

8 May 2017

The Manager
Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

NOT FOR DISTRIBUTION FOR OR RELEASE IN THE UNITED STATES

Dear Sir/Madam

RETAIL ENTITLEMENT OFFER BOOKLET

Melbourne IT Limited (ASX: MLB) confirms that the retail component of its 1 for 7 accelerated non-renounceable entitlement offer opens today and will remain open until 5.00pm (AEST) on Thursday, 18 May 2017.

Attached is a copy of the Retail Entitlement Offer Booklet, to be dispatched to Eligible Retail Shareholders¹ today.

Yours sincerely



Mei Loke
Acting Company Secretary
Melbourne IT Limited

¹ The term 'Eligible Retail Shareholders' is defined in the Retail Entitlement Offer Booklet.



MELBOURNE **IT** GROUP

Retail Entitlement Offer Booklet

Melbourne IT Limited
ACN 073 716 793

1 for 7 accelerated non-renounceable entitlement offer of fully paid ordinary shares at an offer price of \$2.10 per new share

Retail Entitlement Offer closes at 5.00pm (AEST) on Thursday 18 May 2017

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This is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety.

If you have any questions please contact your professional adviser or call the Melbourne IT shareholder information line on 1300 138 914 (within Australia) or +61 1300 138 914 (outside Australia) at any time between 8.30am and 5.30pm (AEST) on Monday to Friday during the Retail Entitlement Offer Period.

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Important notices

The Retail Entitlement Offer is being made pursuant to the requirements of section 708AA of the Corporations Act as modified by ASIC Instrument 2016/84. Accordingly, neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no prospectus for the Retail Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in Melbourne IT, nor do they contain all the information which would be required to be disclosed in a prospectus.

It is important for you to read and understand this Offer Booklet in its entirety, along with the publicly available information on Melbourne IT and the Entitlement Offer (for example the information available on Melbourne IT's website (<https://www.melbourneit.com.au/>) or on Melbourne IT's ASX announcement platform at (<http://www.asx.com.au/>) prior to deciding whether to accept your Entitlement and apply for New Shares.

The Investor Presentation details important factors and risks that could affect the financial and operating performance of Melbourne IT. Please refer to the "Key risks" section of the Investor Presentation for details. When making an investment decision in connection with this Retail Entitlement Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues (some of which have been outlined in Section 4.10 of this Offer Booklet).

Investments in Melbourne IT are subject to investment risk, including loss of capital invested. Melbourne IT does not guarantee any particular rate of return on the New Shares offered under the Retail Entitlement Offer or the performance of Melbourne IT, nor does it guarantee the repayment of capital from Melbourne IT.

By returning an Entitlement and Acceptance Form or otherwise paying through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance and agree to the terms of the Retail Entitlement Offer detailed in this Offer Booklet.

Future performance and forward looking statements

Neither Melbourne IT nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Entitlement Offer. This Offer Booklet contains certain forward looking statements. Forward looking statements can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "will", "could", "may", "target", "plan", "propose" and other similar expressions. Indications of, and guidance or outlook on, future earnings, distributions or financial position or performance are also forward looking statements. The forward looking statements contained in this Offer Booklet involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Melbourne IT, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward looking statements may also be based on estimates and assumptions which are subject to change. Actual results, performance or achievements may vary materially for many projections because events and actual circumstances frequently do not occur as forecast and these differences may be material. These statements may assume the success of Melbourne IT's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Melbourne IT's control (including uncertainties described in the "Key risks" section of the Investor Presentation, as set out in Section 3.2), and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and, except as required by law, Melbourne IT assumes no obligation to update or revise such information

to reflect any change in expectations or assumptions. The inclusion of forward looking statements in this Offer Booklet should not be regarded as a representation, warranty or guarantee with respect to their accuracy or the accuracy of the underlying assumptions or that Melbourne IT will achieve, or is likely to achieve, any particular results.

Past performance

Investors should note that the past Share price performance of Melbourne IT provides no guarantee or guidance as to future Share price performance. Past performance information included in this Offer Booklet is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Offer Booklet is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

Investor eligibility

Determination of eligibility of investors for the purposes of the Institutional Entitlement Offer and Retail Entitlement Offer is determined by reference to a number of matters, including legal requirements and the discretion of Melbourne IT. Melbourne IT disclaims any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Jurisdictions

This Offer Booklet, and any accompanying ASX Announcements and Investor Presentation and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States. None of this Offer Booklet, the accompanying ASX announcements and Investor Presentation, nor the Entitlement and Acceptance Form may be distributed or released in the United States. The Entitlements and the New Shares offered in the Entitlement Offer have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States, unless such Entitlements or New Shares have been registered under the Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act.

Trading of New Shares

Melbourne IT and the Underwriters will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Melbourne IT or the Registry or otherwise.

If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other independent professional adviser.

Defined terms

A number of defined terms are used in this Offer Booklet (including in these important notices). These terms have the meaning given to them in the Glossary in Section 5.

Letter from the Chairperson

8 May 2017

Dear Shareholder,

On behalf of the directors of Melbourne IT Limited (**Melbourne IT** or the **Company**), I am pleased to invite you to participate in the retail component of the 1 for 7 pro-rata accelerated non-renounceable entitlement offer (**Retail Entitlement Offer**). Under the Retail Entitlement Offer, Eligible Retail Shareholders have the opportunity to subscribe for 1 New Share for every 7 existing Shares they held as at 7.00pm (AEST) on 3 May 2017, at an offer price of \$2.10 per New Share (**Offer Price**).

Entitlement Offer

On 1 May 2017, Melbourne IT announced a capital raising of approximately \$30.7 million by way of a fully underwritten 1 for 7 pro-rata accelerated non-renounceable entitlement offer of New Shares at the Offer Price (**Entitlement Offer**).

The proceeds of the Entitlement Offer will be used to provide funding for the acquisition of all of the issued shares in Web Marketing Experts Pty Ltd (ACN 134 954 279), Nothing But Web Pty Ltd (ACN 602 013 678) and Results First Limited (NZ Company Number 5240641) (together, the **WME Group**).

The Entitlement Offer has an accelerated institutional component (**Institutional Entitlement Offer**) and a retail component (i.e. the Retail Entitlement Offer). This Offer Booklet relates to the Retail Entitlement Offer.

As announced by Melbourne IT on 3 May 2017, the Institutional Entitlement Offer was successfully completed and raised approximately \$19.3 million.¹ The Institutional Entitlement Offer was well supported by Eligible Institutional Shareholders.

The Offer Price of \$2.10 per New Share represents a 2.3% discount to the closing price of Melbourne IT ordinary Shares on 28 April 2017 of \$2.15, being the last trading day before the Entitlement Offer was announced, and a 2.0% discount to the TERP² based on the closing price of Melbourne IT ordinary Shares on 28 April 2017. The Offer Price under the Retail Entitlement Offer is the same as under the Institutional Entitlement Offer.

As the Retail Entitlement Offer is non-renounceable, your Entitlement will not be tradeable on the ASX or otherwise transferable. This means that Eligible Retail Shareholders who do not take up their Entitlements will not receive any value for those Entitlements and their proportionate interest in Melbourne IT will be diluted.

¹ Subject to settlement, which is scheduled to occur on Wednesday, 10 May 2017.

² TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal TERP. TERP is calculated by reference to Melbourne IT's closing price of A\$2.15 on 28 April 2017.

Offer Booklet

This Offer Booklet and the enclosed personalised Entitlement and Acceptance Form contain important information about the Retail Entitlement Offer. I encourage you to read them carefully before deciding whether or not to participate in the Retail Entitlement Offer.

In particular, you will find in this Offer Booklet the following important information:

- key dates for the Retail Entitlement Offer (following page);
- overview of the Entitlement Offer (Section 1);
- instructions on how to apply to accept all or part of your Entitlement (Section 2);
- ASX Announcements and the Investor Presentation in relation to the Entitlement Offer and the acquisition of WME Group, which provide further information on the Entitlement Offer and the Company, including key risks relevant to Melbourne IT (Section 3); and
- some important additional information relevant to the Retail Entitlement Offer (Section 4).

Please note that the Retail Entitlement Offer closes at **5.00pm (AEST) on 18 May 2017**.

If you have any questions please contact your professional adviser or call the Melbourne IT shareholder information line on 1300 138 914 (within Australia) or +61 1300 138 914 (outside Australia) at any time between 8.30am and 5.30pm (AEST) on Monday to Friday during the Retail Entitlement Offer Period.

The board of directors of Melbourne IT is pleased to offer this opportunity to you and thanks you for your consideration of this opportunity to invest and your continued support.

Yours sincerely,



Gail Pemberton
Chairperson
Melbourne IT Limited

Melbourne IT Retail Offer Booklet

Melbourne IT Key dates for the Retail Entitlement Offer

| | |
|--|--|
| Announcement of Entitlement Offer | Monday, 1 May 2017 |
| Announcement of results of Institutional Entitlement Offer | Wednesday, 3 May 2017 |
| Record Date for the Entitlement Offer | 7.00pm (AEST) on Wednesday, 3 May 2017 |
| Retail Entitlement Offer opens | Monday, 8 May 2017 |
| Retail Entitlement Offer closes | 5.00pm (AEST) on Thursday, 18 May 2017 |
| Announcement of results of Retail Entitlement Offer | Tuesday, 23 May 2017 |
| Settlement of Retail Entitlement Offer | Wednesday, 24 May 2017 |
| Issue of New Shares under Retail Entitlement Offer | Thursday, 25 May 2017 |
| Commencement of trading of New Shares under Retail Entitlement Offer | Friday, 26 May 2017 |

The above timetable (and each reference thereto in this Offer Booklet) is indicative only and subject to change without notice. All references to time are to Australian Eastern Standard Time (AEST). The commencement of quotation of New Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, Melbourne IT reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer Period or accepting late applications, either generally or in particular cases, without notice.

Enquiries

If you have any questions, please contact your professional adviser or call the Melbourne IT shareholder information line on 1300 138 914 (within Australia) or +61 1300 138 914 (outside Australia) at any time between 8.30am and 5.30pm (AEST) on Monday to Friday during the Retail Entitlement Offer Period.

What should you do?

1 Read this Offer Booklet and the accompanying Entitlement and Acceptance Form

This Retail Offer Booklet and the personalised Entitlement and Acceptance Form that accompanies it contain important information about the Retail Entitlement Offer. You should read both documents carefully and in their entirety before deciding whether or not to participate in the Retail Entitlement Offer.

This Retail Entitlement Offer is not being made under a prospectus. This Retail Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus. As a result, it is important for you to read and understand this Retail Offer Booklet in its entirety, along with the publicly available information on Melbourne IT and the Entitlement Offer (for example, the information available on Melbourne IT's website (<https://www.melbourneit.com.au/>) or on Melbourne IT's ASX announcement platform at (<http://www.asx.com.au/>) prior to deciding whether to accept your Entitlement and apply for New Shares.

If you are in doubt as to the course you should follow, you should seek appropriate professional advice before making an investment decision.

2 Consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer.

An investment in New Shares is subject to both known and unknown risks, some of which are beyond the control of Melbourne IT. These risks include the possible loss of income and principal invested. Melbourne IT does not guarantee any particular rate of return or the performance on the New Shares offered under the Retail Entitlement Offer or the performance of Melbourne IT, nor does it guarantee the repayment of capital from Melbourne IT. In considering an investment in New Shares, investors should have regard to (amongst other things) the "Key risks" section of the Investor Presentation and the disclaimers outlined in this Offer Booklet.

3 Decide what you want to do

If you are an Eligible Retail Shareholder, you have three options available to you in relation to the Retail Entitlement Offer:

1. take up all or part of your Entitlement (refer to Section 2.3); or
2. do nothing and allow your Entitlement to lapse (refer to Section 2.6).

Ineligible Shareholders may not take up any of their Entitlements.

Eligible Retail Shareholders who do not participate in the Retail Entitlement Offer will have their percentage holding in Melbourne IT reduced. Eligible Retail Shareholders who participate in the Retail Entitlement Offer will see their percentage holding in Melbourne IT remain the same or decrease, depending on the proportion of their Entitlement they subscribe for.

The Entitlement Offer is non-renounceable, which means that the Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately. If you do not participate in the Entitlement Offer, you will not receive any value for your Entitlement.

4 Apply for New Shares

To participate in the Retail Entitlement Offer, please complete and lodge a valid Entitlement and Acceptance Form and Applicable Monies for New Shares, or make a payment by BPAY®, by 5.00pm (AEST) on 18 May 2017 pursuant to the instructions set out on the Entitlement and Acceptance Form.

5 Questions

If you have any questions, please contact your professional adviser or call the Melbourne IT shareholder information line on 1300 138 914 (within Australia) or +61 1300 138 914 (outside Australia) at any time between 8.30am and 5.30pm (AEST) on Monday to Friday during the Retail Entitlement Offer Period.

1 Overview of the Entitlement Offer

1.1 Summary of the Entitlement Offer

Melbourne IT proposes to raise approximately \$30.7 million under the Entitlement Offer, which has been structured as a 1 for 7 accelerated non-renounceable pro-rata entitlement offer of New Shares at the Offer Price of \$2.10 per New Share. The Entitlement Offer comprises:

- the Institutional Entitlement Offer; and
- the Retail Entitlement Offer (to which this Offer Booklet relates).

Melbourne IT raised approximately \$19.3 million through the Institutional Entitlement Offer³ and is seeking to raise approximately \$11.4 million under the Retail Entitlement Offer.

