SIA") under which TPG will acquire 100% of the fully diluted ordinary shares that it does not already own in iiNet[1] by way of Scheme of Arrangement ("Scheme") should iiNet shareholders vote in favour of the Scheme ▪ If approved, TPG will pay cash consideration of $8.60 per share ("Cash Scheme Consideration") ▪ In addition, the iiNet Board has negotiated the ability, subject to receiving a favourable ruling from the Australian Taxation Office, to pay a material fully franked dividend ("Special Dividend"). The Cash Scheme Consideration will be adjusted for the Special Dividend ▪ iiNet intends to pay (subject to a favourable ATO ruling) the maximum dividend possible given its retained earnings at the time of declaring the dividend
iiNet Directors Recommendation	▪ The Directors of iiNet unanimously recommend the Scheme as they believe it is in the iiNet shareholders best interests and intend to vote shares in their control in favour of the proposed Scheme, in the absence of a superior proposal
Offer Value	▪ For comparison purposes, the $8.60 Cash Scheme Consideration value plus the interim dividend[2] ("Total Value") represents a significant premium of 33% over the one month VWAP to 11 March 2015[3] ▪ The Total Value of $8.705 per share (excluding any value of franking credits associated with the Special Dividend) implies a c. 9.2x CY14 EV/EBITDA acquisition multiple[4]
The Scheme	▪ Subject to limited conditionality including, iiNet shareholder and Court approval of the Scheme, ACCC confirming that it does not intend to oppose, intervene or seek to prevent the Scheme from being implemented, no Material Adverse Change, S&P/ASX 200 to not fall by more than 15% (over 5 trading days) from announcement and other customary conditions ▪ Not subject to a financing condition or due diligence ▪ SIA contains customary terms for a transaction of this nature including no-shop, no-talk restrictions, and notification (with customary fiduciary carveouts) and matching right obligations, and a break fee triggered in the event of a changed recommendation or Competing Proposal ▪ SIA also includes a standstill obligation on TPG, preventing TPG from buying more iiNet shares or making a bid (except in limited circumstances)
Timing	▪ iiNet shareholders will be given the opportunity to vote on the Scheme at a meeting to be held in approximately 3 months time (late June 2015)

1. TPG currently owns 6.25% of iiNet.
2. FY15 interim dividend of $0.105 per share was declared on 18 February 2015, expected to be paid on 30 March 2015.
3. Last date iiNet traded on a cum-dividend basis.
4. Includes iiNet net debt of $383m (including Indefeasible Right of Use liability) and underlying iiNet CY14 EBITDA of $197m.

