

ASX

Release

The Manager
Company Announcements Office
Australian Securities Exchange
Level 40, Central Park
152 – 158 St Georges Terrace
Perth WA 6000

Dear Sir/Madam,

Confirmation of Approach from M2

27 April 2015: Further to the announcement on 13 March 2015 of the recommended transaction under which it is proposed that TPG Telecom Limited (“TPG”) will acquire iiNet Limited (“iiNet”) (“Proposed Transaction”), iiNet confirms that it received an unsolicited, non-binding, indicative, incomplete and confidential competing proposal (“Competing Proposal”) from M2 Group Limited (“M2”). The Competing Proposal was received on 21 April 2015 following an initial approach on 14 April 2015.

iiNet, together with its advisers, engaged with M2 and its advisers to negotiate terms, transaction documentation and complete due diligence. iiNet has provided notification to TPG of the receipt of the Competing Proposal.

iiNet has been informed M2 intends to announce details regarding their Competing Proposal in response to media speculation regarding its existence. Under the terms of the Scheme Implementation Agreement entered into between iiNet and TPG (“TPG SIA”) iiNet has a well defined process to follow in these circumstances.

The iiNet Board is still in the process of completing its due diligence enquiries on M2 and is still in discussions with M2 on the terms of the proposed scheme implementation agreement. If, following those enquiries and discussions, the iiNet Board determines that the Competing Proposal received from M2 is a superior proposal to the Proposed Transaction with TPG, iiNet is required under the terms of the TPG SIA to deliver TPG a ‘relevant notice’, which provides TPG with a matching right.

TPG then has the right, but not the obligation, at any time during 3 business days following receipt of the relevant notice to propose a counter proposal for the iiNet Board to consider.

If the iiNet Board determines that any counter proposal from TPG would be more favourable, or at least no less favourable to iiNet and its shareholders than the Competing Proposal from M2, then the iiNet Board will recommend the revised TPG Counter Proposal, subject to no superior proposal emerging. Otherwise iiNet would expect to recommend the M2 proposal, subject to the independent expert finding the offer to be in the best interests of iiNet shareholders and subject to no superior offer emerging.

In the meantime, the iiNet Board continue to recommend the current TPG Offer, as announced on 13 March 2015.

iiNet will keep the market informed as appropriate, including whether a relevant notice has been issued to TPG providing them the opportunity to revise their original proposal to meet that received

from M2. Once the iiNet's Board recommendation has ultimately been determined, iiNet will provide full details to the market of the basis for its recommendation

iiNet Chairman Michael Smith said that the TPG agreement had inbuilt extensive provisions for dealing with any competing proposals.

"The process we have put in place has functioned to allow competing, potentially superior offers to be put to the Company. Whilst we will now need to spend some time working through the process, we are confident that the final result will have positive implications for shareholder value," Mr Smith said.

– ENDS –

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About iiNet

iiNet is Australia's second largest DSL Internet Service Provider and the leading challenger in the telecommunications market. Publicly listed on the ASX 200, this billion-dollar company has been recognised as a global leader in customer service, winning the Large Business award at the 2013 International Service Excellence Awards. We employ more than 2500 inquisitive staff across three countries – 80 per cent of whom are employed to directly service over 900,000 customers. We maintain our own broadband network and support over 1.7 million broadband, telephony and Internet Protocol TV (IPTV) services nationwide.

We're committed to making it simple for all Australians to connect across both our own network and on the NBN. Our vision is to lead the market with services that harness the potential of the Internet and then differentiate with award-winning customer service.



A full list of current awards can be viewed at iiNet Awards
<http://www.iinet.net.au/about/awards.html>