The proceeds of the Entitlement Offer will be used to provide funding for the acquisition of all of the issued shares in the WME Group.

The Entitlement Offer is fully underwritten by Wilsons Corporate Finance Limited (ACN 057 547 323) and Bell Potter Securities Limited (ACN 006 390 772) (together, the **Underwriters**), on the terms of the underwriting agreement executed on 1 May 2017 (**Underwriting Agreement**). The Underwriters will act as exclusive underwriters, joint lead managers and bookrunners to the Entitlement Offer.

Melbourne IT reserves the right to place, issue and allot any shortfall (being New Shares offered but not taken up under the Retail Entitlement Offer) at its absolute discretion. Without limitation, Melbourne IT may allocate any shortfall to the Underwriter (and sub-underwriters) in their absolute discretion.

1.2 Retail Entitlement Offer

(a) Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to subscribe for 1 New Share for every 7 existing Shares held at 7.00pm (AEST) on 3 May 2017, at the Offer Price of \$2.10 per New Share.

This is referred to as your **Entitlement**. Where fractions arise in the calculation of an Entitlement, they have been rounded up to the next whole number of New Shares.

Details on how to take up your Entitlement are contained in Section 2 and the enclosed personalised Entitlement and Acceptance Form. You may take up some, all or none of your Entitlement.

The Retail Entitlement Offer is only open to Eligible Retail Shareholders (see Section 2.4 for the definition of this term), and Melbourne IT reserves the right to reject any Application that it believes comes from a person that is not an Eligible Retail Shareholder. Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal requirements and the discretion of Melbourne IT. Melbourne IT disclaims any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Please note that Entitlements are personal and non-renounceable and cannot be traded, transferred, assigned or otherwise dealt with, whether on ASX or any other exchange or privately. If you do not participate in the Entitlement Offer, you will not receive any value for your Entitlement.

³ Subject to settlement of the Institutional Entitlement Offer, which is scheduled to occur on Wednesday, 10 May 2017.

(b) Retail Closing Date

The Retail Entitlement Offer closes at 5.00pm (AEST) on Thursday, 18 May 2017 (**Retail Closing Date**), with New Shares expected to be issued on Thursday, 25 May 2017 and commence trading on Friday, 26 May 2017.

1.3 Institutional Entitlement Offer

The Institutional Entitlement Offer was conducted between Monday, 1 May 2017 and Tuesday, 2 May 2017 (inclusive), and settlement of the Institutional Entitlement Offer is expected to occur on Wednesday, 10 May 2017.

The Institutional Entitlement Offer is expected to raise (once settlement occurs) approximately \$19.3 million through the issue of approximately 9.2 million New Shares.

2 How to apply

2.1 Choices available to Eligible Retail Shareholders

If you are an Eligible Retail Shareholder you may do any of the following:

- take up all or part of your Entitlement by the Retail Closing Date (refer to Section 2.3); or
- do nothing and allow your Entitlement to lapse (refer to Section 2.6).

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only.

If you do nothing, or take up only part of your Entitlement, the New Shares attributable to your Entitlement that you do not take up will lapse. It is not possible to sell or transfer your Entitlement (or any part thereof) if you decide not to take it up.

2.2 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 7 existing Shares you held as at the Record Date, being 7.00pm (AEST) on Wednesday, 3 May 2017. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

Please note that the Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (refer to definition of Eligible Retail Shareholders in Section 2.4).

Eligible Retail Shareholders who hold Shares in the capacity of a trustee, nominee or custodian (or in another capacity) for another person cannot take up Entitlements and purchase New Shares for the account or benefit of persons that are in the United States or otherwise for beneficiaries that are located outside of Australia and New Zealand.

2.3 If you wish to take up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, please complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies or pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form.

If you are paying by BPAY®, please be sure to use the specific biller code and unique reference number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the reference number specific to the Entitlement on that form.

If you take no action or your Application is not supported by cleared funds, you will be deemed to have allowed your Entitlement to lapse. If you take up and pay for all or part of your Entitlement before the Retail Closing Date (i.e. 5.00pm (AEST) on Thursday, 18 May 2017), you will be allotted your New Shares on or around Thursday, 25 May 2017. Melbourne IT's decision on the number of New Shares allotted to you will be final.

Refer to Section 2.8 for further information on payment directions.

2.4 Eligible Retail Shareholders

Eligible Retail Shareholders are those Shareholders who:

- (a) are registered as a holder of Shares as at the Record Date, being 7.00pm (AEST) on Wednesday, 3 May 2017;
- (b) as at the Record Date, have a registered address in Australia or New Zealand;
- (c) are not in the United States;
- (d) are not acting for the account or benefit of persons in the United States;
- (e) are not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder; and
- (f) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

By returning a completed Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy the criteria listed above.

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter from Melbourne IT in respect of the Retail Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that:

- no Offer Materials are to be sent to any Ineligible Retail Shareholder or any person that is in the United States for whom they are the nominee or custodian holder; and
- no Entitlement and Acceptance Form is to be submitted or New Shares otherwise purchased on behalf of any Ineligible Retail Shareholder or any person that is in the United States.

Melbourne IT is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws.

For the avoidance of doubt, Melbourne IT reserves the right (in its absolute sole discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

Melbourne IT also reserves the right to reject any acceptance of an Entitlement that it believes comes from a person who is not eligible to accept an Entitlement.

2.5 Ineligible Retail Shareholders

Melbourne IT has determined that it would be unreasonable to extend the Retail Entitlement Offer to holders of Shares who have registered addresses outside Australia and New Zealand, having regard to the number of securities held by Ineligible Retail Shareholders, the number and value of New Shares that they would be offered and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Retail Shareholders in those places. The Retail Entitlement Offer is not being made in the United States or to any person acting for the account or benefit of a person in the United States.

2.6 If you wish to do nothing

If you are an Eligible Retail Shareholder and you do nothing, then the Entitlements in respect of your New Shares will lapse. You should also note that, if you do not take up all or part of your Entitlement, then your percentage holding in Melbourne IT will be diluted.

2.7 Declarations by Eligible Retail Shareholder

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate in the Retail Entitlement Offer, you will be deemed to have represented that you are an Eligible Retail Shareholder and made the other declarations on that personalised Entitlement and Acceptance Form and set out below.

In addition, by completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate in the Retail Entitlement Offer, you:

- (a) agree to:
 - (i) apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price of \$2.10 per New Share; and
 - (ii) be bound by the terms of this Offer Booklet, the terms of the Retail Entitlement Offer and the provisions of Melbourne IT's constitution; and
- (b) authorise Melbourne IT to register you as the holder of New Shares and authorise Melbourne IT, the Underwriters, the Registry and their respective officers and agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Registry by using the contact details set out in the personalised Entitlement and Acceptance Form.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that (for the benefit of Melbourne IT, the Underwriters and their respective related bodies corporate and affiliates):

- (a) all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
- (b) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer and the Entitlement and Acceptance Form;
- (c) you were the registered holder(s) at the Record Date of the Shares indicated on the accompanying personalised Entitlement and Acceptance Form as being held by you on the Record Date and are a resident of Australia or New Zealand;
- (d) once Melbourne IT receives the Entitlement and Acceptance Form with the requisite Application Monies or your payment by BPAY®, you may not withdraw it except as allowed by law;
- (e) you have read and understood this Offer Booklet and the personalised Entitlement and Acceptance Form;
- (f) the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Offer Booklet or making an Application for New Shares;
- (g) the information contained in this Offer Booklet and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your

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investment objectives, financial situation or particular needs, and is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Melbourne IT and is given in the context of Melbourne IT's past and ongoing continuous disclosure announcements to ASX;

- (h) none of Melbourne IT, the Underwriters, their respective related bodies corporate and affiliates and the respective directors, officers, employees, agents, consultants or advisers of each of the aforementioned guarantees the performance of Melbourne IT, nor do they guarantee the repayment of capital;
- (i) you did not receive an invitation to participate in the Institutional Entitlement Offer (either directly or through a nominee), are not an Ineligible Institutional Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (j) you have read and understood the statement of risks in the "Key risks" section of the Investor Presentation, and you understand that investments in Melbourne IT are subject to investment risk;
- (k) you are not in the United States and are not acting for the account or benefit of a person in the United States and are subscribing for or purchasing New Shares in an "offshore transaction" (as defined in Rule 902(h) under the Securities Act);
- (l) the Entitlements and the New Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, or in any other jurisdiction and, accordingly, the Entitlements and the New Shares may not be offered, sold or otherwise transferred, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States, unless such Entitlements or New Shares have been registered under the Securities Act or are offered and sold in a transaction exempt from or not subject to, the registration requirements of the Securities Act and any other applicable securities laws of any state or other jurisdiction in the United States;
- (m) you are not engaged in the business of distributing securities;
- (n) you have not and will not send any materials relating to the Retail Entitlement Offer, including this Offer Booklet and the Entitlement and Acceptance Form, to any person in the United States;
- (o) you agree that if in the future you decide to sell or otherwise transfer the New Shares you will only do so in "regular way" transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States;
- (p) you are an Eligible Retail Shareholder and you are eligible under applicable securities laws to exercise Entitlements and acquire New Shares under the Retail Entitlement Offer;
- (q) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States, and you have not sent the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person;
- (r) you make all other representations and warranties set out in this Offer Booklet; and
- (s) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date.

2.8 Payment directions

You can pay in the following ways:

- BPAY®; or
- cheque, bank draft or money order.

Cash payments will not be accepted. Receipts for payment will not be issued.

Melbourne IT will treat you as applying for as many New Shares as your payment will pay for in full.

Application Monies received from Eligible Retail Shareholders will be held by Melbourne IT for the benefit of applicants in the Melbourne IT Entitlement Offer Account solely for the purpose of holding the Application Monies until the New Shares are issued, or if the New Shares are not issued, until the Application Monies are returned to the applicants.

Any Application Monies received for more than your final allocation of New Shares will be refunded. No interest will be paid on any Application Monies received or refunded.

If the New Shares are not issued, all Application Monies will be refunded as soon as practicable and Entitlements will cease to have any value.

(a) Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique reference number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form and in this Offer Booklet (including in Section 2.7); and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5.00pm (AEST) on Thursday, 18 May 2017. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

(b) Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "Melbourne IT Limited" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to \$2.10 multiplied by the number of New Shares that you are applying for. The number of New Shares you are applying for must not exceed the number of Shares indicated as your entitlement to New Shares in your personalised Entitlement and Acceptance Form which is

Melbourne IT Retail Offer Booklet

calculated as 1 New Share for every 7 existing Shares you hold as at the Record Date, rounded up to the nearest whole Share; and

- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

(c) Mail and hand delivery

To participate in the Retail Entitlement Offer, your payment must be received no later than the Retail Closing Date (i.e. 5.00pm (AEST) on Thursday, 18 May 2017). Shareholders who make payment via cheque, bank draft or money order should send their completed personalised Entitlement and Acceptance Form together with Application Monies to:

By mail:

Melbourne IT Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

By hand:

Melbourne IT Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

(Hand delivery only – please do not use this address for mailing purposes)

3 ASX Announcements and Investor Presentation

3.1 ASX Announcement released by Melbourne IT on 1 May 2017

ASX Announcement

Melbourne IT Ltd (ASX: MLB)

1 May 2017

Acquisition of WME Group and \$30.7 million fully underwritten capital raising

Transaction Highlights

- Acquisition of WME Group is expected to generate EPS accretion of 12% to 18%
- Expected positive impact of approximately \$6.5 million to \$7.5 million (before synergies) on FY17 underlying EBITDA
- Underwritten rights issue raising \$30.7m and \$9m of debt to fund the acquisition
- The acquisition will position MLB as a market leader in the high growth online marketing solutions segment for small and medium businesses
- WME Group expected to accelerate MLB's growth in average revenue per user (ARPU) through enhanced cross sell and customer retention

Melbourne IT Limited (MLB or **Melbourne IT**) is pleased to announce the proposed acquisition of 100% of WME Group for approximately \$39 million (**Proposed Acquisition**). WME Group is a leading provider of end-to-end digital marketing solutions including search engine optimisation, search engine advertising and web design. WME Group's market-facing brands include WME, Nothing But Web and Results First.

The combination of Melbourne IT and WME Group delivers a compelling customer value proposition and is expected to deliver significant benefits through scale and scope. The Proposed Acquisition further strengthens MLB's managed marketing capabilities and positions Melbourne IT as market leader in online marketing solutions for small and medium sized businesses (**SMB**), one of the fastest-growing segments of the technology industry.

The Proposed Acquisition will be funded from a combination of debt of approximately \$9 million and a fully underwritten \$30.7 million accelerated non-renounceable rights offer of 1 share for every existing 7 shares at an issue price of \$2.10. The Proposed Acquisition is expected to have a positive impact of approximately \$6.5 million to \$7.5 million (before synergies) on FY17 underlying EBITDA. EPS accretion (before synergies) of between 12% and 18% are expected in FY17.

Martin Mercer, CEO of MLB said, "The Melbourne IT of today is almost unrecognisable from the Melbourne IT of three years ago. This acquisition will build on the success we have experienced to date in providing managed marketing solutions for small businesses".





“WME Group is a logical and strong strategic fit with MLB, where managed marketing solutions are now the growth engine for our SMB division. We expect this powerful combination will enable us to grow ARPU at faster rates through enhanced cross sell and customer retention, as well as boost critical capability in search engine optimisation solutions and advanced customer account management,” he added.

