

ASX Announcement

4th December 2018

Receipt of Revised Takeover Proposal from SB&G Telecoms

Inabox Group Limited (ASX: IAB) (**Inabox** or the **Company**) announces that, after market close on Monday, 3 December 2018, it received a revised takeover proposal from SB&G (Telecoms) Pty Ltd (**SB&G Telecoms**).

In order to ensure that shareholders of Inabox are able to make a fully informed decision when voting on the proposed sale of the Company's main undertaking to MNF Group Limited at the general meeting convened for 10am (AEDT) on Friday, 7 December 2018, the Board of Inabox has sought answers to a number of questions about the revised takeover proposal from SB&G Telecoms.

The revised takeover proposal from SB&G Telecoms and the letter from the Board of Inabox to SB&G Telecoms and are attached to this announcement.

The general meeting convened for 10am (AEDT) and Friday, 7 December 2018 will proceed as scheduled.

For further details please contact:

Damian Kay, CEO & Managing Director

T: +61 413 888 655

E: damian@inaboxgroup.com.au

About Inabox Group Limited

Inabox supplies wholesale telecommunications and enablement services, including billing and technical and customer support, to retail service providers around Australia through wholesale brands, TelcoInabox, iVox, Neural Networks and Mobile Service Solutions. Inabox also enables mass-market consumer brands to enter the telecommunications market by leveraging its network and systems capabilities.

www.inaboxgroup.com.au

4 December 2018

Paul Salter
SB&G (Telecoms) Pty Ltd
C/O Salter Brothers
Level 5, 171 Collins Street,
Melbourne VIC 3000

Dear Mr Salter

Revised Takeover Offer by SB&G Telecoms

Inabox Group Limited (ASX:IAB) (**Company**) refers to the ASX / Media release by SB&G (Telecoms) Pty Ltd (**SB&G Telecoms**) dated 3 December 2018 announcing an improved proposal to make a takeover bid for all of the shares in the Company (**Improved SB&G Takeover Proposal**).

As you are aware, the Company has convened a general meeting for 10am (Sydney time) this Friday, 7 December 2018, for its shareholders to consider, and if thought fit, approve the sale of the Company's Indirect Business - its main undertaking - to MNF Group Limited under the terms of an improved MNF sale transaction announced by the Company on 23 November 2018 (**Improved MNF Transaction**).

As announced on 23 November 2018, the Company faces a very challenging financial position and a requirement for additional funding to counter a materially adverse financial consequence if the Improved MNF Transaction does not complete before the end of December 2018. There is therefore a strong commercial imperative for the Company and its shareholders to have certainty about the Improved MNF Transaction in this respect. Accordingly, the Directors believe the Company's best interests are served by proceeding with the general meeting of the Company as planned on 7 December 2018.

We received the Improved SB&G Takeover Proposal four days before that meeting. It is a condition of the Improved SB&G Takeover Proposal that the Company's shareholders do not approve the Improved MNF Transaction.

At this point the board of the Company does not have sufficient information or certainty regarding the Improved SB&G Takeover Proposal to change its current recommendation that shareholders approve the Improved MNF Transaction at the general meeting on the Company scheduled for 7 December 2018.

In order to properly inform the Company's shareholders about the Improved SB&G Takeover Proposal for the purpose of voting on the Improved MNF Transaction, the Company requests that SB&G respond to the questions set out below. The Company is releasing this letter to ASX so that the Company's shareholders are informed of the questions which the Company

has in relation to the Improved SB&G Takeover Proposal. The Company will release to ASX SB&G's answers to the questions upon receipt:

Special Dividend

1. Has SB&G obtained consent from the Company's bank to provide to the Company an unsecured loan?

Under the Improved SB&G Takeover Proposal, SB&G proposes to provide an unsecured loan to the Company of up to \$6.9m to enable the Company to declare and pay a special dividend of \$0.29 per share (**Special Dividend**).

