



NOT FOR DISTRIBUTION OR RELEASE IN  
THE UNITED STATES

ASX RELEASE

Wednesday, 15 April 2020

## Dispatch of Retail Offer Booklet

Southern Cross Media Group Limited (ASX: SXL) (SCA) will today dispatch the attached Retail Offer Booklet and personalised Entitlement and Acceptance Form to SCA shareholders eligible to participate in the retail component of its accelerated non-renounceable pro-rata entitlement offer of fully paid ordinary shares in SCA, details of which were announced to ASX on Monday, 6 April 2020 (**Retail Entitlement Offer**).

### Further information

If you have any questions in respect of the Retail Entitlement Offer, please call the SCA Offer Information Line on 1300 069 341 (within Australia) or +61 3 9415 4282 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period, or consult your stockbroker, accountant, financial or other professional advisor.

Approved for release by SCA's board of directors.

For further information, please contact:

### Southern Cross Media Group Limited

#### Investors:

Nick McKechnie  
Chief Financial Officer  
Tel: 03 9922 2001

#### Media:

Rochelle Burbury  
Corporate Communications Manager  
Mob: 0408 774 577

### About Southern Cross Austereo

Southern Cross Austereo (SCA) is one of Australia's leading media companies reaching more than 95% of the Australian population through its radio, television and digital assets. Under the Triple M and Hit network brands, SCA owns 98 stations across FM, AM and DAB+ radio. SCA provides national sales representation for 23 other regional radio stations. SCA broadcasts 92 free to air TV signals across regional Australia, reaching 4.4 million people a week, with Nine Network programming and advertising representation across Australia's East Coast, Seven Network programming in Tasmania and Darwin, and Seven, Nine and Ten programming in Spencer Gulf. SCA operates Australia's leading premium podcasting network - PodcastOne Australia – and provides Australian sales representation for global open audio platform SoundCloud. SCA's premium brands are supported by social media, live events, video, online and mobile assets that deliver national and local entertainment and news content. <https://www.southerncrossaustereo.com.au/>

### Not for release or distribution in the United States

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this announcement nor anything attached to this announcement shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), or in any other jurisdiction in which, or to any person to whom, such an offer would be illegal.

# Southern Cross Media Group Limited

ACN 116 024 536

## Retail Offer Booklet

**1.75 for 1 pro-rata accelerated non-renounceable entitlement offer of ordinary fully paid shares in Southern Cross Media Group Limited at an offer price of \$0.09 per New Share.**

**The Retail Entitlement Offer closes at  
5:00pm (Sydney time) on Monday, 27 April 2020 (unless extended).  
Valid Applications must be received before that time**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR ANY OTHER COUNTRY OUTSIDE OF AUSTRALIA AND NEW ZEALAND**

**If you are an Eligible Retail Shareholder, this Retail Offer Booklet together with your personalised Entitlement and Acceptance Form are important documents that require your immediate attention.** This Retail Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) and does not contain all the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares. You should read this Retail Offer Booklet together with your personalised Entitlement and Acceptance Form in their entirety before deciding whether to accept the offer of New Shares.

If you do not understand any part of this document or are in doubt as to what you should do, you should consult your stockbroker, accountant, financial or other professional adviser immediately. You can also contact the SCA Offer Information Line on 1300 069 341 (within Australia) or +61 3 9415 4282 (outside Australia) at any time from 8:30am to 5:30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period.

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## Important notices

This document and the accompanying information (**Retail Offer Booklet**) has been prepared by Southern Cross Media Group Limited ACN 116 024 536 (**SCA**).

This Retail Offer Booklet is dated 15 April 2020. The Retail Entitlement Offer is being made utilising section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Capitalised terms used in this Retail Offer Booklet have the meaning given to them in the Glossary in **section 9** of this Retail Offer Booklet.

References in this Retail Offer Booklet to the Corporations Act are references to the Corporations Act as relevantly amended or modified, including by ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73, ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Trading Suspensions Relief) Instrument 2020/289.

### Not investment or financial product advice

This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been and will not be lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. SCA is not licensed to provide financial product advice in respect of New Shares. This Retail Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act.