Emma Hunt, Managing Director of the SMB division, said, “Australian small businesses are looking for a trusted partner to help them create an online presence, and then grow and thrive in this increasingly complex digital environment. With the capability that WME Group provides, Melbourne IT is now unequivocally that trusted partner. The acquisition clearly aligns with MLB’s strategy of transitioning our SMB organisation into the leading digital solutions partner for small and medium businesses.”

WME Group has offices in Melbourne and Auckland, New Zealand. WME Group has received numerous awards for growth and innovation, including being voted one of the top 100 coolest places to work in Australia.

Key management of WME Group will remain with the business.

Previous Acquisitions

The Proposed Acquisition follows previous successful acquisitions in Melbourne IT’s Enterprise Services division, namely the acquisition of Outware Systems which completed in February 2017 for \$57.84 million and, the acquisition of Infoready in March 2016 for \$15.4 million. These two acquisitions complete Melbourne IT Enterprise Services’ expertise across the foundational technologies of mobile, data and analytics, cloud and security. This expertise, and Melbourne IT’s ability to combine these foundational technologies into solutions, sets it apart as a leading digital technology partner for the enterprise market.

Capital raising

The Proposed Acquisition will be partly funded by a \$30.7 million fully underwritten 1 for 7 accelerated non-renounceable rights issue (**Entitlement Offer**).

The Entitlement Offer will consist of:

- an accelerated institutional component that will be conducted today and tomorrow (**Institutional Entitlement Offer**); and
- a retail component which will open on 8 May 2017 and close at 5.00pm (AEST) on 18 May 2017 (**Retail Entitlement Offer**).

Shares offered under the Entitlement Offer (**New Shares**) will be issued at a price of A\$2.10 per New Share (**Offer Price**). The Offer Price represents a:



- 2.0% discount to the theoretical ex-raising price (**TERP**)¹;
- 2.3% discount to the last traded price of \$2.15 on 28 April 2017; and
- 4.2% discount to the 5 day volume weighted average price of \$2.19 to 28 April 2017.

The New Shares will rank equally with existing ordinary shares. The Entitlement Offer is non-renounceable and rights will not be traded on the ASX or otherwise transferable. Eligible shareholders who do not take up their entitlement under the Entitlement Offer, in full or part, will not receive any value in respect of those entitlements not taken up.

The Entitlement Offer is fully underwritten by Bell Potter Securities Limited and Wilsons Corporate Finance Limited.

Institutional Entitlement Offer

The Institutional Entitlement Offer opens on 1 May 2017 and closes on 2 May 2017.

Entitlements not taken up under the Institutional Entitlement Offer or attributable to shareholders that were not entitled to participate in the Institutional Entitlement Offer will be offered to eligible institutional investors (including institutional shareholders who have subscribed for their Entitlements) concurrently with the Institutional Entitlement Offer and Institutional Placement.

Retail Entitlement Offer

The Retail Entitlement Offer opens on 8 May 2017 and closes at 5.00pm (AEST) on 18 May 2017. Only those retail shareholders with registered addresses in Australia and New Zealand (**Eligible Retail Shareholders**) will be eligible to participate in the Retail Entitlement Offer.

Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and accompanying personalised entitlement and acceptance form, which are expected to be despatched on 8 May 2017. Copies of the retail offer booklet will also be available on the Company's ASX announcements platform. MLB reserves the right to allot and issue any shortfall shares at its discretion. Institutional investors may also apply for shares available under any retail shortfall.

¹ The closing price on 28 April 2017 was \$2.15 per share. TERP is the theoretical price at which shares in MLB should trade immediately after the ex-date of the Entitlement Offer and reflects shares issued under the Offer. The actual price at which MLB shares trade will depend on many factors and may not be equal to TERP.



Timetable

| Event | Date |
|--|-------------|
| Commencement of trading halt | 1 May 2017 |
| Institutional Entitlement Offer opens | |
| Institutional Entitlement Offer closes | 2 May 2017 |
| Institutional shortfall bookbuild | 2 May 2017 |
| Existing shares resume trading on an ex-entitlement basis | 3 May 2017 |
| Record Date for Entitlement Offer (7.00pm AEST) | 3 May 2017 |
| Retail Entitlement Offer opens | 8 May 2017 |
| Dispatch of Retail Offer Booklet | 8 May 2017 |
| Institutional Entitlement Offer Settlement | 10 May 2017 |
| Issue and quotation of New Shares issued under the Institutional Entitlement Offer | 11 May 2017 |
| Retail Entitlement Offer closes (5.00pm AEST) | 18 May 2017 |
| Announce results of Retail Entitlement Offer and retail shortfall bookbuild | 23 May 2017 |
| Settlement of Retail Entitlement Offer | 24 May 2017 |
| Issue of New Shares under the Retail Entitlement Offer | 25 May 2017 |
| New Shares under the Retail Entitlement Offer commence trading on ASX | 26 May 2017 |

The above timetable is indicative only and subject to change without notice. All references to time are to Australian Eastern Standard Time. The commencement of quotation of New Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, MLB reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer period or accepting late applications, either generally or in particular cases, without notice.



Investor Teleconference

MLB will hold an investor teleconference at **10am tomorrow, Tuesday 2nd May**, with CEO, Martin Mercer, and CFO, Stuart Bland.

The live audio webcast of the teleconference can be accessed via this URL link <http://www.openbriefing.com/OB/2499.aspx>, which will be activated 15 minutes prior to the start of the presentation. An archive of the event will also be placed on the Investor Announcements page of our corporate website after the event.

Investor Enquiries

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0432 390 207



About Melbourne IT

Melbourne IT Group is a publicly listed company with offices in Melbourne, Sydney, and Brisbane. Our purpose is to “fuel our customers’ success through the smart use of technology”. We aspire to be Australia’s most impactful digital technology partner. By 2020 we aim to have fuelled the success of over one million businesses. Our customers will love us, our people will be our most passionate advocates, and our investors will be rewarded. Melbourne IT operates two businesses marketed under 7 brands.

The SMB of Melbourne IT provides Australian small and medium businesses with online marketing solutions. It has over 450,000 direct customers, provides services to over 700,000 Australian businesses, and generates revenue over \$90M. The SMB business operates under five brands: Melbourne IT, WebCentral, Netregistry, and TPP brands and Domainz.

The Enterprise Services Business (ES) of Melbourne IT is the leading end-to-end provider of digital solutions for the corporate and government market with revenues over \$70M. ES have expertise in customer-focused design, software engineering, data analysis and management of flexible digital solutions across foundational technologies: Mobile, Data and Analytics, Cloud and Security. ES is based in Sydney, Melbourne and Brisbane and has a blue chip customer base. It operates under three brands, Melbourne IT, Infoready and Outware.

Visit: www.melbourneit.com.au

Important Information

Important Notices

This announcement is not a financial product or investment advice, a recommendation to acquire shares or financial, accounting, legal or tax advice. The information in this announcement does not contain all the information necessary to fully evaluate an investment. It should be read in conjunction with the other materials lodged with ASX in relation to the Proposed Acquisition and Entitlement Offer (including the investor presentation and the key risks set out therein), and MLB’s other periodic and continuous disclosure announcements. This announcement has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the information in this announcement and in the investor presentation in relation to the Proposed Acquisition and Entitlement Offer having regard to their own objectives, financial and tax situation and needs, and should seek legal, tax and other professional advice. MLB is not licensed to provide financial product advice in respect of an investment in shares.

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Forward-looking statements

Certain statements in this ASX announcement may contain forward-looking statements including indications of, and guidance on, future earnings, financial position and performance. Such forward-looking statements, opinions, and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about the market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve unknown risks, uncertainties and other factors, many of which are beyond control of MLB and which may cause actual results to differ materially from those statements. Neither MLB, nor any of its directors, employees, advisers or agents assume any obligation to update such information. Forward looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent to the industries in which MLB operates.

3.2 Investor Presentation released by Melbourne IT on 1 May 2017



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Summary information

This presentation contains summary information about the Company and its activities and is current as at the date of this presentation. The information in this presentation is a general background and does not purport to be complete or provide all information that an investor should consider when making an investment decision. It has been prepared by the Company with due care but no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information. Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. The Company is not responsible for updating, nor undertakes to update, this presentation. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange ("ASX"), which are available at www.asx.com.au.

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This presentation is for information purposes only and is not a prospectus, product disclosure statement or other offer document under Australian law or the law of any other jurisdiction. This presentation is not financial product or investment advice, a recommendation to acquire New Shares or accounting, legal or tax advice. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs, and seek legal and taxation advice appropriate to their jurisdiction. The Company is not licensed to provide financial product advice in respect of its securities. Cooling off rights do not apply to the acquisition of rights to New Shares.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

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Information relating to past performance and activities included in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future performance or condition. Investors should note that past performance, including the past share price performance of Melbourne IT, cannot be relied upon as an indicator of (and provides no guidance as to) future performance including future share price performance. The historical information included in this presentation is, or is based on, information that has previously been released to the market.



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Financial data

All dollar values are in Australian dollars (\$) or A\$) unless stated otherwise.

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This presentation contains certain forward-looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future financial position and performance are also forward-looking statements. Forward-looking statements in this presentation include statements regarding the timetable and outcome of the Entitlement Offer and the use of the proceeds thereof. Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current conditions.

Forward-looking statements, including projections, estimates and guidance on the future financial position of the Company are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to risks associated with: Melbourne IT's ability to continue to develop and maintain key technology and infrastructure, technological developments and advancements, the successful completion of the acquisition of WME Group, the successful integration of WME Group into the remainder of Melbourne IT's operations and businesses, unknown historical liabilities, retention of key employees, the termination of material contracts, the successful completion of the Entitlement Offer and other factors that are of a general nature which may affect the future operating and financial performance of the Company.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. The forward-looking statements in this presentation speak only as of the date of this presentation. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, the Company disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this presentation to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this presentation will create an implication that there has been no change in the affairs of Melbourne IT since the date of this presentation.

Diagram, charts, graphs and tables

Any diagrams, charts, graphs and tables appearing in this presentation are illustrative only and may not be drawn to scale.

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Important Notice & Disclaimer

Investment risk

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Melbourne IT. Melbourne IT does not guarantee any particular rate of return or the performance of Melbourne IT, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. In considering applying for New Shares under the Entitlement Offer and maintaining an ongoing investment in New Shares, investors should have regard to (among other things) the risks and disclaimers outlined in this presentation.

Not an offer

This presentation is for information purposes only and should not be considered an offer or an invitation to acquire securities in Melbourne IT or any other financial products and does not and will not form any part of any contract for the acquisition of New Shares.

This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares to be offered and sold in the Entitlement Offer have not been, and none of them will be, registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. The New Shares to be offered and issued as part of the Entitlement Offer may not be offered and sold to, directly or indirectly, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This presentation may not be distributed or released in the United States. The distribution of this presentation in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

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Determination of eligibility of investors for the purposes of placing any shortfall under the Entitlement Offer will be determined by reference to a number of matters, including legal requirements and is at the absolute discretion of Melbourne IT and the joint lead managers. Melbourne IT and the joint lead managers disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Statements made in this presentation are made only as at the date of this presentation. The information in this presentation remains subject to change without notice. The Company reserves the right to withdraw the Entitlement Offer or vary the timetable for the Entitlement Offer without notice.

Acceptance

By attending an investor presentation or briefing, or accepting, accessing or reviewing this presentation you acknowledge and agree to the terms set out in the important notice and disclaimer, including any modifications to them.



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Transaction Summary and Strategic Rationale

Overview

- 1 MLB is announcing **2 significant events**:
 - The purchase of Web Marketing Experts Pty Ltd, Nothing But Web Pty Ltd and Results First Ltd (collectively the "WME Group") – a leading provider of Search Engine Optimisation ("SEO") and digital marketing services to the SMB market – for approximately \$39M¹
 - An accelerated non-renounceable entitlement offer for ~\$30.7M to partially fund the purchase consideration for WME Group
- 2 Combination is **strategically compelling and strongly earnings accretive**:
 - Adds powerful SMB solutions capability with anticipated significant future opportunity for revenue synergies
 - Expected Underlying EPS accretion before synergies of between 12% and 18% in FY17²
- 3 Positive impact on **FY17 guidance**:
 - Existing Underlying EBITDA guidance of \$31M to \$34M updated to a range of \$37.5M to \$41.5M as a result of the acquisition of WME Group
- 4 Low transaction multiple reinforces **shareholder value creation**:
 - Implied multiple of 5.0x to 6.0x FY17 EBITDA is materially below MLB's trading multiple and low for such a strongly growing business

Building a stronger business with higher growth and quality earnings

1. Total estimated consideration is \$39M (prior to estimated transaction costs of \$600K and costs of the capital raising) consisting of a \$25M payment on completion and a second payment (in August 2017) dependent on performance.
2. On a pro forma basis and before synergies.