SB&G notes in its announcement of the Improved SB&G Takeover Proposal that it has had a meeting with the Company's bank. The Company's understanding is that its bank will not agree to any increase in the Company's debt facilities (including an unsecured loan from SB&G).

2. Has SB&G obtained consent from the Company's bank for the Company to declare and pay a special dividend?

In order for the Company to be able to pay the Special Dividend without breaching its banking covenants, the Company's net debt must be reduced by approximately \$6m.

3. On what basis has SB&G determined that the Company's board (**Board**) can be satisfied, with sufficient certainty, that the Company will be able to declare and pay the Special Dividend without materially prejudicing the Company's ability to pay its creditors?

Under the Improved MNF Transaction, the sale proceeds will be used to pay out and discharge the Company's debt facility, and the cash profits generated from the sale will be more than sufficient for the Board to lawfully declare a special dividend under section 254T of the Corporations Act 2001 (Cth) (**Corporations Act**), which requires amongst things that the Board be satisfied that the dividend does not materially prejudice the Company's ability to pay its creditors. Under the Improved SB&G Takeover Proposal, there is no sale of the Company's operating subsidiaries and there are insufficient retained earnings available to pay a dividend of this size.

4. How will SB&G ensure that the new shares issued under the proposed rights issue will not participate in the Special Dividend, in order for the Special Dividend of \$0.29 per share to be achieved?

The Special Dividend will, subject to SB&G confirmation, be declared and paid after the Company has first addressed its imminent funding requirements by way of the rights issue and further debt funding proposed by SB&G (to enable the lawful declaration of the Special Dividend). The Improved SB&G Takeover Proposal should make it clear how the record date for the Special Dividend can occur prior to the proposed rights issue. Unless the shares are issued ex- Special Dividend, the 3,255,562 new shares issued under the proposed rights issue will participate in the Special Dividend. Should that occur, the Special Dividend per share will

reduce from \$0.29 per share to \$0.25 per share, contrary to the announced terms of the Improved SB&G Takeover Proposal.

5. How will SB&G ensure that the new shares issued under the conversion of the unsecured loan will not participate in the Special Dividend, in order for the Special Dividend of \$0.29 per share to be achieved?

In order to fund the Special Dividend, the Company will, at a minimum, need to immediately convert the unsecured loan provided by SB&G to equity and thereby issue shares to SB&G. Otherwise, if the unsecured loan is treated as a liability of the Company rather than an asset, then the Company's assets will not exceed its liabilities if the Special Dividend is paid and the Company will be prohibited from declaring the Special Dividend under section 254T of the Corporations Act.

The Improved SB&G Takeover Proposal should make it clear how the record date for the Special Dividend can occur prior to the conversion of the unsecured loan into equity. If the record date for the Special Dividend occurs after the unsecured loan is converted to equity then the 7,263,158 new shares (\$6.9m / \$0.95 per share) issued under the conversion of the unsecured loan agreement will participate in the Special Dividend. In that case the Special Dividend per share will reduce from \$0.29 per share to \$0.22 per share (reducing to \$0.20 per share if the new shares issued under the proposed rights issue are also included), contrary to the announced terms of the Improved SB&G Takeover Proposal.

Financial capacity

6. Please provide evidence of the financial capacity of SB&G and its consortium members to fund all aspects of the Improved SB&G Takeover Proposal.

In this respect we note that funding of up to \$31.6m may be required being:

- the cash consideration for all offers under the Improved SB&G Takeover Proposal will be \$15.7m; plus
- SB&G has committed to provide up to \$3m to underwrite the rights issue; plus
- SB&G has committed to provide \$6.9m to fund the Special Dividend; plus
- the Company's net debt must be reduced by approximately \$6m in order for the Company to be able to pay the Special Dividend without breaching its banking covenants.

Financial support to IAB

The Improved SB&G Takeover Proposal proposes that SB&G supports the Company's imminent funding requirements by way of underwriting a capital raising, and further proposes that SB&G provides further debt funding.

7. If SB&G is called upon to underwrite the proposed rights issue, what termination events, if any, will SB&G insist are contained in the underwriting agreement, the occurrence of which will give SB&G the right to be released from its underwriting commitment?