Eligible Retail Shareholders should conduct their own independent investigation and assessment of the Retail Entitlement Offer and the information contained, or referred to, in this Retail Offer Booklet. An investment in SCA is subject to investment risk including possible loss of income and principal invested. Before deciding whether to apply for New Shares, you should consider all materials sent to you in relation to the Retail Entitlement Offer and any relevant materials lodged by

SCA with ASX and ASIC. You should also consider whether the New Shares are a suitable investment for you in light of your own investment objectives, financial circumstances and investment needs (including financial and taxation issues), having regard to the merits or risks involved in an investment in SCA. You should carefully consider the risks of an investment in SCA, including the "Key Risks" described the Investor Presentation accompanying this Retail Offer Booklet at **section 6**.

By either completing and returning your personalised Entitlement and Acceptance Form, or by making a payment via BPAY® using the information provided on your personalised Entitlement and Acceptance Form, to make an Application (refer to **section 5.5** of this Retail Offer Booklet for further information) you will be deemed to have acknowledged that you have read this Retail Offer Booklet and have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet

### Foreign jurisdictions

The information in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form 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 Retail Entitlement Offer, the New Shares, or to otherwise permit an offering of New Shares, in any jurisdiction outside of Australia.

Because of these legal restrictions, you must not send copies of this Retail Offer Booklet or any other material relating to the Retail Entitlement Offer to any person in the United States or in any other jurisdiction in which such an offer would be illegal. Failure to comply with these restrictions may result in violations of applicable securities laws.

#### New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders 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 as amended by the Financial Markets Conduct (Incidental Offers) Exemption Amendment Notice 2018.

This Retail Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Retail Offer Booklet 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.

#### United States

None of the information in this Retail Offer Booklet or the Entitlement and Acceptance Form constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither this Retail Offer Booklet (or any part of it) nor the Entitlement and Acceptance Form may be released or distributed in the United States.

Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The Entitlements offered and sold in the Retail Entitlement Offer may not be taken up in the United States or by any person acting for the account or benefit of any person in the United

States (to the extent such person is acting for the account or benefit of a person in the United States). The Entitlements offered and sold in the Retail Entitlement Offer may only be taken up, and the New Shares 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 US Securities Act) in reliance on Regulation S under the US Securities Act.

#### **Future performance and forward looking statements**

This Retail Offer Booklet contains certain "forward looking statements" which involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies including those risk factors associated with the media and entertainment industry, many of which are outside the control of, change without notice, and may be unknown to SCA. Statements as to the potential impact and duration of the COVID-19 pandemic, timetable and outcome of the Equity Raising, use of funds, and statements about the plans and strategies of SCA are forward looking statements, as are statements about market and industry trends, which are based on interpretation of market conditions. Forward looking statements can generally be identified by the use of forward looking words such as "anticipate", "expect", "likely", "will", "intend", "should", "could", "may", "propose", "believe", "forecast" "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the future performance of SCA and the outcome and effects of the Equity Raising and use of proceeds.

No representation, warranty or assurance, express or implied, is given or made in relation to any forward looking statement. In particular no representation, warranty or assumption, express or implied, is given in relation to any underlying assumption or that any forward looking statement will be achieved. Actual and future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements were based, because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risks such as changes in market conditions and regulations.

Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements, and should rely on their own independent enquiries, investigations and advice regarding the information in this Retail Entitlement Booklet. Any reliance by a reader on the information in this Retail Offer Booklet is wholly at the reader's own risk.

To the maximum extent permitted by law or any relevant ASX Listing Rules, SCA and its related bodies corporate and affiliates and their respective directors, officers, employees, advisors, agents and intermediaries disclaim any obligation or undertaking to disseminate any updates or revisions to the information in this Retail Offer Booklet to reflect any change in expectations in relation to any forward looking statements or any such change in events, conditions or circumstances on which any such statements were based.

#### **Past performance**

Past performance information given in this Retail Offer Booklet is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance, including future share price performance. Historical information in this Retail Offer Booklet relating to SCA is information that has been released to the market. The historical information is presented in an abbreviated form insofar as it does not include all presentations and

disclosures, statements or comparative information as required by the Australian Accounting Standards (AAS) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. For further information, please see past announcements released by SCA to the ASX.

#### **Disclaimer of representations**

No person other than SCA has authorised or caused the issue of the information in this Retail Offer Booklet, or takes responsibility for, or makes, any statements, representations or undertakings in the Information or for any action you take in reliance on the information in this Retail Offer Booklet. No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Retail Offer Booklet. Any information or representation that is not in this Retail Offer Booklet may not be relied on as having been authorised by SCA or its related bodies corporate in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of SCA, or any other person, warrants or guarantees the future performance of SCA or any return on any investment made pursuant to this Retail Offer Booklet.