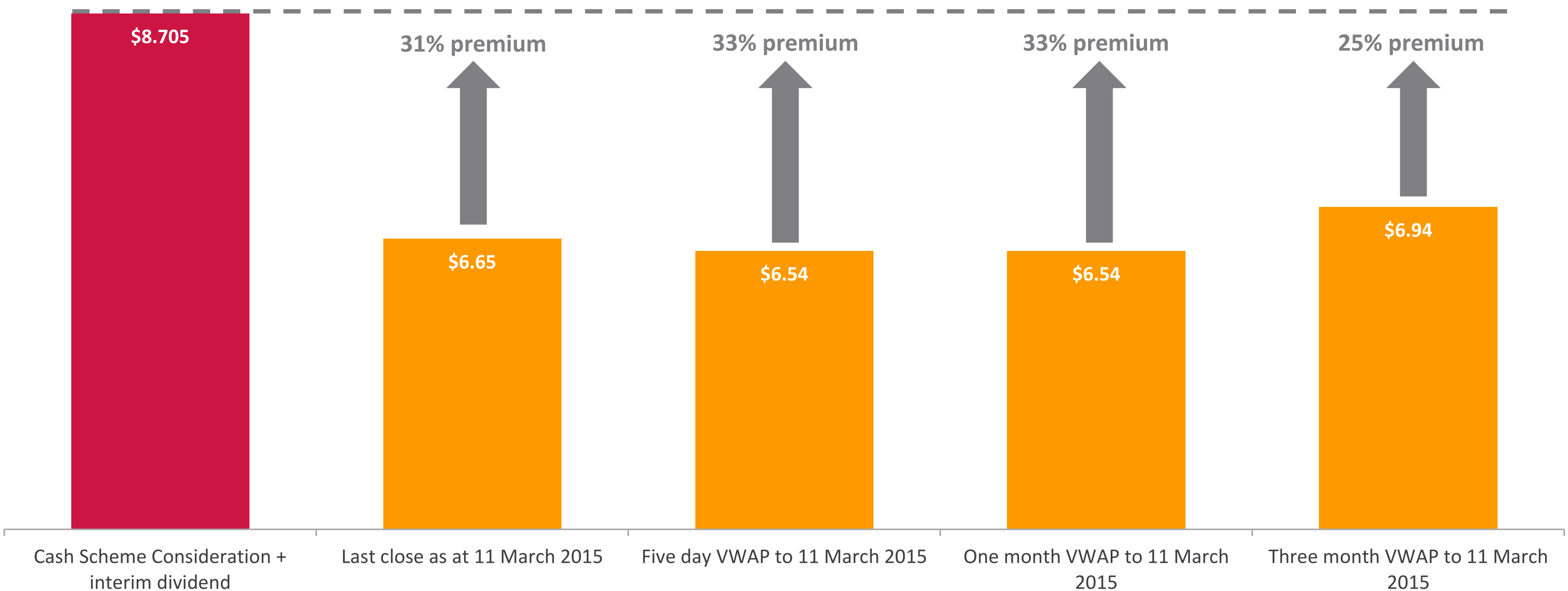
Transaction Rationale and Benefits

- **iiNet Directors have unanimously recommended the Scheme, in the absence of a superior proposal**
- iiNet Directors have considered the advantages and disadvantages of the proposed Scheme, along with the outlook for the Company and the risks associated with the changing competitive landscape. In light of these factors, the compelling premium to recent comparable transactions, the substantial 33% premium to recent trading and the certainty of cash consideration, the Board has unanimously recommended that shareholders accept the offer, absent of a superior proposal
  - The Board intends to vote shares in their control in favour of the proposed Scheme, in the absence of a superior proposal
- **Excluding the potential benefit of franking credits associated with the Special Dividend, the $8.60 scheme consideration represents:**
  - **Attractive premium** to various pre-transaction announcement (cum-dividend 1HFY15) iiNet share prices;
  - **Attractive multiple** (CY14 EV/EBITDA multiple of 9.2x)[1] at a premium to valuations paid in precedent consumer fixed line telecommunications acquisitions, including previous iiNet acquisitions which have ranged from 3.0 – 6.8x LTM EV/EBITDA;
  - **Highest ever price:** Cash Scheme Consideration offered is higher than iiNet had ever traded in its history pre-announcement;
  - **Premium to consensus broker valuations:** Significant premium to broker consensus 12 month target price prior to announcement of the Scheme;
  - **Certainty of Value:** Cash consideration provides iiNet shareholders with certainty of value and the ability to realise their investment in full for cash; and
  - **Limited conditionality:** Not subject to a financing condition or access to due diligence on iiNet
- **In addition, iiNet has the ability to pay a material fully franked Special Dividend on or shortly before the implementation date of the Scheme, subject to a favourable ruling from the Australian Taxation Office:**
  - Those iiNet shareholders who can capture the full benefit of the franking credits associated with the Special Dividend will receive additional value above the Scheme consideration of $8.60[2]
  - iiNet intends to pay (subject to a favourable ATO ruling) the maximum dividend possible given its retained earnings at the time of declaring the dividend

1. Including FY15 interim dividend of $0.105 per share that was declared on 18 February 2015, expected to be paid on 30 March 2015.
2. Whether a shareholder will be able to capture the benefit of the franking credits will depend on their personal tax circumstances

Offer Premiums

For comparison purposes, the combined $8.705 of Cash Scheme Consideration and interim dividend, represents the following premium relative to:



1. The last day iiNet traded on a cum-dividend basis related to the FY15 interim dividend.

Scheme Implementation Agreement ("SIA") Conditions

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The SIA entered into by iiNet and TPG contains customary terms and conditions, as well as a standstill obligation on TPG:

- **The Scheme is subject to iiNet shareholder approval**
- **The Scheme is subject to other certain conditions precedent including (but not limited to):**
  - Court Approval;
  - Written notice from the ACCC to the effect that the ACCC does not intend to oppose, intervene or seek to prevent the implementation of the Scheme;
  - No Material Adverse Change occurring; and
  - The S&P/ASX 200 index to not fall by more than 15% (over 5 trading days) from announcement
- **The SIA contains customary exclusivity arrangements including:**
  - No-shop;
  - No-talk, no-due diligence (with standard fiduciary carve-outs for a bona fide Competing Proposal);
  - Notification and matching right obligations; and
  - market standard break fee obligations on iiNet in certain circumstances triggered in the event of a changed recommendation or Competing Proposal (not triggered by shareholders voting down scheme)
- **The SIA also includes a standstill obligation on TPG**
  - Prevents TPG from buying further iiNet shares or making a bid, unless:
    - TPG receive a Relevant Notice from iiNet that the iiNet Board intends to recommend a superior proposal; or
    - A person other than TPG acquiring a >10% interest in iiNet; or
    - Another person publicly announcing a proposal to acquire >50% of the outstanding shares in iiNet

Indicative Scheme Timetable

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Based on the Indicative Timetable[1], iiNet shareholders will have the opportunity to vote on the Scheme at the Scheme Meeting in approximately 3 months time.

Indicative time till event	Expected date	Event	Comment
~ 1 month	Late April 2015	Lodge Scheme Booklet with ASIC for review	
	Early May 2015	First Court Hearing Date	
~ 2 months	Mid May 2015	Dispatch of Scheme Booklet	1
~ 3 months	Late June 2015	Scheme Meeting	2
	Early July 2015	Second Court Hearing Date	
< 4 months	Early July 2015	Effective Date	
	Early July 2015	Record Date	
~ 4 months	Mid July 2015	Implementation (i.e. Payment) Date	3

1. Scheme Booklet containing information relating to the proposed acquisition, reasons for the Directors' recommendation, an Independent Expert's Report and details of the Scheme meeting is expected to be sent to iiNet shareholders in **mid May 2015** after review by ASIC

2. iiNet shareholders will given the opportunity to vote on the Scheme at the meeting expected to be held in **late June 2015**

3. **Subject to shareholder approval and other conditions of the Scheme being satisfied, the Scheme is expected to be implemented in July 2015**

1. This is an indicative timetable only and is subject to change, including following any regulatory consultation and as may be required by the Court.

The iiNet Board unanimously recommend the proposed Scheme, in the absence of a superior proposal

DISCLAIMER

Some of the information contained in this presentation contains "forward-looking statements" which may not directly or exclusively relate to historical facts. These forward-looking statements reflect iiNet Limited current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of iiNet Limited.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from iiNet Limited current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.

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Appendix: Scheme of Arrangement Overview

A court supervised legal process under the Australian Corporations Act that allows a company to transfer 100% ownership and control to a bidder

- **Provides important benefits for target company shareholders:**
  - Certainty of outcome – all or nothing result. If a Scheme is approved, shareholders who voted NO must sell.
  - All shareholders get the same consideration.
  - Detailed financial information from the target, including Independent Experts opinion as to whether the Scheme is in the best interests of shareholders.

- **Initiated by the target company, so proposed transaction must have its support**

- **Target shareholders decide – scheme requires shareholder approval at a Scheme meeting**
  - Shareholder vote at a Scheme meeting with TWO voting thresholds
    - Headcount – more than 50% of shareholders who vote at the meeting must be in favour, AND
    - Voted Shares – at least 75% of the shares voted at the meeting must be in favour.

- **A legal process that typically takes around 3 months to complete and requires court approval:**
  - Detailed Scheme documents must be prepared by the target, approved by Court, and issued to target shareholders;
  - Shareholder meeting must be convened by the target to allow shareholders to vote on the scheme; and
  - Court must approve the result and the implementation of the Scheme.