8. Will SB&G seek to extend offers under the Improved SB&G Takeover Proposal to new shares issued under the proposed rights issue?
9. Has SB&G obtained the approval of the Company's bank to provide further debt funding to the Company?
10. What are the principal terms of such further debt funding?
11. Will such further debt funding be conditional upon SB&G acquiring a relevant interest in at least 40% of the shares of IAB (on a fully diluted basis)?
12. What amounts of further debt funding is SB&G willing /able to provide at various levels of acceptance of the proposed offer? For example, at 40% acceptance, 60% acceptance and 90% acceptance.

The Company's bank requires the Company's debt facilities to be reduced by approximately \$4.5m if the Improved MNF Transaction is not completed. Further, as mentioned above, in order for the Company to be able to pay the Special Dividend without breaching its banking covenants, the Company's net debt must be reduced by approximately \$6m.

Sequence of steps and timing

13. Please set out the sequence of events as they are contemplated by SB&G to carry out each of the proposed steps which constitute the Improved SB&G Takeover Proposal?

The Company views these proposed steps as being (SB&G to confirm the steps and their sequence):

- SB&G seeking the approval of the Company's bank to the Improved SB&G Takeover Proposal, including without limitation the further debt funding, the unsecured loan to fund the Special Dividend and the payment of the Special Dividend;
- SB&G and the Company negotiating the terms of SB&G's underwriting of the proposed rights issue;
- SB&G, the Company and the Company's bank negotiating the terms of SB&G providing further debt funding to provide financial support to the Company;
- SB&G, the Company and the Company's bank negotiating the terms of SB&G providing an unsecured loan to the Company to fund the Special Dividend;
- offers being made under the Improved SB&G Takeover Proposal;
- the Company undertaking the rights issue to provide financial support to the Company (including shareholder approval, if required);
- SB&G providing further debt funding to provide financial support to the Company;
- SB&G acquiring a relevant interest in at least 40% of the Company's shares (on a fully diluted basis), in order for the Company to declare and pay the Special Dividend;
- SB&G providing the unsecured loan to the Company to fund the Special Dividend (including shareholder approval);

- the Company converting the unsecured loan provided by SB&G to fund the Special Dividend to equity and issuing to SB&G shares;
- the Company declaring and paying the Special Dividend;
- SB&G declaring offers made under the Improved SB&G Takeover Proposal unconditional and completing takeover contracts arising from the Improved SB&G Takeover Proposal;
- the offer period for the Improved SB&G Takeover Proposal closing.

Please respond with particular reference to the following:

14. The Company's imminent funding requirements would dictate that SB&G provides financial support to the Company as soon as possible, and in any event before 31 December 2018 – does SB&G take a contrary view?

15. Will the Company be required to seek shareholder approval to issue shares under the proposed underwriting arrangements or the shortfall facility proposed as part of the proposed rights issue under ASX Listing Rule 7.9, or does SB&G expect that ASX will grant waivers from such Listing Rule?

16. The Company's imminent funding requirements would dictate that SB&G provides financial support to the Company before the Company is able to declare and pay the Special Dividend – does SB&G take a contrary view?

17. When does SB&G expect that the Company will seek shareholder approval for the unsecured loan to fund the Special Dividend under item 7, section 611 of the Corporations Act and ASX Listing Rule 7.1?

18. When will SB&G give to the Company its bidder's statement, and open offers under the Improved SB&G Takeover Proposal?

19. When does SB&G anticipate that:

- the Special Dividend will be declared and paid?
- assuming that it is successful, when will shareholders who accept offers under the Improved SB&G Takeover Proposal be paid?

As noted above, the general meeting of the Company at which shareholders will consider and, if thought fit, approve the Improved MNF Transaction will be held as planned on Friday, 7 December 2018. Proxies for this general meeting must be lodged with the Company's share registry by no later than 10am (AEDT) on Wednesday, 5 December 2018.