#### **Privacy**

If you complete an application for New Shares, you will be providing personal information to SCA (directly or through the Registry). If the information required on your personalised Entitlement and Acceptance Form is not provided, you should be aware that SCA may not be able to accept or process your Application.

SCA 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 SCA through the Registry.

#### **Times, dates and currency**

Times and dates in this Retail Offer Booklet are indicative only and subject to change. Unless otherwise indicated all times and dates refer to Sydney time. All dollar values and references to '\$' are in Australian dollars (A\$).

#### **Governing law**

The Entitlement Offer and contracts formed on acceptance of your personalised Entitlement and Acceptance Form are governed by the laws of Victoria, Australia. Each Applicant submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

#### **Enquiries**

If you have any questions in respect of the Retail Entitlement Offer, please call the SCA Offer Information Line on 1300 069 341 (within Australia) or +61 3 9415 4282 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period, or consult your stockbroker, accountant, financial or other professional advisor. If you are beneficially entitled to Shares and those Shares are held on your behalf by a nominee or custodian, you should direct your enquiries to your nominee or custodian.

# 1 Chair's letter

15 April 2020

Dear Shareholder

## **Southern Cross Media Group Limited – Retail Entitlement Offer**

On behalf of the Board of Southern Cross Media Group Limited (**SCA**), I am pleased to invite you to participate in SCA's recently announced fully underwritten<sup>1</sup> 1.75 for 1 pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in SCA (**New Shares**) at an offer price of \$0.09 (**Offer Price**) per New Share (**Entitlement Offer**).

### **The Equity Raising**

SCA has recently implemented a series of capital structure and operational initiatives which will enhance liquidity and support a more efficient operating model appropriate for the current macroeconomic environment.

The Entitlement Offer forms part of the equity raising announced by SCA to the Australian Securities Exchange (**ASX**) on Monday, 6 April 2020, which also comprises an institutional placement of New Shares (**Placement**) at the same Offer Price as under the Entitlement Offer, to raise an aggregate amount of approximately \$169 million (before costs) (the Placement, together with the Entitlement Offer, being the **Equity Raising**).<sup>2</sup>

The Entitlement Offer comprises an institutional component to raise approximately \$101.5 million (**Institutional Entitlement Offer**)<sup>3</sup> and a retail component to raise approximately \$19.7 million (before costs) (**Retail Entitlement Offer**).<sup>4</sup> This information booklet (**Retail Offer Booklet**) relates to the Retail Entitlement Offer.

The Institutional Entitlement Offer and the Placement successfully closed on Monday, 6 April 2020, and together raised gross proceeds of approximately \$149 million (before costs).<sup>5</sup> The proceeds from the Equity Raising will be used to reduce net debt, and to fund transaction costs.

Further details regarding the Equity Raising are set out in the Investor Presentation which was lodged with the ASX on Monday, 6 April 2020, a copy of which is included in **section 6** of this Retail Offer Booklet.

### **Retail Entitlement Offer**

This Retail Offer Booklet provides Eligible Retail Shareholders with the opportunity to invest in SCA at the same price as that offered to institutional investors in the Institutional Entitlement Offer and the Placement.

The Offer Price of \$0.09 per New Share represents a 19.5% discount to the Theoretical Ex-Rights Price (**TERP**)<sup>6</sup> of \$0.112 and a 45.5% discount to the closing price of SCA's shares of

<sup>1</sup> Refer to **section 7.5** of this Retail Offer Booklet.

<sup>2</sup> Components of the Equity Raising may not add to \$169m due to rounding.

<sup>3</sup> As at 5:00pm on 7 April 2020. Remains subject to final reconciliations. The issue (and associated settlement) of ~50 million New Shares under the Institutional Entitlement Offer has been deferred until 4 May 2020 for regulatory reasons, being the same day as the issue date for New Shares to be issued under the Retail Entitlement Offer.

<sup>4</sup> As at 5:00pm on 7 April 2020. Remains subject to final reconciliations.

<sup>5</sup> Refer to Note 3 of this Retail Offer Booklet.

<sup>6</sup> Theoretical ex-rights price (or **TERP**) includes shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which SCA shares should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which SCA shares trade at that time will

\$0.165 per share on Monday, 23 March 2020 (being the last day on which SCA shares traded before the announcement of the Equity Raising).