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Strong Strategic Fit: WME Group and Melbourne IT

- 1 **Enhances SMB's ability** to grow average revenue per user ("ARPU") at faster rates through enhanced cross sell and customer retention
- 2 **SMB gains critical capability** in digital marketing for small and medium enterprises and an established and highly effective account management capability
- 3 **Strong competitive position** when acquiring new customers and expanding services to existing customers via the ability to deliver complete managed marketing solutions
- 4 **Firmly in line** with MLB's announced strategy of transitioning its small to medium business division ("SMB") into the leading digital solutions partner for small to medium enterprises

**managed marketing solutions
now the growth engine for SMB**

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Transaction: overview



Transaction Summary

- MLB will acquire a 100% shareholding in WME Group
- Consistent with existing strategy and acquisition criteria
- Compelling opportunity for MLB to acquire one of Australia's leading providers of digital marketing services for small to medium enterprises
- Forecast WME Group annualised underlying FY17 EBITDA of between \$6.5M to \$7.5M
- WME Group has a history of double digit growth (>50% pa FY14 – FY16)
 - we anticipate WME Group EBITDA growth of ~20% in CY17 (after including incremental costs)
- Total estimated transaction consideration of \$39M¹ on an implied EBITDA multiple of 5.0x to 6.0x FY17
- Approx. 18% return on \$39M investment²
- Acquisition will be funded from a combination of debt (~\$9M) with the balance funded from the proceeds from the raising of new equity (~\$30.7M)
- Key Management are remaining with the business
- Completion is conditional on successful completion of capital raising, among other things

1. Total estimated consideration is \$39M (prior to estimated transaction costs of \$600K and costs of the capital raising) consisting of a \$25M payment on completion and a second payment (in August 2017) dependent on performance.
2. ROIC calculated using the mid-point of the range for anticipated FY 2017 Core EBITDA less depreciation & amortisation and divided by the acquisition price (\$39M).

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Transaction: overview (cont'd)



Impact on MLB

- MLB will strengthen its position as a leading provider of managed marketing solutions for small and medium business customers
- Compelling logic and strong strategic fit:
 - combination of SMB and WME Group delivers a compelling customer value proposition and delivers significant benefits through scale and scope in SMB
- Expected to add ~ \$6.5M to \$7.5M (before synergies) to MLB's Underlying EBITDA in FY17¹
- Expected Underlying EPS accretion before synergies of between 12% and 18% in FY17
- The growth rate in SMB is expected to accelerate significantly as a result of the transaction
- 30 person account management team from WME Group expected to assist in customer retention and accelerating ARPU growth
- Positive impact on balance sheet - strong organic cash flow expected to bring leverage ratio below 1.5x within months
- Dividend policy is unchanged (ie payout ratio expected to remain at 55%-75% of Statutory NPAT)

1. Calculated on the basis that WME Group had been owned by MLB since 1 January 2017.
2. See pages 26-29 for the criteria that the Board of MLB has set for acquisitions and in particular page 28 for its policy on the net debt:EBITDA ratio.

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Growth: WME Group provides enhanced exposure to much larger and attractive solutions market

SOLUTIONS MARKET

90%

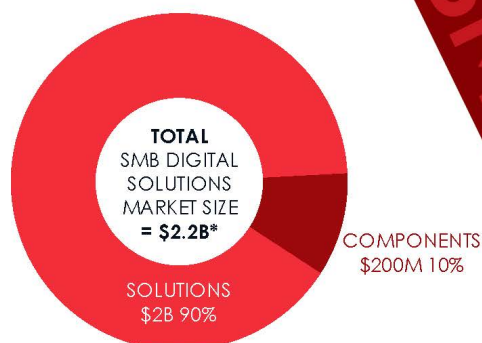
- Customers prepared to pay for solutions that meet a need or solve a problem
- Highly fragmented market with no major competitor in Australia
- Market growing at 20%+ per annum
- Average revenue per user of \$100-\$1,000pm

COMPONENTS MARKET

10%

- Domains, web hosting, and email are key components for SMBs
- MLB is no. 1 in the Australian market but highly competitive with large competitors driving commoditisation
- Market growing at low single digits
- Average revenue per user of \$5-\$50pm

SMB Growth from Solutions

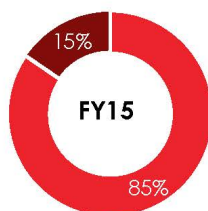


* Revised market size following independent study from Growth Solutions Group, 2016. Commissioned by Melbourne IT.

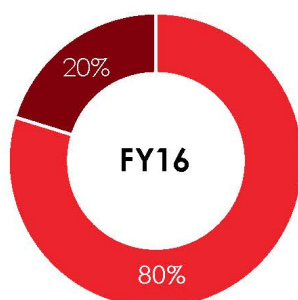
11

Transformation: WME Group accelerates the transition of SMB to a solutions business

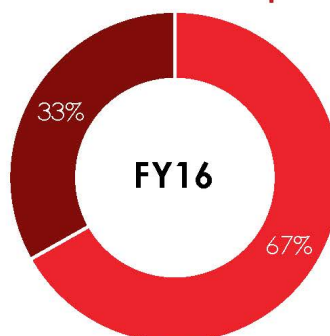
MLB SMB Direct



MLB SMB Direct



MLB SMB Direct with WME Group



REVENUE SPLIT BY SEGMENT

- SOLUTIONS
- COMPONENTS

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Overview of WME Group and Operational Fit with SMB Business

WME Group: facts and figures

- 1 Founded in 2008** WME Group is one of Australia's leading providers of search engine optimisation & digital marketing services for small to medium enterprises:
 - Leading skills and competencies in the rapidly growing/lucrative digital advertising industry
 - Extensive expertise in search engine optimisation ("SEO"), search engine marketing ("SEM"), social media advertising & web design & development. A full service digital agency
 - Has experienced exceptional growth due to world-leading innovation. Highly systemized operation that has resulted in superior customer acquisition, outstanding client results and employee retention
 - Ongoing revenue, low customer churn, track record of successfully expanding customer base
- 2 150 employees** with offices in Melbourne and Auckland. Voted Top 100 Coolest Places to work in Australia
- 3 Impressive history of strong growth**, EBITDA growing at >50% p.a. over recent years. Numerous awards for growth and innovation

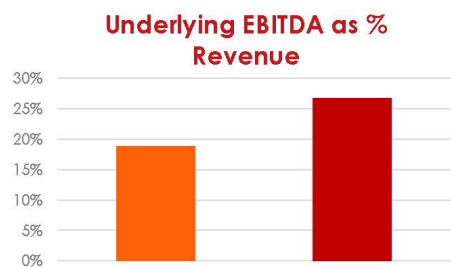
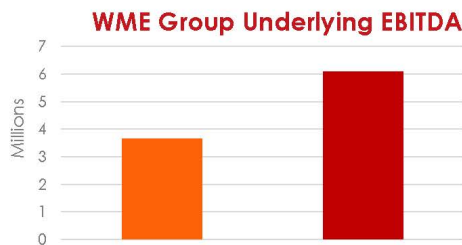


- 4 Key Management** remaining with the business (current owner is not involved in the day to day operations of the business)



SMB

WME Group: historical financial performance



- **Low CAPEX** business model with strong free cash flow & no debt
- **Business is built for growth** with scalable and robust systems and processes
- **Low customer concentration** and a large portfolio of active customers
- Historically **significant levels of recurring income**

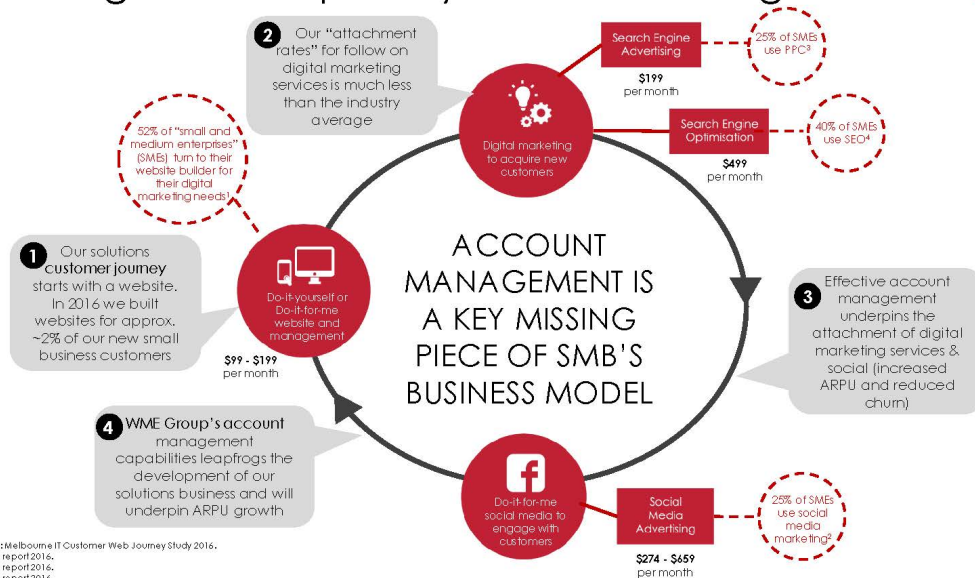
* Results are years ended 31 December.



SMB

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Revenue Synergies: WME Group's account management capability will drive ARPU growth


















1. IPSOS: Melbourne IT Customer Web Journey Study 2016.
2. IPSOS report 2016.
3. IPSOS report 2016.
4. IPSOS report 2016.



SMB

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WME Group & MLB: a powerful combination

| | MLB ¹ | WME Group | Combined |
|-------------------------|---|---|---|
| Customer Metrics | | | |
| Customers | ~3,500 ² | ~1,900 ² | ~5,400 |
| ARPU | ~\$1,800pa | ~\$12,000pa | ~\$5,400pa |
| Capabilities | | | |
| Web Design |  |  |  |
| SEO |  |  |  |
| PPC |  |  |  |
| Social |  |  |  |
| Account Management |  |  |  |

The acquisition of WME Group accelerates the transformation of MLB's SMB division to a leading provider of managed marketing solutions

1. Solutions customers only, MLB has another ~500K legacy domains and hosting customers ("Components" customers) who could in the future become solutions customers.
2. Active customers.

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Updated Guidance



MELBOURNE IT GROUP

Guidance: underlying EBITDA bridge

| Measure | Range | Comment |
|--|--------------------------|---|
| Existing FY17 Underlying EBITDA Guidance | \$31m - \$34m | Re-affirmed FY17 underlying EBITDA guidance announced on 23 February 2017 |
| FY17 WME Group Core EBITDA ¹ | \$6.5m - \$7.5m | Pro forma, based on full year Core EBITDA contribution from WME Group |
| Updated FY17 Underlying EBITDA Guidance ¹ | \$37.5m - \$41.5m | Pro forma for SMB & Enterprise acquisitions (including WME Group) and divestments made in the financial period as if that acquisition / divestment had applied for all FY17 |

- At the end of Q1 MLB was trading in line with expectations
- Trading conditions in the markets ES and SMB operate in are unchanged
- The focus on digital solutions in both SMB and ES continues to drive growth

Please note: Figures on this page reflect management's best estimate and have not been audited. They may not be exact due to rounding and include non-IFRS financial information that is relevant for users' understanding the underlying performance.

1. Calculated on the basis that WME Group had been owned by MLB since 1 January 2017.

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WME Group & MLB: FY16 actual and pro forma financials for the SMB division

| | MLB SMB (Reported) | WME Group ^[1] | Pro forma Adjustments ^[2] | MLB SMB (Consolidated) ^[3] |
|---|-----------------------|--------------------------|---|--|
| Revenue | 97.8 | 22.8 | (5.3) | 115.3 |
| Gross Margin | 57.1 | 19.7 | (0.5) | 76.4 |
| Core Operating Expenses ^[4] | 38.5 | 13.7 | (0.4) | 51.8 |
| Core EBITDA ^[5] | 18.7 | 6.1 | (0.1) | 24.6 |
| Non Core Expenses/Income ^[6] | 3.0 | 0.0 | 0.0 | 3.0 |
| Reported EBITDA | 15.7 | 6.1 | (0.1) | 21.7 |

1. This represents unaudited WME Group figures for the FY16 period.
2. These are the pro forma impacts of SMB acquisitions and divestments made in the financial period as if that acquisition / divestment had applied for all FY16.
3. The aggregate SMB business inclusive of WME Group and after reflecting the pro forma adjustments.
4. Core operating expenses and excludes one off expenses.
5. EBITDA results before one off expenses and non-core income.
6. One off expenses and non-core income comprises items such as integration, transaction costs etc.

Please note: Figures on this page reflect management's best estimate and have not been audited. They may not be exact due to rounding and include non-IFRS financial information that is relevant for users' understanding the underlying performance.

Results are years ended 31 December 2016.

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WME Group & MLB: FY16 actual and pro forma financials for the MLB Group



| | MLB Group (Reported) | WME Group ^[1] | Pro forma Adjustments ^[2] | MLB Group (Consolidated) ^[3] |
|---|-------------------------|--------------------------|---|--|
| Revenue | 168.2 | 22.8 | (1.7) | 189.2 |
| Gross Margin | 94.0 | 19.7 | 0.7 | 114.4 |
| Core Operating Expenses ^[4] | 66.0 | 13.7 | 0.2 | 79.9 |
| Core EBITDA ^[5] | 28.0 | 6.1 | 0.5 | 34.5 |
| Non Core Expenses/Income ^[6] | (0.3) | 0.0 | 0.0 | (0.3) |
| Reported EBITDA | 28.2 | 6.1 | 0.5 | 34.8 |
| NPAT | 10.7 | 4.1 | 0.3 | 15.1 |

1. This represents unaudited WME Group figures for the FY16 period.
2. These are the pro forma impacts of SMB & Enterprise acquisitions and divestments made in the financial period as if that acquisition / divestment had applied for all FY16.
3. The aggregate MLB Group business inclusive of WME Group and after reflecting the pro forma adjustments.
4. Core operating expenses and excludes one off expenses.
5. EBITDA result before one off expenses and non-core income.
6. One off expenses and non-core income comprises items such as integration, transaction costs etc.