As mentioned above, at this stage the Board does not have sufficient clarity or certainty to change its current recommendation that shareholders approve the Improved MNF Transaction. We request SB&G's immediate attention and response to the questions posed above, and in any event, by no later than **9am (AEDT) on Wednesday, 5 December 2018**, in order for the shareholders of the Company to be able to make an informed decision in relation to the Improved MNF Transaction. The Board reserves its right to give its views to the

Company's shareholders in relation to the Improved SB&G Takeover Proposal at any time, including prior to 9am (AEDT), 5 December 2018.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'DR', with a horizontal line extending to the right.

David Rampa
Chairman

3 December 2018

IMPROVED TAKEOVER OFFER BY SB&G TELECOMS:

SHAREHOLDERS SHOULD VOTE AGAINST THE LATEST MNF GROUP OFFER

Highlights:

- Increase in offer price from \$0.90 to \$0.95 per share
- Includes a fully franked special dividend of \$0.29 per share and associated franking credits¹
- To deliver total value to IAB shareholders of up to \$1.07 per share²
- \$0.05 per share higher than the Latest MNF Group Offer
- Superior overall to the Latest MNF Group Offer in terms of value, certainty and timing
- Provision of additional financial support by SB&G Telecoms:
 - to enable IAB to meet its immediate funding requirements and to pay the special dividend; and
 - additional capital as required to ensure that IAB remains within existing banking covenants

¹ The special dividend element is subject to IAB declaring and paying the special dividend and the availability of the franking credits and value attribution as announced by IAB to ASX on 23 November 2018.

² Subject to the matters set out in Section 4 of this announcement.

1. Overview

SB&G (Telecoms) Pty Ltd (**SB&G Telecoms** or **Bidder**) today announces an increase to its offer to acquire all of the shares in Inabox Group Limited (**ASX: IAB**) (previously announced on 15 November 2018) from \$0.90 to \$0.95 cash per share (**Improved SB&G Offer** and **Improved SB&G Offer Price** respectively).

As part of the Improved SB&G Offer, SB&G Telecoms will provide funding to allow the IAB Board to declare a fully franked special dividend of \$0.29 cash per share (**Special Dividend**). If and when the Special Dividend is paid, the Improved SB&G Offer has the potential to deliver value of up to **\$1.07** per IAB share, as follows:

- Special Dividend of \$0.29 cash per share – this component will be paid by IAB;
- \$0.66 cash per share (reduced from \$0.95 cash per share to take account of the Special Dividend) – this component will be paid by SB&G Telecoms; and
- additional value of up to \$0.12 per share from the franking credits associated with the Special Dividend, dependent on the matters described in Section 4.

The Improved SB&G Offer Price is final, and will not be increased during the offer period, in the absence of a publicly announced competing proposal including any variation to the Latest MNF Group Offer (as defined below).

2. Superior to the Latest MNF Group Offer from a value perspective

The Improved SB&G Offer provides a superior financial return to shareholders compared to the Latest MNF Group Offer, a summary of which is set out in the table below:

<i>(\$ on a per share basis)</i>	Latest MNF Group Offer	Improved SB&G Offer	Relevant considerations for IAB shareholders
Special Dividend	\$0.29	\$0.29	<i>Both offers provide an equal outcome</i>
Distribution to shareholders / Consideration for shares	\$0.61 ³	\$0.66	<i>Improved SB&G Offer is superior and certain</i>
Potential franking credits associated with Special Dividend	\$0.12	\$0.12	<i>Both offers provide an equal outcome</i>
Total	\$1.02	\$1.07	<i>Improved SB&G Offer is superior and certain</i>

In addition to being superior from a value perspective, the Improved SB&G Offer also has a number of qualitative advantages as compared to the Latest MNF Group Offer. These qualitative advantages are described in detail in Section 6 of this announcement.