Under the Retail Entitlement Offer, Eligible Retail Shareholders are entitled to subscribe for 1.75 New Shares for every 1 Share held as at 7:00pm (Sydney time) on Wednesday, 8 April 2020 (**Record Date**).

The Closing Date for acceptance of the Retail Entitlement Offer is **5:00pm (Sydney time) on Monday, 27 April 2020**.<sup>7</sup>

SCA Directors and senior leadership team members who are Shareholders have confirmed their intention to participate in the Retail Entitlement Offer by taking up their pro rata entitlement for New Shares.

Shareholders in the United States are not eligible to participate in the Offer. Similarly, shareholders (including custodians and nominees) who hold Shares on behalf of persons in the United States, or are acting for the account or benefit of persons in the United States, are not eligible to participate in the Offer on behalf of those persons.

#### **Further information**

This Retail Offer Booklet contains important information concerning your potential participation in the Retail Entitlement Offer, including:

- the key terms of the Retail Entitlement Offer;
- instructions on how to participate should you choose to do so; and
- the Investor Presentation.

Please carefully read this Retail Offer Booklet in its entirety and consult your broker, legal, financial or other professional adviser before making your investment decision. In particular, you should read and carefully consider the “Key Risks” described in the Investor Presentation accompanying this Retail Offer Booklet at **section 6**, which contains a summary of some of the key risks associated with an investment in SCA.

If you have any questions in respect of the Retail Entitlement Offer, please call the SCA Offer Information Line on 1300 069 341 (within Australia) or +61 3 9415 4282 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period, or consult your stockbroker, accountant, financial or other professional advisor.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your continued support.

Yours faithfully



Peter Bush  
Chairman and Independent Director

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depend on many factors and may not be equal to TERP. TERP is calculated by reference to the last traded price on Monday, 23 March 2020 being \$0.165.

<sup>7</sup> SCA may in its discretion vary the Closing Date in accordance with the ASX Listing Rules and applicable law.

## 2 Overview

### Summary of the Equity Raising:

<b>Offer Price</b>	\$0.09 per New Share
<b>Entitlement Offer Ratio</b>	1.75 New Shares for every 1 Share held
<b>Equity Raising</b>	
<b>Placement</b>	Approximately 527.3 million New Shares to be issued at the Offer Price Gross proceeds of approximately \$47.5 million
<b>Institutional Entitlement Offer<sup>8</sup></b>	Approximately 1,127.2 million New Shares to be issued at the Offer Price Gross proceeds of approximately \$101.5 million
<b>Retail Entitlement Offer<sup>9</sup></b>	Approximately 218.5 million New Shares to be issued at the Offer Price Gross proceeds of approximately \$19.7 million
<b>Total Shares to be issued under the Equity Raising</b>	Approximately 1,873 million New Shares
<b>Expected total gross proceeds of the Equity Raising</b>	Approximately \$169 million <sup>10</sup>

### Summary of the options available to Eligible Retail Shareholders:

If you are an Eligible Retail Shareholder, you may take one of the following actions:

Options available to you	Where to find more information
<b>Take up all of your Entitlement in full or in part</b>	<b>Section 5.3</b>
<b>Take no action and allow all of your Entitlement to lapse</b>	<b>Section 5.4</b>

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only. Ineligible Retail Shareholders may not participate in the Retail Entitlement Offer. For more information regarding who is an Eligible Retail Shareholder, see **sections 4.4** and **4.5** of this Retail Offer Booklet.

SCA reserves the right (in its absolute discretion) to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.<sup>11</sup>

<sup>8</sup> Refer to Note 3 of this Retail Offer Booklet.

<sup>9</sup> Refer to Note 4 of this Retail Offer Booklet.

<sup>10</sup> Components of the Equity Raising may not add to \$169m due to rounding.

<sup>11</sup> SCA may in its discretion vary the Closing Date in accordance with the ASX Listing Rules and applicable law.