Please note: Figures on this page reflect management's best estimate and have not been audited. They may not be exact due to rounding and include non-IFRS financial information that is relevant for users' understanding the underlying performance. Results are years ended 31 December 2016.

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Capital Raising Summary

Capital Raising: overview



Offer Structure and Size

- 1 for 7 pro-rata accelerated non-renounceable entitlement offer to raise approximately \$30.7 million
- Approximately \$19.6 million institutional component and \$11.1 million retail component
- The offer is fully underwritten by Wilsons Corporate Finance Limited and Bell Potter Securities Limited
- Approximately 14.6 million new MLB ordinary shares ("New Shares") to be issued (approximately 14% of existing shares on issue)

Offer Price

- Offer price of \$2.10 per New Share under the Entitlement Offer and Institutional Placement ("Offer Price"), which represents a:
 - 2.0% discount to TERP
 - 2.3% discount to the last traded price of \$2.15 on 28 April 2017
 - 4.2% discount to the 5 day VWAP of \$2.19

Ranking / Dividend

- New Shares will rank equally in all respects with existing ordinary shares
- Shares issued on 28th April 2017 under MLB's Dividend Reinvestment Plan ("DRP") will be counted in the calculation of shareholders' entitlements under the capital raising

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Capital Raising: overview



Institutional and Retail Components of Entitlement Offer

- The institutional component of the Entitlement Offer ("Institutional Entitlement Offer") will be conducted over Monday, 1 May 2017 and Tuesday, 2 May 2017
- Entitlements not taken up under the Institutional Entitlement Offer will be offered to new and existing eligible institutional shareholders at the offer price via a shortfall bookbuild concluding on Tuesday, 2 May 2017
- The retail component of the Entitlement Offer ("Retail Entitlement Offer") opens Monday, 8 May 2017 and closes Thursday, 18 May 2017

Record Date

- 7:00pm (AEST) Wednesday, 3 May 2017

Board Participation

- Non-Executive Directors Larry Bloch and Tom Kiing hold 15,179,851 (or 14.8%) of MLB shares. Both have confirmed their support for the transaction, however both have indicated that for personal reasons they will not be participating in the Entitlement Offer and therefore their respective entitlements will be placed through the institutional bookbuild
- The other MLB Directors have stated they intend to participate in the Entitlement Offer for some or all of their respective pro-rata entitlements to the extent their financial circumstances permit

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Capital Raising: timetable

| Event | Date |
|--|-------------|
| Commencement of trading halt and Institutional Entitlement Offer opens | 1 May 2017 |
| Institutional Entitlement Offer closes | 2 May 2017 |
| Institutional shortfall bookbuild | 2 May 2017 |
| Existing shares resume trading on an ex-entitlement basis | 3 May 2017 |
| Record Date for Entitlement Offer (7.00pm AEST) | 3 May 2017 |
| Retail Entitlement Offer opens | 8 May 2017 |
| Dispatch of Retail Offer Booklet | 8 May 2017 |
| Institutional Entitlement Offer Settlement | 10 May 2017 |
| Issue and quotation of New Shares issued under the Institutional Entitlement Offer | 11 May 2017 |
| Retail Entitlement Offer closes (5.00pm AEST) | 18 May 2017 |
| Announce results of Retail Entitlement Offer and retail shortfall bookbuild | 23 May 2017 |
| Settlement of Retail Entitlement Offer | 24 May 2017 |
| Issue of New Shares under the Retail Entitlement Offer | 25 May 2017 |
| New Shares under the Retail Entitlement Offer commence trading on ASX | 26 May 2017 |



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Appendix A: Approach To Acquisitions

Investment Philosophy

Melbourne IT has a clear investment philosophy which guides it in deciding whether or not to make acquisitions. The key elements of this philosophy are summarised below.

- An acquisition must be clearly **aligned with our strategy**
- Where an acquisition is undertaken to acquire capability it must accelerate the execution of our strategy and offer a **superior risk/reward profile** to the alternative of developing the capability internally
- An acquisition must create significant **shareholder value** and return on investment over the **medium term**
- At all times we are focussed on maintaining and protecting a **strong balance sheet**
- We follow a clear **capital management strategy** when allocating capital
- We have an established process for identifying and appropriately **managing any risks** before deploying capital for acquisitions
- When making an acquisition we have the right people involved in the evaluation of the opportunity and provide **clear accountability** for the business case and post-acquisition execution
- The performance of acquisitions are **reviewed annually** against agreed criteria and hurdles



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Investment Criteria

In assessing acquisitions Melbourne IT applies the following criteria.

| Criteria | Measure | Commentary |
|-----------------------|-----------------------------|---|
| Strategic Alignment | | Acquisitions must be clearly aligned with the Company's stated strategy and be integral to the achievement of the overall plan |
| Value Creating # 1 | EPS Accretion | Acquisitions must be EPS accretive over a 1 to 2 year timeframe ¹ |
| Value Creating # 2 | EV/EBITDA multiple | Businesses must be acquired at an EBITDA multiple that is lower than the Company's current EV/EBITDA multiple (exceptions may be made for strongly growing businesses with unique capabilities) |
| Ability to Repay Debt | Leverage Ratio ² | The Company prefers to maintain a net debt:EBITDA ratio below 1.5x. Exceptions to this will be entertained in the case of acquisitions but only if there is a clear path to get the leverage ratio below 1.5x within 12-24 months |
| Ability to Repay Debt | Gearing Ratio ² | The Company will maintain a debt:(debt + equity) ratio below 50% |

1. EPS calculation will exclude revenue synergies, but include only 50% of the anticipated cost synergies (and exclude the costs of achieving those cost synergies).

2. The Company's debt facility is subject to covenants which provide for maximum permissible leverage and gearing ratios. The targets for these measures are materially below the maximums prescribed in the Company's covenants.



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Recent Acquisitions: value accretion

Acquisitions have played a key role in the growth of recent years. We are establishing a track record of acquiring well and integrating effectively.

| Company | Consideration \$M | Initial Multiple ¹ | Final Multiple ² | Strategic Fit | Synergies ⁵ | Integration |
|---------------------------|----------------------|-------------------------------|-----------------------------|------------------------------------|------------------------|-------------|
| Netregistry (Feb 2014) | \$50.4m | 10.1 | 4.0 | Scale economies in legacy business | ✓ | 75% |
| Uber (Apr 2015) | \$14.9m | 7.5 | 3.3 | Scale economies in legacy business | ✓ | ✓ |
| Outware (June 2015) | \$57.8m ³ | 8.6 | 4.7 | Acquisition of unique capability | ✓ | ✓ |
| InfoReady (Mar 2016) | \$15.4m | 4.5 | <4.5 ⁴ | Acquisition of unique capability | ✓ | ✓ |

1. For Netregistry and Uber initial multiple represents the ratio of total consideration to EBITDA at acquisition date. For Outware and InfoReady, initial multiple is the implied forward multiple as advised at the time of the acquisition – the final multiple would only be known at the end of the earnout period.
2. For Netregistry and Uber, final multiple represents the ratio of total consideration to EBITDA after realised synergies to date. For Outware and InfoReady, final multiple is calculated using forecast FY17 EBITDA.
3. Accounting consideration of \$60.6m represents total consideration of \$57.8m plus vendors share of cash at the time tranches 2 & 3 were acquired.
4. Final multiple won't be known until the end of the earnout period in 31 March 2019 but the way the earn out is structured it will always be less than 4.5x.
5. For Netregistry and Uber there were material cost synergies to be realised whereas for Outware and InfoReady the focus is on revenue synergies from developing cross practice solutions and cross selling to respective customer bases.

Appendix B: Glossary

Glossary

| | |
|------------------------------|--|
| ARPU | Average revenue per user |
| CAGR | Compound annual growth rate |
| Capex | Capital expenditure |
| Company, Melbourne IT or MLB | Melbourne IT Limited (ACN 073 716 793), including its subsidiaries unless the context requires otherwise |
| Core EBITDA | Earnings before Interest, Taxation, Depreciation and Amortisation. Core EBITDA adjusts for one-off and non-recurring costs and non-core income |
| Entitlement Offer or Offer | 1 for 7 pro-rata accelerated non-renounceable entitlement offer to be conducted by the Company to raise approximately \$30.7 million |
| ES | Enterprise Services, a division of the Melbourne IT Group focusing on cloud, mobile and data analytics services for enterprise customers |
| FY15 | Financial year ended 31 December 2015 |
| FY16 | Financial year ended 31 December 2016 |
| FY17 | Financial year ending 31 December 2017 |
| IDNR | International Domain Name Registration business, sold by Melbourne IT to Tucows Inc. in March 2016 |
| InfoReady | InfoReady Pty Ltd, acquired by Melbourne IT in March 2016 |
| Netregistry | Netregistry Pty Ltd, acquired by MLB in February 2014 |
| New Shares | Shares in the Company to be issued under the Entitlement Offer |



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Glossary (cont'd)

| | |
|-------------------|--|
| Outware | Outware Systems Pty Ltd, acquired by Melbourne IT in June 2015 |
| ROIC | Return on Invested Capital, calculated using the mid-point of the range for anticipated FY 2017 Core EBITDA less D&A and divided by the acquisition price |
| SMB | A division of the Melbourne IT Group focusing on web services to small to medium sized businesses |
| Solutions | Product offerings within SMB division, including search engine optimisation, website development and social media marketing |
| Statutory EBITDA | Earnings before Interest, Taxation, Depreciation and Amortisation. A non-IFRS financial metric included in this presentation that is relevant for users understanding the underlying performance of the Melbourne IT Group |
| Statutory EPS | Earnings per Share. Prepared on a statutory basis in accordance with the Australian equivalents of International Financial Reporting Standards |
| Statutory NPAT | Net Profit after Taxation. Prepared on a statutory basis in accordance with the Australian equivalents of International Financial Reporting Standards |
| Uber/ Uber Global | Uber Global Pty Ltd, acquired by Melbourne IT in April 2015 |
| Underlying EBITDA | Core EBITDA plus the pro forma impacts of acquisitions and divestments made in the financial period |
| Underlying EPS | Earnings per Share. A non-IFRS financial metric included in this presentation that is relevant for users understanding the underlying performance of the Melbourne IT Group. Underlying EPS adjusts for one-off and non-recurring costs and the pro forma impacts of acquisitions and divestments made in the financial period |
| WME Group | Comprises of 100% of the shares of Web Marketing Experts Pty Ltd (ACN 134 954 279), Nothing But Web Pty Ltd (ACN 602 013 678) and Results First Limited (NZ Company Number 5240641) |



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Appendix C: Key Risks

Key Risks: introduction

Investors should be aware that there are risks associated with an investment in MLB. Some of the principal factors that may, either individually or in combination, affect the future operating and financial performance of MLB and the value of MLB shares (before and after the proposed acquisition of WME Group) are detailed in this section. Some risks are specific to an investment in MLB and the acquisition of WME Group, others are of a more general nature.

The summary of risks that follows is not exhaustive and the risks set out below are not in order of importance. The summary of risks does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that MLB is unaware of, or that it considers to be immaterial, may also become important factors that adversely affect MLB's operating and financial performance. Accordingly, no assurance or guarantee of future performance or profitability is given in respect of MLB shares.

Before participating in the Offer or investing in MLB, it is important that you read and understand this presentation and consider these risks and uncertainties clearly. Prospective investors should also consider publicly available information on MLB. You should have regard to your own investment objectives and should seek advice from your professional adviser before deciding whether or not to invest.



Key Risks: acquisition risks

Completion risk

The acquisition of WME Group is conditional on a number of matters including no material adverse change, and completion of the Offer. If these conditions are not satisfied or waived, the acquisition will not complete. There is also potential for a material delay to completion of the acquisition in order for some of the conditions to be satisfied.

If the transaction does not complete, then MLB will review its capital position with regard to its ongoing capital requirements and corporate strategy. Amongst other things, this may include consideration of a return of capital to shareholders and/or an on market buy back.

Funding risk

MLB has entered into an underwriting agreement with Bell Potter Securities Limited and Wilsons Corporate Finance Limited. Under this agreement, the underwriters have agreed to fully underwrite the Offer, subject to the terms and conditions of the underwriting agreement.

The underwriting agreement that MLB has entered into with the underwriter contains customary termination rights, these include:

- a) the share purchase agreement in respect of the acquisition of the WME Group is not amended (without the consent of the underwriters) or breached, terminated or rescinded; and
- b) the S&P / ASX 200 index falls by more than 10% from its level at the close of trade on Friday 28 April for 2 consecutive business days or the day immediately before the institutional offer settlement date or the retail offer settlement date.

In the event that the underwriting agreement is terminated in accordance with its terms, MLB has only limited capacity to increase the drawdown on its debt facilities to fund the acquisition of WME Group. MLB does not have existing facilities in place to complete the WME Group acquisition on the basis of debt funding alone. **MLB's ability to service the anticipated debt drawdown under its existing facilities and any additional drawdowns if the underwriting agreement is terminated will depend on MLB's future performance and cash flows, which in turn will be affected by various factors, some of which are outside MLB's control (such as the general risks discussed on the following slides).**

An inability to secure sufficient debt funding (including to refinance on acceptable terms) from time to time or to service its debt may have a material adverse effect on MLB's financial performance and prospects. In particular, to the extent that additional equity or debt funding is not available from time to time on acceptable terms, or at all, MLB may not be able to take advantage of acquisition or other growth opportunities, develop new ideas or respond to competitive pressures.