3. Conditions

The Improved SB&G Offer remains subject only to the following three conditions:

- IAB shareholders do not approve the sale of IAB's operating subsidiaries to MNF Group Limited (**MNF Group**), as initially announced by IAB on 8 October 2018 and subsequently improved on 23 November 2018 (**Latest MNF Group Offer**) at the IAB shareholder meeting scheduled for 7 December 2018 to consider and vote on the Latest MNF Group Offer or at any subsequent meeting of IAB shareholders held to consider and vote on any offer by MNF Group.

³ The quantum is uncertain, as IAB must discharge, or reserve sufficient cash resources to discharge, all existing and contingent liabilities before being able to pay out the distribution to shareholders. For example, the costs and fees associated with the Direct Business sale to 5G Networks may be greater than those IAB has allowed, resulting in a reduction in funds available to distribute to shareholders.

- On or before the end of the offer period, SB&G Telecoms has a relevant interest in at least 40% of the shares in IAB (on a fully diluted basis).
- No statutory prescribed occurrences. Importantly SB&G will waive any breach of this condition to the extent that it relates to IAB undertaking a capital raising required to enable IAB to meet its working capital requirements and to pay transaction expenses, subject the capital raising being on the terms set out in Annexure A. SB&G Telecoms is prepared to underwrite this capital raising.

4. Special Dividend

SB&G Telecoms believes that IAB shareholders should receive the full benefit of IAB's profits derived during their ownership period (and available franking credits). Accordingly, SB&G Telecoms is prepared to allow IAB to pay the Special Dividend to IAB shareholders (with a commensurate reduction in the Improved SB&G Offer Price) so that these profits (and attached franking credits) may be distributed to IAB shareholders.

This is subject only to SB&G Telecoms acquiring a relevant interest in at least 40% of the shares of IAB (on a fully diluted basis).

To facilitate the payment of the Special Dividend, SB&G Telecoms will provide an unsecured loan to IAB for up to \$6.9 million to enable IAB to declare and pay the Special Dividend. This loan may only be used by IAB to pay the Special Dividend. This loan will be interest free and unsecured with an ability for IAB to convert it to equity in IAB at a price equal to the Improved SB&G Offer Price of \$0.95 per share.

The value of the franking credits under either the Latest MNF Group Offer or the Improved SB&G Offer will depend on the individual tax circumstances of each IAB shareholder and the application of relevant integrity rules. The potential associated outcomes are more fully described by IAB in its announcement to ASX dated 23 November 2018.

5. Financial support to IAB

SB&G Telecoms notes the imminent funding requirements of IAB to meet its short term working capital requirements and to pay its transaction expenses, as announced by IAB to ASX on 23 November 2018. SB&G Telecoms will provide financial support to IAB of up to \$3.0 million to enable IAB to meet those imminent funding requirements. This support will be in the form of SB&G Telecoms underwriting a capital raising by IAB on arm's length commercial terms, with the parameters of that capital raising being subject to the key terms set out in Annexure A to this announcement.

Following a meeting with IAB's bank, SB&G Telecoms is prepared to provide further debt funding so that IAB remains in compliance with the terms of its existing bank facility. SB&G Telecoms will work collaboratively with IAB and its bank to ensure that all elements of the Improved SB&G Offer are implemented, and the ongoing financial position of IAB is managed, in a manner that complies with the terms of the existing facility and is otherwise satisfactory to IAB's bank.

6. Superior to the Latest MNF Group Offer

SB&G Telecoms considers that the Improved SB&G Offer is superior to the Latest MNF Group Offer, both from a value perspective and a qualitative perspective.

Set out below is a comparison of the Improved SB&G Offer against the Latest MNF Group Offer accompanied by relevant considerations for IAB shareholders.

