21 November 2011

The Manager
Company Announcements Office
Australian Stock Exchange
Exchange Plaza, 2 The Esplanade,
Perth WA 6000

ELECTRONIC LODGEMENT

Dear Sir or Madam

Announcement of Acquisition

iiNet Limited (ASX Code: IIN) today announces the re-commencement of trading of its shares following the announcement of the acquisition outlined below.

Regards

David Buckingham
Company Secretary

ASX Release

iiNet acquires TransACT to continue building scale

21 November 2011 – iiNet Limited (ASX: IIN) (the Company) is pleased to announce that it has entered into a binding agreement to acquire TransACT Communications Pty Ltd (TransACT), a leading Canberra-based telecommunications company, for $60 million. TransACT has operations in the ACT, Queanbeyan, and regional Victoria, with 40,000 customers across the residential, SME, corporate and government market segments.

iiNet's Chief Executive Officer, Michael Malone, said the acquisition of TransACT was consistent with iiNet's strategy of building scale through consolidation and cemented the Company's position as "the new number 2 provider" of DSL broadband.

"iiNet's acquisition of TransACT represents an attractive strategic opportunity to build scale in the ACT market quickly and efficiently. In particular, TransACT's experienced and passionate management team will allow iiNet to grow its presence in the SME, corporate and government market segments, a key growth area for the Company.

"We are also excited about the strong existing relationship between TransACT and ActewAGL, the leading utility provider in the region, and the resulting growth opportunities for both companies," said Mr Malone.

TransACT's Chief Executive Officer, Ivan Slavich, said he and his management team were looking forward to being part of the iiNet team and were excited about the growth possibilities this presented.

"It will be great for TransACT, and our partner AtcewAGL, to have access to a leading national brand. iiNet's reputation for excellent customer service and product innovation will be well received by our loyal residential, SME, corporate and government customer base," said Mr Slavich.

Acquisition highlights

- 40,000 highly bundled subscribers across residential, SME, corporate and government market segments using more than 140,000 products
- Strong local brand concentrated in ACT and regional Victoria
- Growing SME, corporate and government customer base with complementary data-centre operation in ACT generating nearly $30m of annual recurring revenues
- 4,500 kilometre network, passing more than 250,000 premises
- Experienced management team with deep commercial relationships in key sectors
- Strong financials – total recurring annual revenue of approximately $80 million and EBITDA of $17 million
- 100% cash and debt-funded
- EPS accretive (pre synergies) for iiNet shareholders, with synergies available from the integration of systems and suppliers.

Value accretive acquisition of a strong local brand

"This acquisition provides a unique opportunity for iiNet to pick up significant network assets, while increasing its presence in the ACT and regional Victoria. This move will also accelerate our penetration of the lucrative SME, corporate and government sectors, a key strategic focus for us," Mr Malone said.

"In addition, TransACT will also provide iiNet with the opportunity to deliver super-fast broadband services in the region similar to our recently launched NBN plans," added Mr Malone.

The acquisition of TransACT is expected to be earnings per share accretive, pre-synergies. Synergies are expected to be achieved through the integration of systems and suppliers, providing further value accretion for iiNet shareholders.

Acquisition overview

Under the sale and purchase agreement, iiNet will pay $60 million for TransACT.

The acquisition will be 100% funded through existing cash and debt facilities. Completion is subject to a number of procedural conditions and is expected to be achieved by 30 November 2011.

iiNet is well positioned for further growth

"iiNet is very enthusiastic about the increased market opportunities that the NBN will bring, and we believe that the acquisition of TransACT further strengthens our position.

"Adding 40,000 new customers, including blue-chip corporate and government bodies, as well as strengthening our network and presence in the ACT and regional Victoria, will allow iiNet to further penetrate these key markets and extend our leading customer service and innovative products to a broader audience," said Mr Malone.

– 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. We employ nearly 2,000 inquisitive staff across four countries and support over 1.3 million broadband, telephony and Internet Protocol TV (IPTV) services nationwide.

We're a publicly listed company and we maintain our own super-fast broadband network. Our vision is to lead the market with products that harness the potential of the Internet and differentiate with award-winning customer service.