In the event that the underwriting agreement is terminated in accordance with its terms, MLB has the right to discontinue with the transaction. **The action that MLB determines to take should this situation arise will depend on the specific facts and circumstances at the time.**



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Key Risks: acquisition risks (cont)

Integration risk

The acquisition of WME Group involves the integration of the WME Group business, which has previously operated independently to MLB. Consequently, there is a risk that the integration of WME Group may be more complex than currently anticipated, encounter unexpected challenges or issues or take longer than expected, divert management's attention from other areas of the MLB business or not deliver the expected benefits. This may affect MLB's operating and financial performance.

Historical liability

If the acquisition of WME Group is successfully completed, MLB will be exposed to the risks associated with owning and operating WME Group. MLB, as the new owner of WME Group, may become directly or indirectly liable for any liabilities that WME Group has incurred in the past, which were not identified during due diligence or which are greater than expected, and for which there is no protection for MLB (in the form of insurance, representations and warranties and indemnities) or such protection turns out to be inadequate in the circumstances. Such liability may adversely affect the financial performance or position of MLB post-acquisition.

Key employees

WME Group has a core management team with key experience in the markets in which WME Group operates and responsibility for some key client relationships. Failure to retain some of the core management team post-acquisition may have a material adverse effect on MLB's ability to deliver the expected benefits of the acquisition in the short to medium term.

Reliance on information provided

MLB undertook a due diligence process in respect of WME Group, which relied in part on the review of financial and other information provided by the vendors of WME Group. Despite making reasonable efforts, MLB has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, MLB has prepared (and made assumptions in the preparation of) the financial information relating to WME Group on a stand-alone basis and also the financial information relating to MLB post-acquisition included in this presentation in reliance on limited financial information and other information provided by WME Group. **MLB is unable to verify the accuracy or completeness of all of that information.**

If any of the data or information provided to and relied upon by MLB in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of MLB and the enlarged group may be materially different to the financial position and performance expected by MLB and reflected in this presentation.



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Key Risks: acquisition risks (cont)



Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material adverse effect on MLB.

Material contracts of WME Group

WME Group sources approximately 5% of its revenue from a WME Group related party. That related party is provided with all its referrals from a network services provider. A contract to retain this referral arrangement with the related party has been executed. The contract between the WME Group related party and the network services provider expires imminently and is currently under negotiation for renewal. In the event this contract between the related party and a network services provider is not renewed on substantively the same or similar terms as the current arrangements, there could be a material impact on WME Group's business.

Changes in search engine optimisation technologies

A material component of WME Group's business revolves around a deep understanding of the algorithms used by search engines to rank a search engine user's enquiry. Changes in these algorithms or other changes in the methodology and approach used by search engines to rank web pages could undermine the commercial benefits WME Group is able to provide customers and ultimately affect the financial performance of WME Group.

Acquisition accounting

In accounting for the acquisition, MLB has performed a preliminary fair value assessment of all of the assets, liabilities and contingent liabilities of WME Group, which included the identification and valuation of identifiable intangible assets. MLB will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of WME Group post-acquisition, which may give rise to a materially different fair value allocation to that used for the purposes of the financial information set out in this Presentation. Such a scenario will result in a reallocation of the fair value of assets and liabilities acquired to or from goodwill and also an increase or decrease in depreciation and amortisation charges in MLB's income statement (and a respective increase or decrease in net profit after tax).

Post-acquisition performance

If the acquisition of WME Group completes, many of the general market risks identified in the next section in respect of MLB will also apply to WME Group.

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Key Risks: operational risks



Competition

MLB operates in a highly competitive industry where there are a large number of competitors with relatively low barriers to entry. New entrants to the market are likely and may affect MLB's market share and financial performance. There can be no assurances given in respect of MLB's ability to compete.

Demand risk, referrals, lead generation and cross-selling

MLB's performance relies upon its ability to cross-sell and to source high quality referrals and leads to generate sales. An advantage of MLB's broad service offering is the capacity to provide a full service for clients. The ability to cross-sell enables MLB to use its larger volume offerings (e.g. domain name registration products) as a gateway for customers into other services offered by MLB that typically attract a higher revenue per unit.

There are many factors which will determine the level of MLB's success in attracting these leads and referrals and converting them into sales. These include the quality and overall reputation of MLB, its brands, and the quality of referrals and leads the business can source. If MLB cannot attract and convert leads and referrals into sales at the levels anticipated, there could be an adverse impact on MLB's financial position and performance.

MLB does not have a significant portion of its revenue generated from a concentrated group of customers. However, a decrease in demand or loss of business across a broader group of customers, either based on their size or by the nature of the services taken, may have an adverse impact on MLB's financial position and performance.

Personnel

The success of a company that operates in an industry dominated by the development of intellectual property depends greatly on the recruitment and retention of quality staff. If MLB is unable to attract and retain adequately skilled staff to meet its requirements, it could have a serious effect on MLB's brand, its ability to meet the needs of clients and its ability to compete effectively.

In particular, MLB's business is complex and requires knowledge on the part of key staff in the detailed operations of different aspects of domain, web, social media and other forms of online presence as well as knowledge of emerging and rapidly evolving technologies such as Cloud, mobile applications and data analytics. This combination is unusual and MLB competes in the market for the recruitment and retention of key staff. There is a risk that the loss of key staff or any industrial action or non-compliance with relevant employment laws could impact MLB's brands, its customer service and MLB's financial performance.

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Key Risks: operational risks (cont)

Technology

Technology is constantly evolving with new technologies and products which could act as substitutes, complements or supplements for the products and services offered by MLB.

The utilisation of technology and newly developed products is integral to MLB's operations and performance. Given the rate of change within the industries in which MLB operates, it is critical to MLB's performance that its systems meet and satisfy clients' requirements, via proprietary and third-party intellectual property and technology. There is a risk that MLB does not keep abreast of technology changes and does not realise the benefits of technology developments. If MLB cannot satisfy the requirements of its clients, there is a possibility that MLB could lose clients, which would affect MLB's financial position and performance.

Disruption of technology systems and key infrastructure

MLB's businesses are dependent upon the development and maintenance of technology systems, internet and other infrastructure, such as a reliable network with the necessary speed, capacity and security, for providing reliable internet access and services. The ability to maintain robust and reliable infrastructure is critical to the business. Maintenance of these systems and infrastructure are also reliant upon third party suppliers.

A major outage, either through a breakdown in MLB's or a third party supplier's infrastructure, processes or procedures, or through an external event such as a denial of service (DNS) attack which is not diverted or controlled, could cause a business interruption, impact MLB's financial performance, and result in a loss of reputation which could impact on the business' ability to retain and attract customers.

Data Protection

If the security of confidential information, personally identifiable information or proprietary information held by MLB is compromised, MLB may be exposed to liability and significant reputational risk.

MLB's systems process, transmit and store data and information relating to the personal details of MLB's clients and their clients. There is a risk that measures taken to protect the security and integrity of this data is insufficient. The result may be unauthorised access or unintended disclosure. In such circumstances, MLB may not only be exposed to legal action by those affected, it may also suffer significant brand damage, loss of customer trust and may be the subject of regulatory action or investigation, all of which may have a negative impact on the financial and operating performance of MLB.

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Key Risks: operational risks (cont)

Infringement of intellectual property rights

MLB is dependent upon its ability to protect its intellectual property, which includes business processes, know-how, copyrights and trademarks. A large proportion of the ES division's activities involves creating intellectual property for MLB or for its clients. Unauthorised reproductions of MLB's intellectual property, could reduce its value.

Infringements are not always easily identified, making protection and enforcement difficult, and there is a risk that MLB may be unable to protect its intellectual property rights in all instances. In addition, identified breaches of MLB's intellectual property may require commencement of legal action, which can be costly and comes with no certainty of outcome.

Failure to protect intellectual property rights may have an adverse impact on MLB's business, brand and operating results. In addition, there is a risk that third parties may allege that MLB has infringed their intellectual property. MLB may be the subject of claims that could result in costly disputes and litigation and the payment of damages, which could have an impact on MLB's business, brand and operating results.

Limited range of products and services

MLB has a reliance on two particular market segments. MLB's products and services are primarily directed towards small to medium size businesses (SMB) and enterprise services (ES). The SMB business provides a range of services ranging from basic domain name hosting through to building web sites, and online marketing services. The ES business provides a variety of cloud, analytic and online optimisation solutions to clients. The sale of MLB's products and services are sensitive to and could be materially reduced due to factors beyond MLB's control, such as a disruptive technology solutions which lessen demand for MLB's offerings, material downturn in demand for the nature of services provide by the SMB and ES divisions, or regulatory changes impacting its clients.

Debtor risk

MLB does not have any significant credit risk to any single counterparty or group of counterparties having similar characteristics. However, as with any customer based organisation, MLB is exposed to receivables from clients and changes in market and/or regulatory conditions could result in some of those clients coming under financial distress and delaying or defaulting on payments due.

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Key Risks: general risks (cont)

Market

Investors should be aware that there are risks associated with any investment in a company listed on ASX. The market value of MLB shares will fluctuate depending on the price at which MLB shares are traded on ASX, and may rise above or below the current MLB share price depending on:

- a) the financial and operating performance of MLB; and
- b) external factors over which MLB and the Directors have no control.

These external factors (which are unpredictable and may be unrelated or disproportionate to the performance of MLB) include:

- a) economic conditions in Australia, the other markets in which MLB has operations and overseas generally which may have a negative impact on equity capital markets;
- b) changing sentiment in the local and international stock markets;
- c) changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- d) developments and general conditions in the various markets in which MLB operates (and proposes to operate) and which may impact on the future value and pricing of shares.

Litigation and disputes

From time to time, MLB is involved in litigation and disputes. There is a risk that the resolution of litigation and disputes may result in provisions for such litigation and disputes being exceeded. There is also the risk that MLB's reputation may suffer due to the profile of, and public scrutiny surrounding, any such litigation and disputes regardless of their outcome.

Changes in accounting policy

Changes in accounting policies, arising from recently issued or amended accounting standards by the Australian Accounting Standards Board or the equivalent bodies in the other countries in which MLB has operations, may affect the reported earnings of MLB and its financial position from time to time.

Tax changes

Future changes in Australian taxation law, or the tax law of other jurisdictions in which MLB has operations, including changes in interpretation or application of the law by the courts or taxation authorities, or MLB's method of calculation, may affect taxation treatment of an investment in MLB's shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted in the various jurisdictions in which MLB operates, or MLB's methods of calculation, may impact the tax liabilities of MLB.



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Key Risks: general risks (cont)

Exchange rates

MLB is exposed to movements in foreign exchange rates. MLB's financial statements are maintained in Australian dollars. However, a portion on MLB's income is earned in other currencies, primarily New Zealand dollars and United States dollars. Exchange rate movements in these currencies will impact MLB income statement and balance sheet to the extent the foreign exchange rate risk is not hedged or appropriately hedged.

Domestic and global economic conditions

Adverse changes in economic conditions such as economic growth, interest rates, employment levels, consumer demand, consumer and business sentiment, market volatility, exchange rates, inflation, government policy, international economic conditions and employment rates amongst others are outside MLB's control and have the potential to have an adverse impact on MLB and its operations.

Dividends

The payment of dividends on MLB's shares is dependent on a range of factors including its profitability, the availability of cash and capital requirements of the business. Any future dividend levels will be determined by the MLB Board having regard to its operating results and financial position at the relevant time. On page 10 of this presentation, MLB has stated that the MLB dividend policy is not changed following the acquisition of WME Group. Nevertheless, there is no guarantee that any dividend will be paid by MLB or, if paid, that the dividend will be paid on previous levels.

The level to which MLB is able to frank dividends declared is subject to a large number of factors in addition to those outlined above for dividends. While under its dividend policy MLB aims to frank dividends to the maximum extent possible, there is no guarantee that any dividend will be franked, or franked at previous levels.

Regulatory risk

It is possible that MLB will be subject to new government policies, regulations and legislation being introduced and also changes to existing government policies, regulations and legislation or similar rules and regulations from industry self-regulating bodies. These changes may occur in Australia or in other jurisdictions. Changes to the existing regulatory regime may increase compliance costs, reduce efficiency and affect MLB's financial performance.

Dilution

If you do not take up all or part of your entitlement, then your percentage shareholding in MLB will be diluted by not participating to the full extent in the Offer and you will not be exposed to future increases or decreases in MLB's share price in respect of the new shares which would have been issued to you had you taken up all of your entitlement.



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Appendix D: International Selling Restrictions

Foreign Selling Restrictions



This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Foreign Selling Restrictions

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.



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Foreign Selling Restrictions

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA.

This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.



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3.3 ASX Announcement released by Melbourne IT on 3 May 2017



Melbourne IT Ltd
ABN 21 073 716 793
ACN 073 716 793
Level 4, 1-3 Smail Street
Ultimo NSW 2007 Australia
www.melbourneit.info

ASX Announcement

Melbourne IT Ltd (ASX: MLB)

3 May 2017

Melbourne IT Successfully Completes Institutional Entitlement Offer

- Institutional Entitlement Offer successfully completed, raising approximately A\$19 million
- Strong support from existing institutional investors, with a 98% take up by eligible institutional shareholders under the Institutional Entitlement Offer
- Existing eligible retail securityholders will have the opportunity to subscribe for 1 New Share for every 7 ordinary shares held at the Record Date at \$2.10 per New Share
- Retail Entitlement Offer opens on Monday, 8 May 2017

Melbourne IT Limited (ASX: MLB) (**MLB** or **Melbourne IT**) is pleased to announce the successful completion of the institutional component of its fully underwritten 1 for 7 pro rata accelerated non-renounceable entitlement offer (**Institutional Entitlement Offer**) of new shares in MLB (**New Shares**).