	Latest MNF Group Offer	Improved SB&G Offer	Relevant considerations for IAB shareholders
Total payment/distribution to shareholders	Expected to be \$0.90 in cash per share and an additional \$0.12 per share in franking credits (increasing the total distribution to up to \$1.02 per share pre-tax).	\$0.95 in cash per share and an additional \$0.12 per share in franking credits when the Special Dividend of \$0.29 is declared and paid (delivering total value of up to \$1.07 per share pre-tax).	Even excluding any additional benefit related to the payment of the Special Dividend (with attached franking credits), the Improved SB&G Offer is superior to the Latest MNF Group Offer (i.e. \$0.95 per

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MELBOURNE

Level 5, 171 Collins Street
Melbourne VIC Australia 3000

P | +61 3 9258 2100

E | info@sbggroup.com.au

SYDNEY

Level 22, Deutsche Bank Place
126 Phillip Street, Sydney NSW 2000

P | +61 2 9154 4788

www.sbggroup.com.au

	Latest MNF Group Offer	Improved SB&G Offer	Relevant considerations for IAB shareholders
			share is superior to \$0.90 per share).
Certainty of value	The stated capital return amount of \$0.61 per share under the Latest MNF Group Offer is inherently uncertain. In particular, it depends on IAB not incurring greater costs and expenses than anticipated by the IAB Board so that IAB retains sufficient capital to meet its known and anticipated obligations.	IAB shareholders have the certainty of receiving \$0.66 in cash per share directly from SB&G Telecoms (after adjusting the \$0.95 offer price for payment of the \$0.29 Special Dividend).	The uncertainty associated with the \$0.61 per share capital return under the Latest MNF Group Offer is a function of costs and expenses incurred by IAB, as well as its capital requirements.
IAB funding requirements	No capital raising required if Latest MNF Group Offer is completed in December 2018.	SB&G Telecoms will provide financial support to IAB of up to \$3.0 million to support its imminent working capital requirements and to enable IAB to pay transaction expenses. This support will be in the form of underwriting any planned capital raising.	For noting.
Conditions	The Latest MNF Group Offer is conditional only upon the approval of IAB shareholders. MNF Group cannot waive this condition.	The Improved SB&G Offer is conditional on: 1. rejection of the Latest MNF Group Offer by IAB shareholders; 2. SB&G Telecoms achieving a relevant interest in at least 40% of IAB shares on a fully diluted basis; and 3. there being no "prescribed occurrences" as defined in sections 652C(1) and 652C(2) of the Corporations Act. SB&G Telecoms may waive these conditions.	The rejection of the Latest MNF Group Offer and the fulfilment of the 40% minimum acceptance condition are each within the collective control of IAB shareholders. SB&G Telecoms will waive any breach of the 'no prescribed occurrences' condition to the extent that it relates to IAB undertaking a capital raising required to enable IAB to meet its working capital requirements and to pay transaction expenses, subject to the capital raising being on the terms set out in Annexure A. The fulfilment of the remainder of the no 'prescribed occurrences' condition is largely within the control of the IAB Board.

MELBOURNE

Level 5, 171 Collins Street
Melbourne VIC Australia 3000

P | +61 3 9258 2100

E | info@sbggroup.com.au

SYDNEY

Level 22, Deutsche Bank Place
126 Phillip Street, Sydney NSW 2000

P | +61 2 9154 4788

www.sbggroup.com.au

	Latest MNF Group Offer	Improved SB&G Offer	Relevant considerations for IAB shareholders
Flexibility for continuing investment in IAB?	<p>✗ None.</p> <p>If the Latest MNF Group Offer is approved and implemented, ALL shareholders – including those who vote against it - will receive the same distribution of surplus cash. After finalising the Latest MNF Group Offer, IAB will, subject to all required approvals, be delisted and wound up.</p>	<p>✓ There is flexibility for IAB shareholders to choose to exit or retain their IAB investment.</p> <p>Shareholders who elect to accept the Improved SB&G Offer will no longer own their IAB shares and will receive value of up to \$1.07 per share on exiting their investment (assuming that the conditions to the Improved SB&G Offer are satisfied or waived and the Special Dividend is paid).</p> <p>However, shareholders remain free to not accept the Improved SB&G Offer. Shareholders who elect not to accept the Improved SB&G Offer will receive the Special Dividend (if declared and paid by IAB) but will retain all of their IAB shares, subject only to the Bidder not becoming entitled to exercise, and then electing not to exercise, statutory compulsory acquisition rights.</p>	<p>For any IAB shareholders who wish to retain their IAB investment, only the Improved SB&G Offer provides them with the flexibility to do so (albeit in a potentially more illiquid environment).</p> <p>This flexibility is not available under the Latest MNF Group Offer.</p>
Offer Structure	<p>Offer to buy Indirect Business from IAB. Consideration paid by MNF Group to IAB and then distributed by IAB to shareholders (subject to shareholder approval for the initial sale itself and then separate, subsequent shareholder approval yet to be obtained for the capital return).</p>	<p>Offer to buy shares directly from IAB shareholders.</p>	<p>Excluding the Special Dividend that is present in both offers, the Improved SB&G Offer is simpler, cleaner and more conventional. It does not rely on IAB distributing proceeds to shareholders (which itself will require a separate, subsequent shareholder approval yet to be obtained).</p>

