



28 January 2016

The Manager
Company Announcements Office
Australia Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir / Madam

Chairman's Letter – Scheme Meeting

In accordance with the ASX Listing Rules, we enclose the Chairman's Letter, which will be delivered today at the Scheme Meeting relating to the proposed acquisition of all shares in M2 Group Ltd (ASX: MTU) by a wholly-owned subsidiary of Vocus Communications Limited (ASX: VOC).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Ashe-lee'.

Ashe-lee Jegathesan
General Counsel and Company Secretary

For personal use only



**Chairman's Address to Shareholders
Scheme Meeting
28 January 2016**

Good morning, I am Craig Farrow, Chairman of your company, M2 Group Ltd.

I'd like to welcome our Shareholders, Team members and guests present today – thank you for attending.

I acknowledge the traditional owners of this land, specifically the Wurundjeri people of the Kulin Nation, and pay my respects to their Elders, past and present.

A quorum is present and I declare this Meeting open.

I would like to start by introducing the company officeholders present today. From our board, we have:

- Vaughan Bowen, Executive Director
- Michael Simmons, Non-Executive Director and Chair of our Audit and Risk Committee
- David Rampa, Non-Executive Director and Chair of the Nomination and Remuneration Committee
- Rhoda Philippo, Non-Executive Director

I note apologies from Non-Executive Director John Hynd, who is unable to attend today.

- From our Executive Team, we have:
 - o Geoff Horth, our CEO
 - o Darryl Inns, our Chief Financial Officer
 - o Ashe-lee Jegathesan, our Company Secretary
 - o Scott Carter, our Chief Operating Officer
 - o Alistair Carwardine, our Technology Director
 - o John Allerton, our Commercial Director, and
 - o Melissa Fitzpatrick, our HR Director

This meeting has been convened for Shareholders to consider and vote on the proposed scheme of arrangement between M2 and its shareholders, in relation to the merger with Vocus Communications Limited.

This morning I would like to address Shareholders on the proposed Scheme, including an outline of the Transaction, Key Features of the Scheme, the Scheme Timetable and Voting and Proxy results.

Transaction Highlights

On the 28th September 2015, the Boards of M2 and Vocus announced the execution of a Merger Implementation Agreement, under which, subject to certain conditions, Vocus would acquire all of the shares of M2 via an M2 scheme of arrangement. Details of the proposed Merger are set out in the Scheme Booklet dispatched to shareholders on the 21st December 2015.

If the Scheme Resolution is approved and the other conditions are satisfied, the Scheme will be implemented and eligible M2 shareholders will receive 1.625 Vocus shares for every one M2 share held on the Record Date,



in accordance with the Scheme. This would occur on the Implementation Date, which is currently scheduled for the 22nd February 2016.

Your Board gave careful consideration to entering into the Merger Implementation Agreement as well as the advantages and disadvantages of the Scheme, prior to recommending Shareholders vote in favour, in the absence of a superior proposal. Our recommendation that shareholders vote in favour of the Scheme is unanimous.

An Independent Expert has also reviewed the proposal and has concluded that the Merger is in the best interests of shareholders, in the absence of a superior proposal.

Key Features of the Proposed Scheme

M2 Group Ltd was founded in 1999 by Vaughan Bowen and has grown to house some of Australia's most iconic telecommunications brands: Dodo, Commander and iPrimus. M2 has been successful in acquisitions, organic services growth, sound financial management and delivering returns to shareholders. The Vocus story is similar, albeit a little younger. Vocus is the provider of integrated telecommunications services and a high quality network that extends across the Tasman, is the owner of submarine cable capacity and has demonstrated success in its chosen markets while delivering high-quality earnings.

The two companies contribute complementary assets to create a Merged Group which is expected to have improved position to manage margins, sales and marketing against increasing competition.

M2 brings to the Merged Group demonstrated sales and marketing capabilities, well-recognised consumer and business brands, strong cashflows and scale. Vocus brings extensive fibre networks and international transmission capacity and connectivity, which underpin its credentials in the Corporate and Government market segments. Our companies have similar values and approaches to company culture. Your Board of Directors and I strongly believe that this merger will benefit our shareholders, our Team Members, and our customers.

Key highlights of the Scheme include:

- The Merger will result in the creation of a full-service vertically integrated, infrastructure backed trans-Tasman telecommunications company with a product and service offering relevant to individuals and corporate and government entities in Australia and New Zealand
- The Merger is expected to result in cost synergies and has the potential for revenue synergies
- The Merged Group will have strengthened strategic positioning to capitalise on the NBN in Australia and the UFB in New Zealand
- The Merged Group is expected to have greater relevance to equity and debt investors through increased scale
- The Merged Group is expected to have an improved base to pursue further growth initiatives
- The Merger combines capable and highly experienced boards and management teams with a proven track record.

Further information on the advantages, disadvantages and risks of the Merger, were set out in detail in the Scheme Booklet, which was dispatched to Shareholders on the 21st December 2015.

The Independent Expert, Grant Samuel and Associates, appointed by the M2 Board, has concluded that the merger is in the best interests of M2 Shareholders, in the absence of a superior proposal. No superior proposal has been received by M2 and your Directors intend to vote all of their shares in favour of the Scheme.

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COMMANDER

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dodo

iPRIMUS



Requisite Majorities

In accordance with the requirements of the Corporations Act, in order for the Merger to proceed, the this Scheme Resolution must be passed by

- a majority in number (more than 50%) of M2 shareholders present and voting at this Meeting (either in person or by proxy), and
- at least 75% of the total number of votes cast on the Scheme Resolution.

Scheme Timetable

If the Scheme Resolution is passed by the required majorities, the proposed timeline for Scheme Implementation is as follows and shown on this slide. This is subject to the remaining conditions being satisfied, which includes approval of the Scheme by the Court. A hearing with the Court is scheduled on the 5th February. The Effective Date of the Scheme is the 8th February, being the last date that M2 shares would trade on the ASX. The Record Date for determination of the entitlement of Scheme Shareholders to receive the Scheme Consideration is 7pm on the 15th February. The Implementation Date, being the date of the transfer of Scheme Shares to Vocus and the issue of Scheme Consideration to Scheme Shareholders is the 22nd February.