On 1 May 2017, Melbourne IT announced a fully underwritten equity raising of approximately A\$30.7 million, to partly fund the proposed acquisition of 100% of WME Group for approximately \$39 million. The Institutional Entitlement Offer was conducted between 1 May 2017 and 2 May 2017 at an offer price of A\$2.10 per New Share and raised approximately \$19 million, attracting strong demand from eligible institutional shareholders who took up approximately 98% of their entitlements.

New Shares issued under the Institutional Offer will rank equally with ordinary shares of MLB on issue and are expected to be issued on 11 May 2017. Trading will commence on a normal settlement basis on the Australian Securities Exchange on the same day.

Martin Mercer, CEO of Melbourne IT, said "We are thrilled by the overwhelmingly positive response to Monday's announcement of the proposed acquisition of WME Group. The combination of our SMB solutions business and the WME Group clearly positions Melbourne IT as market leader in online marketing solutions for small and medium sized businesses, one of the fastest-growing segments of the technology industry. This is a really important acquisition for our business that will fundamentally change the growth profile in our SMB business."



Retail Entitlement Offer

Eligible retail shareholders will shortly be invited to participate in the retail component of the 1 for 7 pro rata accelerated entitlement offer (**Retail Entitlement Offer**), under which New Shares will be offered at \$2.10 (being the same offer price as the Institutional Entitlement Offer). The Retail Entitlement Offer will open on 8 May 2017 and closes at 5.00pm (AEST) on 18 May 2017. Only those retail shareholders with registered addresses in Australia and New Zealand (**Eligible Retail Shareholders**) who hold shares on the record date of 3 May 7:00PM (AEST) (**Record Date**) will be eligible to participate in the Retail Entitlement Offer.

Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and accompanying personalised entitlement and acceptance form, which are expected to be despatched by Melbourne IT on 8 May 2017. Copies of the retail offer booklet will also be available on Melbourne IT's ASX announcements platform. Melbourne IT reserves the right to allot and issue any shortfall shares at its discretion. Institutional investors may also apply for shares available under any retail shortfall. Melbourne IT will also provide details of a shareholder information line which will be established in connection with the Retail Entitlement Offer on 8 May 2017.

The Institutional Entitlement Offer and Retail Entitlement Offer are fully underwritten by Bell Potter Securities Limited and Wilsons Corporate Finance Limited.

Indicative timetable

An indicative timetable for the Institutional Entitlement Offer and Retail Entitlement Offer is attached to this announcement. MLB shares are expected to resume trading on the ASX from market open today on an "ex-entitlement" basis.

Investor Enquiries

For further information, please contact:

Michael Brown
Pegasus Corporate Advisory
+61 400 248 080

Media Enquiries

To arrange interviews, please contact:

Daphne Chuah
Red Agency
Daphne.chuah@redagency.com.au
0432 390 207



Timetable

| Event | Date |
|--|-------------|
| Commencement of trading halt | 1 May 2017 |
| Institutional Entitlement Offer opens | |
| Institutional Entitlement Offer closes | 2 May 2017 |
| Institutional shortfall bookbuild | 2 May 2017 |
| Existing shares resume trading on an ex-entitlement basis | 3 May 2017 |
| Record Date for Entitlement Offer (7.00pm AEST) | 3 May 2017 |
| Retail Entitlement Offer opens | 8 May 2017 |
| Dispatch of Retail Offer Booklet | 8 May 2017 |
| Institutional Entitlement Offer Settlement | 10 May 2017 |
| Issue and quotation of New Shares issued under the Institutional Entitlement Offer | 11 May 2017 |
| Retail Entitlement Offer closes (5.00pm AEST) | 18 May 2017 |
| Announce results of Retail Entitlement Offer and retail shortfall bookbuild | 23 May 2017 |
| Settlement of Retail Entitlement Offer | 24 May 2017 |
| Issue of New Shares under the Retail Entitlement Offer | 25 May 2017 |
| New Shares under the Retail Entitlement Offer commence trading on ASX | 26 May 2017 |

The above timetable is indicative only and subject to change without notice. All references to time are to Australian Eastern Standard Time. The commencement of quotation of New Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, MLB reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer period or accepting late applications, either generally or in particular cases, without notice.



About Melbourne IT

Melbourne IT is a publicly listed company with offices in Melbourne, Sydney, and Brisbane. Our purpose is to “fuel our customers’ success through the smart use of technology”. We aspire to be Australia’s most impactful digital technology partner. By 2020 we aim to have fuelled the success of over one million businesses. Our customers will love us, our people will be our most passionate advocates, and our investors will be rewarded. Melbourne IT operates two businesses marketed under 7 brands.

The SMB of Melbourne IT provides Australian small and medium businesses with online marketing solutions. It has over 450,000 direct customers, provides services to over 700,000 Australian businesses, and generates revenue over \$90M. The SMB business operates under five brands: Melbourne IT, WebCentral, Netregistry, TPP brands and Domainz.

The Enterprise Services Business (ES) of Melbourne IT is the leading end-to-end provider of digital solutions for the corporate and government market with revenues over \$70M. ES have expertise in customer-focused design, software engineering, data analysis and management of flexible digital solutions across foundational technologies: Mobile, Data and Analytics, Cloud and Security. ES is based in Sydney, Melbourne and Brisbane and has a blue chip customer base. It operates under three brands, Melbourne IT, Infoready and Outware.

Visit: www.melbourneit.com.au

Important Information

Important Notices

This announcement is not a financial product or investment advice, a recommendation to acquire shares or financial, accounting, legal or tax advice. The information in this announcement does not contain all the information necessary to fully evaluate an investment. It should be read in conjunction with the other materials lodged with ASX in relation to the Institutional Entitlement Offer, Retail Entitlement Offer and the acquisition of WME Group (including the investor presentation and the key risks set out therein), and MLB’s other periodic and continuous disclosure announcements. This announcement has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the information in this announcement and in the investor presentation in relation to the Proposed Acquisition and Entitlement Offer having regard to their own objectives, financial and tax situation and needs, and should seek legal, tax and other professional advice. MLB is not licensed to provide financial product advice in respect of an investment in shares.

This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and neither this announcement nor anything contained in it shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any person acting for the account or benefit of a person in the United States, or in any other jurisdiction in which such an offer would be unlawful. New Shares to be offered and sold in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (the “Securities Act”), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States or to any person acting for the account or benefit of a person in the United States, unless the securities have been registered under the Securities Act or an exemption from the registration requirements of the Securities Act and applicable U.S. state securities laws is available.



Forward-looking statements

Certain statements in this ASX announcement may contain forward-looking statements including indications of, and guidance on, future earnings, financial position and performance. Such forward-looking statements, opinions, and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about the market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve unknown risks, uncertainties and other factors, many of which are beyond control of MLB and which may cause actual results to differ materially from those statements. Neither MLB, nor any of its directors, employees, advisers or agents assume any obligation to update such information. Forward looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent to the industries in which MLB operates.

4 Important information

4.1 Responsibility for this Offer Booklet

This Offer Booklet has been prepared by Melbourne IT. No party other than Melbourne IT has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes or gives any statements, representations or undertakings in, this Offer Booklet.

4.2 Date of this Offer Booklet

This Offer Booklet is dated 8 May 2017. Subject to the following paragraph, statements in this Offer Booklet are made only as of the date of this Offer Booklet unless otherwise stated and the information in this Offer Booklet remains subject to change without notice. Melbourne IT is not responsible for updating this Offer Booklet.

The ASX Announcements and Investor Presentation set out in Section 3 are current as at the date on which they were released. There may be additional announcements that are made by Melbourne IT (including after the date of this Offer Booklet) that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by Melbourne IT before submitting an Application.

4.3 Reconciliation

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more Shares than they ultimately did as at the Record Date. This results in reconciliation issues. If reconciliation issues occur, it is possible that Melbourne IT may need to issue a small quantity of additional New Shares (**Top-Up Shares**) to ensure all Eligible Shareholders receive their full Entitlement. The price at which these Top-Up Shares would be issued is the Offer Price.

Melbourne IT also reserves the right to reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees/custodians fail to provide information requested to substantiate their Entitlement claims, or if they are not Eligible Shareholders.

In that case, Melbourne IT may, in its discretion, require the relevant Shareholder to transfer excess New Shares to the Underwriters at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer existing Shares held by them or purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses and expenses so caused.

By applying under the Entitlement Offer, you irrevocably acknowledge and agree to do the above as required by Melbourne IT in its absolute discretion. You acknowledge that there is no time limit on the ability of Melbourne IT to require any of the actions set out above.

4.4 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your Application once it has been made.

4.5 ASX quotation

New Shares will only be issued under the Entitlement Offer after permission for their quotation on ASX has been granted. Subject to approval being granted, quotation and trading of New Shares is expected to commence on a normal settlement basis on:

Melbourne IT Retail Offer Booklet

- (a) Thursday, 11 May 2017 in relation to the New Shares issued under the Institutional Entitlement Offer; and
- (b) Friday, 26 May 2017 in relation to the New Shares issued under the Retail Entitlement Offer.

Melbourne IT and the Underwriters disclaim all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Melbourne IT or the Registry or otherwise.

4.6 Not investment advice

This Offer Booklet is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Melbourne IT is not licensed to provide financial product advice in respect of the New Shares.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Offer Booklet, you are in doubt as to what to do, you should contact your stockbroker, accountant or other independent professional adviser.

4.7 Application Monies

Application Monies will be held in the Melbourne IT Entitlement Offer Account until New Shares are issued under the Retail Entitlement Offer. This account will be established and kept by Melbourne IT on behalf of each participating Eligible Retail Shareholder.

Interest earned on Application Monies will be for the benefit of Melbourne IT, and will be retained by Melbourne IT irrespective of whether New Shares are issued.

4.8 Rights attaching to New Shares

The New Shares issued under the Retail Entitlement Offer will rank equally with the existing Shares on issue. The rights and liabilities attaching to the New Shares are set out in the constitution of Melbourne IT.

4.9 Privacy statement

If you complete an Application, you will be providing personal information to Melbourne IT (directly or via the Registry). Melbourne IT collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies (including the Australian Taxation Office), authorised securities brokers, print service providers, mail houses and the Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Registry at the relevant contact numbers set out in the corporate directory at the back of this Offer Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the Entitlement and Acceptance Form is not provided, Melbourne IT may not be able to accept or process your Application.

4.10 Taxation

This section summarises certain general Australian income tax, GST and stamp duty implications for Eligible Retail Shareholders under the Retail Entitlement Offer who are residents of Australia for tax purposes and who hold their existing Shares on capital account. This section does not consider the position for Eligible Retail Shareholders who:

- are not resident solely in Australia for Australian income tax purposes;
- are in the business of share trading or who hold their existing Shares on revenue account or as trading stock (including Shareholders such as banks, insurance companies and Shareholders carrying on a business of share trading);
- are exempt from Australian income tax;
- acquired their existing Shares under an employee share or option plan or in return for services provided (including services provided by directors); or
- are subject, or have elected to become subject to the Taxation of Financial Arrangements rules of the Australian income tax law.

The information contained in this section is general in nature and is based on Australian income tax, GST and stamp duty laws and administrative practices in force as at 9.00am on the date of this Offer Booklet (no foreign taxation implications of the Retail Entitlement Offer have been considered in this taxation section).

The information contained in this section is not taxation advice and should not be relied upon as such. It is intended as a general guide only and is not an authoritative or complete statement of all potential tax implications for each Eligible Retail Shareholder. The summary below also does not take account of any individual circumstances of any particular Eligible Retail Shareholder. Taxation is a complex area of law and can be subject to constant change and the taxation consequences for each Eligible Retail Shareholder may differ depending on their own particular circumstances. Further, legislation may be enacted which has retrospective effect. Accordingly, Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial and tax advisers. Neither Melbourne IT, nor any of its officers, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning the taxation consequences of the Retail Entitlement Offer.

(a) Issue of Entitlements

Generally, the issue of the Entitlements should not, of itself, result in any amount being included in Eligible Retail Shareholders' assessable income.

(b) Exercise of Entitlements

Eligible Retail Shareholders who exercise their Entitlements and are allocated New Shares will acquire those New Shares with a cost base for CGT purposes equal to the Offer Price payable for those New Shares plus certain non-deductible incidental costs incurred in acquiring them.

Eligible Retail Shareholders should not make any capital gain or loss, or derive assessable income, from exercising the Entitlements or subscribing for the New Shares.

(c) New Shares

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares.

Any future dividends or other distributions made in respect of the New Shares should generally be treated as assessable income to Eligible Retail Shareholders and subject to the same taxation

treatment as dividends or other distributions made on existing Shares held in the same circumstances. Where future dividends are fully or partly franked, Eligible Retail Shareholders may benefit from franking tax offsets.

On any future disposal of a New Share, the relevant Eligible Retail Shareholder will make a capital gain if the capital proceeds on disposal of the New Share exceed the total cost base of that New Share. The relevant Eligible Retail Shareholder will make a capital loss if the capital proceeds on disposal of a New Share are less than the total reduced cost base of that New Share.