MELBOURNE

Level 5, 171 Collins Street
Melbourne VIC Australia 3000

P | +61 3 9258 2100

E | info@sbggroup.com.au

SYDNEY

Level 22, Deutsche Bank Place
126 Phillip Street, Sydney NSW 2000

P | +61 2 9154 4788

www.sbggroup.com.au

	Latest MNF Group Offer	Improved SB&G Offer	Relevant considerations for IAB shareholders
Timing	<p>If shareholders approve the Latest MNF Group Offer at the extraordinary general meeting on 7 December 2018, IAB has stated that the Latest MNF Group Offer will, subject to there being no unforeseen regulatory or legal issues, complete by 12 December 2018 and shareholders will, subject to a separate, subsequent shareholder approval process, receive a fully franked dividend and the capital return in January 2019.</p>	<p>Under the Corporations Act, SB&G Telecoms must make offers under the Improved SB&G Offer within two months after 15 November 2018, being the date that it was first announced. However, SB&G Telecoms expects to make offers earlier. Once SB&G Telecoms has sent its bidder's statement to IAB, offers will open between 14 and 28 days later.</p> <p>The offer period for the Improved SB&G Offer must last for at least 1 month from the date on which the first offer under the Improved SB&G Offer is made (and could potentially remain open for up to 12 months).</p> <p>If the Improved SB&G Offer is successful, payment of the sale price to IAB shareholders who accept the Improved SB&G Offer will be made by the end of whichever of the following period ends earlier:</p> <ol style="list-style-type: none"> 1. one month after acceptance or, if at the time of acceptance, the Improved SB&G Offer is still conditional, one month after the Improved SB&G Offer becomes unconditional; and 2. 21 days after the end of the offer period. 	<p>SB&G Telecoms' current intention is to proceed on the basis that the Improved SB&G Offer will be open for acceptance by IAB shareholders as soon as practicable, subject to only to shareholders not approving the Latest MNF Group Offer at the shareholder meeting scheduled for 7 December 2018.</p> <p>If the Improved SB&G Offer is declared unconditional, SB&G Telecoms may (at its discretion) announce accelerated payment terms for IAB shareholders who accept the Improved SB&G Offer.</p> <p>In contrast, the timing for the Latest MNF Group Offer is uncertain because it requires IAB shareholders to approve the capital return at a separate shareholder meeting. This process is likely to take at least 5 weeks.</p> <p>There is also the risk that IAB shareholders do not approve the capital return, which could result in IAB delaying or abandoning the capital return to shareholders.</p>
Capital gains tax considerations (noting that other tax considerations may be relevant)	<p>Capital return of \$0.61 per share (included in the \$0.90 per share distribution to shareholders).</p>	<p>Capital proceeds under the Improved SB&G Offer will be equal to the Offer Price (i.e. \$0.95).</p> <p>However, any capital gain made by an IAB shareholder on the sale of its shares will be reduced by the amount of the Special Dividend (i.e. \$0.29) reflected in the Improved SB&G Offer Price that is</p>	<p>The Latest MNF Group Offer may provide a marginally more favourable capital gains tax outcome. However, the Improved SB&G Offer is higher and as a result should have a higher after tax cash outcome.</p> <p>Shareholders should seek their own tax advice specific</p>