New Shares will be treated for the purposes of the CGT discount as having been acquired when the Eligible Retail Shareholder exercised the Entitlement to subscribe for them. Accordingly, in order to benefit from the CGT discount in respect of a disposal of those New Shares (assuming the Eligible Retail Shareholder would otherwise qualify for the CGT discount), the Eligible Retail Shareholder must have held those New Shares on capital account for at least 12 months (excluding the day of acquisition and the day of disposal, in the case of both days, as determined under the CGT rules) at the time they are taken to have disposed of those New Shares.

The CGT discount applicable is currently one-half for individuals and trustees and one-third for complying superannuation entities. The CGT discount is not available for companies that are not trustees. Trustees should seek specific tax advice regarding the tax consequences arising to beneficiaries or the trust because of the CGT discount.

If a capital loss arises on disposal of the New Shares, the capital loss can only be used to offset capital gains; the capital loss cannot be used to offset taxable income on revenue account. However, the capital loss can be carried forward to be used in future income years if the loss cannot be used in a particular income year, providing certain tests are satisfied.

(d) **Entitlements which lapse**

Generally, Eligible Retail Shareholders who do not exercise their entitlements will not be entitled to any tax deductions or capital losses.

(e) **Other Australian taxes**

No Australian GST or stamp duty should be payable by Eligible Retail Shareholders in respect of the issue, lapse, sale or exercise of the Entitlements or the acquisition, holding or future disposal of New Shares.

4.11 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

4.12 Offer Booklet availability

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this Offer Booklet during the period of the Retail Entitlement Offer by accessing the ASX website. Persons who access the electronic version of this Offer Booklet should ensure that they download and read the entire Offer Booklet. The electronic version of this Offer Booklet on the ASX website and the Melbourne IT website will **not** include a personalised Entitlement and Acceptance Form.

A replacement personalised Entitlement and Acceptance Form can be requested by calling the Registry at the relevant contact numbers set out in the corporate directory at the back of this Offer Booklet.

This Offer Booklet (including the accompanying ASX Announcements, Investor Presentation and personalised Entitlement and Acceptance Form) may not be distributed or released to persons in the United States.

4.13 Continuous disclosure

Melbourne IT is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Melbourne IT is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by ASX. In particular, Melbourne IT has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from ASX and can be accessed at www.asx.com.au.

Some documents are required to be lodged with ASIC in relation to Melbourne IT. These documents may be obtained from, or inspected at, an ASIC office.

4.14 Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

4.15 Foreign jurisdictions

This Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Other jurisdictions

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares or otherwise permit the public offering of the New Shares in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Booklet (including an electronic copy) outside of Australia and New Zealand may be restricted by law. If you come into possession of this Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

This Offer Booklet, the accompanying ASX Announcements and Investor Presentation and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States.

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None of this Offer Booklet, the accompanying ASX Announcements and Investor Presentation, nor the Entitlement and Acceptance Form may be distributed or released in the United States.

The Entitlements and the New Shares have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements and the New Shares may not be offered, sold or otherwise transferred, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States, unless such Entitlements or New Shares have been registered under the Securities Act or are offered and sold in a transaction exempt from or not subject to, the registration requirements of the Securities Act and any other applicable securities laws of any state or other jurisdiction in the United States.

The Entitlements and the New Shares offered in the Retail Entitlement Offer may only be offered and sold outside the United States and to persons that are not acting for the account or benefit of a person in the United States in “offshore transactions” (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the U.S. Securities Act.

4.16 Withdrawal of Retail Entitlement Offer

Melbourne IT reserves the right to withdraw all or part of the Retail Entitlement Offer at any time prior to the issue of New Shares, in which case Melbourne IT will refund Application Monies in accordance with the Corporations Act without payment of interest.

4.17 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by Melbourne IT, or its related bodies corporate in connection with the Entitlement Offer.

Except as required by law, and only to the extent so required, none of Melbourne IT, or any other person, warrants or guarantees the future performance of Melbourne IT or any return on any investment made pursuant to this Offer Booklet.

4.18 Risk factors

An investment in Melbourne IT involves general risks associated with an investment in the stock market. The price of New Shares may rise or fall.

There are also a number of risk factors, both specific to Melbourne IT and of a general nature, which may affect the future operating and financial performance of Melbourne IT and the value of an investment in Melbourne IT. Before deciding to invest in Melbourne IT, prospective investors should carefully consider the “Key risks” section of the Investor Presentation as set out in Section 3.2.

4.19 Underwriting Agreement

Melbourne IT has entered into an Underwriting Agreement with the Underwriters under which it has been agreed that the Underwriters will act as underwriters, joint lead managers and bookrunners of the Entitlement Offer. The Entitlement Offer is fully underwritten by the Underwriters.

The Underwriting Agreement contains rights, obligations, representations and warranties, indemnities and termination events which are customary for underwriting arrangements of this type. In particular (but by no means an exhaustive summary), under the Underwriting Agreement:

- (a) Melbourne IT has provided various representations and warranties;

- (b) subject to certain exceptions, Melbourne IT has agreed to indemnify the Underwriters, their affiliates and related bodies corporate, and their respective directors, officers, employees and partners, (each an Indemnified Party) from and against all losses directly or indirectly suffered, or claims made against, an Indemnified Party arising out of or in connection with the Entitlement Offer or the appointment of the Underwriters under the Underwriting Agreement;
- (c) the Underwriters may terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events. Some (but not all) of those events are described below in summary form only:
 - (i) the Offer Materials contain any statement which is false, misleading or deceptive, or any information supplied by or on behalf of Melbourne IT (or any of its subsidiaries) to the Underwriters in respect of the Entitlement Offer is false, misleading or deceptive or is likely to mislead or deceive;
 - (ii) Melbourne IT is removed from the official list of ASX or the Shares cease to be quoted or are suspended from quotation or trading by ASX for more than two business days;
 - (iii) Melbourne IT or a related body corporate of Melbourne IT becomes insolvent or there is an act or omission which may result in Melbourne IT or a material subsidiary becoming insolvent;
 - (iv) the S&P/ASX 200 Index is 10% or more below its level as at the close of trading on Friday, 28 April 2017 at the close of trading:
 - (A) for two consecutive business days in the period between (and including) Monday, 1 May 2017 and the business day immediately prior to the date on which settlement occurs in respect of the Institutional Entitlement Offer (expected to be Wednesday, 10 May 2017);
 - (B) for two consecutive business days in the period between (and including) the date on which settlement occurs in respect of the Institutional Entitlement Offer (expected to be Wednesday, 10 May 2017) and the date on which settlement occurs in respect of the Retail Entitlement Offer (expected to be Wednesday, 24 May 2017); and
 - (C) on the business day immediately prior to both the date on which settlement occurs in respect of the Institutional Entitlement Offer (expected to be Wednesday, 10 May 2017) and the date on which settlement occurs in respect of the Retail Entitlement Offer (expected to be Wednesday, 24 May 2017);
 - (v) an adverse change in respect of Melbourne IT or an event which makes it reasonably likely that such an adverse change will occur;
 - (vi) a general moratorium on commercial banking activities in Australia, the United States, Singapore, Hong Kong, the Republic of China, Japan or the United Kingdom, or a material disruption in commercial banking or security settlement or clearance services in any of those countries;
 - (vii) trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange, the Hong Kong Stock Exchange or the Singapore Stock Exchange is suspended or limited in a material respect;
 - (viii) a materially adverse change or disruption to the political conditions or existing financial markets in Australia, New Zealand, Singapore, Hong Kong, Japan, the

United Kingdom or any member state of the European Union, or any change or development involving a prospective adverse change in political, economic or financial conditions in any of those countries;

- (ix) hostilities not existing at 1 May 2017 commence or a major escalation in existing hostilities occurs involving Australia or certain foreign countries, or a major terrorist act is perpetrated on any of those countries or on any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;
 - (x) a representation or warranty made or given by Melbourne IT under the Underwriting Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive;
 - (xi) Melbourne IT alters its capital structure or constitution without the Underwriters' consent;
 - (xii) there is a change in relevant law or policy in Australia;
 - (xiii) there is a change in the board of directors, chairman, chief executive officer or chief financial officer of the Company; and
 - (xiv) the share purchase deed entered into for the purposes of the acquisition of WME Group becomes void or voidable, or is amended without the Underwriters' consent, or is breached or otherwise terminated or rescinded; and
- the Underwriters will receive a fee equal to 3.75% of the proceeds of each of the Institutional Entitlement Offer and Retail Entitlement Offer, and in addition may receive an incentive fee of up to 0.75% of the proceeds of the Entitlement Offer (at the absolute discretion of Melbourne IT).

5 Glossary

\$ or A\$ means Australian dollars.

AEST means Australian Eastern Standard Time.

Application means an application to subscribe for New Shares under the Retail Entitlement Offer.

Application Monies means the amount specified in the personalised Entitlement and Acceptance Form, being the consideration for New Shares under the Entitlement Offer.

ASIC means Australian Securities & Investments Commission.

ASIC Instrument 2016/84 means the ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it on which Shares are quoted.

ASX Announcements means the announcements released to ASX by Melbourne IT on 1 May 2017 and 3 May 2017 in connection with the Entitlement Offer, copies of which are set out in Section 3.

CGT means capital gains tax levied under the Income Tax Assessment Act 1997 (Cth).

Corporations Act means the *Corporations Act 2001* (Cth).

Eligible Institutional Shareholder means a person who:

- was identified as an Institutional Shareholder by Melbourne IT;
- has a registered address in Australia or New Zealand or certain other jurisdictions disclosed in the Investor Presentation;
- is eligible under all applicable securities laws to receive an offer under the Institutional Entitlement Offer; and
- who has successfully received an offer under the Institutional Entitlement Offer.

Eligible Retail Shareholders has the meaning given in Section 2.4.

Eligible Shareholders means an Eligible Institutional Shareholder or an Eligible Retail Shareholder.

Entitlement means the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 1 New Share for every 7 existing Shares held at the Record Date.

Entitlement and Acceptance Form means the personalised form accompanying this Offer Booklet to be used to make an Application in accordance with the instructions set out on that form.

Entitlement Offer means the pro rata non-renounceable entitlement offer of 1 New Share for every 7 existing Shares held at the Record Date by Eligible Shareholders, comprising the Institutional Entitlement Offer and the Retail Entitlement Offer.

GST means the goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

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Ineligible Institutional Shareholder means an Institutional Shareholder who is not an Eligible Institutional Shareholder.

Ineligible Retail Shareholder means a Shareholder that is not an Eligible Retail Shareholder, an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder.

Institutional Entitlement Offer means the offer of New Shares to Eligible Institutional Shareholders as part of the Entitlement Offer, as described in Section 1.3.

Institutional Investor means a person:

- in Australia, to whom an offer of securities in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an “exempt investor” as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Instrument 2016/84); or
- in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which Melbourne IT, at its absolute discretion, is willing to comply with such requirements).

Institutional Shareholder means a Shareholder on the Record Date who is an Institutional Investor.

Investor Presentation means the presentation released to ASX by Melbourne IT on 1 May 2017 in connection with the Entitlement Offer, a copy of which is set out in Section 3.2.

Listing Rules means the official listing rules of ASX.

Melbourne IT or **Company** means Melbourne IT Limited ACN 073 716 793.

Melbourne IT Entitlement Offer Account means the account established by Melbourne IT solely for the purpose of holding any Application Monies received from Eligible Shareholders.

New Shares means the fully paid ordinary shares issued under the Entitlement Offer.

Offer Booklet means this offer booklet in relation to the Retail Entitlement Offer, including the accompanying personalised Entitlement and Acceptance Form.

Offer Materials means any materials lodged or released by Melbourne IT in relation to the Entitlement Offer (whether before, on or after the date of this Offer Booklet), including the ASX Announcements, the Investor Presentation and this Offer Booklet.

Offer Price means \$2.10 being the price payable per New Share under the Entitlement Offer.

Record Date means 7.00pm (AEST) on 3 May 2017.

Registry means Link Market Services Limited ACN 083 214 537.

Retail Closing Date means 5.00pm (AEST) on 18 May 2017, being the final date that Eligible Retail Shareholders can take up some or all of their Entitlement.

Retail Entitlement Offer means the offer of New Shares to Eligible Retail Shareholders as part of the Entitlement Offer as described in Section 1.2 (a).

Retail Entitlement Offer Period means the period during which the Retail Entitlement Offer is open.

Section means a section of this Offer Booklet.

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Securities Act means the U.S. Securities Act 1933.

Share means a fully paid ordinary share in Melbourne IT.

Shareholder means a holder of a Share.

Underwriters means Wilsons Corporate Finance Limited ACN 057 547 323 and Bell Potter Securities ACN 006 390 772.

U.S. or **United States** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

WME Group means Web Marketing Experts Pty Ltd (ACN 134 954 279), Nothing But Web Pty Ltd (ACN 602 013 678) and Results First Limited (NZ Company Number 5240641).

Corporate Directory

MELBOURNE IT LIMITED ACN 073 716 793

REGISTERED OFFICE

Melbourne IT Limited
Level 4, 1-3 Smail Street
Ultimo NSW 2007

AUSTRALIAN LEGAL ADVISER

Gilbert + Tobin
Level 22, 101 Collins Street
Melbourne VIC 3000

UNDERWRITERS

Wilsons Corporate Finance Limited
Level 32, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Bell Potter Securities Limited
Level 29, 101 Collins Street
Melbourne VIC 3000

SHARE REGISTRY

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000