MELBOURNE

Level 5, 171 Collins Street
Melbourne VIC Australia 3000

P | +61 3 9258 2100

E | info@sbggroup.com.au

SYDNEY

Level 22, Deutsche Bank Place
126 Phillip Street, Sydney NSW 2000

P | +61 2 9154 4788

www.sbggroup.com.au

	Latest MNF Group Offer	Improved SB&G Offer	Relevant considerations for IAB shareholders
		<p>included in the IAB shareholder's assessable income.</p> <p>If a capital loss arises for an IAB shareholder the capital loss will not be adjusted.</p>	to their individual circumstances.
Third party consents	Failure to obtain change of control consents required to be given by IAB's major customers and suppliers is a risk borne by MNF Group.	Failure to obtain change of control consents required to be given by IAB's major customers and suppliers is a risk borne by IAB and any shareholders who elect not to accept the Improved SB&G Offer, if it is successful and results in a change of control of IAB.	This consideration is irrelevant for IAB shareholders who elect to accept the Improved SB&G Offer and exit their investment in IAB.

Timing and other information

Subject only to shareholders not approving the Latest MNF Group Offer at the shareholder meeting scheduled for 7 December 2018, SB&G Telecoms expects to shortly lodge with the Australian Securities and Investments Commission (**ASIC**) the Bidder's Statement containing detailed information relevant to the Improved SB&G Telecoms Offer, including how to accept it. The Bidder's Statement will be sent to IAB shareholders shortly following lodgement with ASIC.

Advisers

MAP Capital Pty Ltd is acting as financial adviser to SB&G Telecoms in respect of the Improved SB&G Offer.

MinterEllison is acting as legal adviser to SB&G Telecoms in respect of the Improved SB&G Offer.

ENDS

Issued by SB&G (Telecoms) Pty Ltd ACN 629 548 885 www.sbggroup.com.au

Further information
Paul Salter
Director
SB&G (Telecoms) Pty Ltd
paul.salter@sbgroup.com.au
(03) 9258 2100

MELBOURNE

Level 5, 171 Collins Street
Melbourne VIC Australia 3000
P | +61 3 9258 2100
E | info@sbgroup.com.au

SYDNEY

Level 22, Deutsche Bank Place
126 Phillip Street, Sydney NSW 2000
P | +61 2 9154 4788
www.sbggroup.com.au

Annexure A – Key terms of potential rights issue by IAB required for specific waiver by SB&G Telecoms of its 'no prescribed occurrences' condition

Amount: up to \$3 million

Capital raising structure: pro rata, non-renounceable, accelerated rights issue

Pricing: 5% discount to IAB market price at the close of trading on 3 December 2018 (of 97 cents per share).

Shortfall facility: Yes, on the basis that any allocations under the shortfall facility will be applied to all participating shareholders, pro rata to their relative registered holdings, subject to each applicant's voting power not breaching section 606 of the *Corporations Act 2001* (Cth) or any other requirements prescribed by law or the ASX Listing Rules.

Underwriting: No underwriting, or if underwriting is required, it must be at the same pricing as specified above. SB&G Telecoms to have a last right of refusal over any underwriting arrangement (which must be on arm's length terms). In addition, if underwriting is required by SB&G Telecoms, the pro rata accelerated rights issue must not be structured to preclude SB&G Telecoms from relying on the exception in item 10A of section 611 of the *Corporations Act* (as inserted by ASIC Corporations (Takeovers – Accelerated Rights Issues) Instrument 2015/1069).

MELBOURNE

Level 5, 171 Collins Street
Melbourne VIC Australia 3000

P | +61 3 9258 2100

E | info@sbggroup.com.au

SYDNEY

Level 22, Deutsche Bank Place
126 Phillip Street, Sydney NSW 2000

P | +61 2 9154 4788

www.sbggroup.com.au