### 3 Key Dates

Announcement of the Equity Raising	Monday, 6 April 2020
<b>Record Date for the Retail Entitlement Offer</b>	<b>Wednesday, 8 April 2020 7:00pm, Sydney time</b>
<b>Despatch of Retail Offer Booklet and Retail Entitlement Offer opens</b>	<b>Wednesday, 15 April 2020 10:00am, Sydney time</b>
Allotment of New Shares issued under the Institutional Entitlement Offer and Placement <sup>12</sup>	Monday, 20 April 2020
<b>Retail Entitlement Offer closes</b>	<b>Monday, 27 April 2020 5:00pm, Sydney time</b>
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 4 May 2020
Normal ASX trading of New Shares issued under the Retail Entitlement Offer expected to commence	Tuesday, 5 May 2020
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	Wednesday, 6 May 2020

The timetable above (and each reference to it or dates in it in this Retail Offer Booklet) is indicative only and subject to change without notice. SCA reserves the right to amend any or all of these dates and times without prior notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws and with the agreement of the Lead Manager. In particular, SCA reserves the right to extend the Closing Date, to accept late Applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the allotment date of New Shares. Eligible Retail Shareholders are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Retail Entitlement Offer opens.

SCA also reserves the right not to proceed with the Retail Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares under the Retail Entitlement Offer. In that event, the relevant Application Monies (without interest) will be returned in full to the Applicant. See **section 5.12** of this Retail Offer Booklet for further details.

<sup>12</sup> Refer to Note 3 of this Retail Offer Booklet.



## 4 Overview of the Entitlement Offer

References to “you” in this Retail Offer Booklet are references to Eligible Retail Shareholders.

### 4.1 Overview

On Monday, 6 April 2020, SCA announced that it was conducting the Equity Raising consisting of an Entitlement Offer and a Placement. The proceeds from the Entitlement Offer and Placement will be used to reduce net debt, and to fund the costs of the Equity Raising.

Under the Entitlement Offer, SCA is offering Eligible Retail Shareholders the opportunity to subscribe for 1.75 New Shares for every 1 Share held on the Record Date. The Offer Price for each New Share is \$0.09 and the Entitlement Offer is expected to raise approximately \$121 million (before costs).<sup>13</sup>

Under the Placement, SCA offered Institutional Investors the opportunity to acquire New Shares at the same price as the Offer Price under the Entitlement Offer, to raise gross proceeds of approximately \$47.5 million.

The Entitlement Offer has two components, namely:

- (a) **Institutional Entitlement Offer** – being an offer to Eligible Institutional Shareholders to take up all or part of their Entitlement, where a bookbuild process to sell Entitlements for New Shares not taken up by Eligible Institutional Shareholders as well as New Shares that otherwise would have been offered to Ineligible Institutional Shareholders was carried out. The Institutional Entitlement Offer raised gross proceeds of approximately \$101.5 million.<sup>14</sup>
- (b) **Retail Entitlement Offer** (to which this Retail Offer Booklet relates) – being an offer to Eligible Retail Shareholders to take up all or part of their Entitlement. The Retail Entitlement Offer is expected to raise gross proceeds of approximately \$19.7 million.<sup>15</sup>

Both the Institutional Entitlement Offer and Retail Entitlement Offer are non-renounceable, meaning the Entitlements cannot be traded on the ASX, nor can they be sold, transferred or otherwise disposed of.

The Equity Raising is fully underwritten<sup>16</sup> by the Lead Manager in accordance with the Underwriting Agreement. For further information about the Underwriting Agreement, see **section 7.5** of this Retail Offer Booklet and the “Key Risks” section of the Investor Presentation accompanying this Retail Offer Booklet at **section 6**.

### 4.2 Institutional Entitlement Offer and Placement

SCA has successfully raised gross proceeds of approximately \$149 million through the issue of New Shares as part of the Institutional Entitlement Offer and Placement at the Offer Price of \$0.09 per New Share.<sup>17</sup>

The Shares to be issued under the Institutional Entitlement Offer and the Placement are expected to be issued on Monday, 20 April 2020.<sup>18</sup>

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<sup>13</sup> Refer to Note 3 of this Retail Offer Booklet.

<sup>14</sup> Refer to Note 3 of this Retail Offer Booklet.

<sup>15</sup> Refer to Note 4 of this Retail Offer Booklet.

<sup>16</sup> Refer to **section 7.5** of this Retail Offer Booklet.

<sup>17</sup> Refer to Note 3 of this Retail Offer Booklet.

<sup>18</sup> Settlement of the Institutional Entitlement Offer and Placement is expected to occur on Friday, 17 April 2020 and remains subject to certain conditions and termination events. See **section 7.5** of this Retail Offer Booklet.

### 4.3 Retail Entitlement Offer

The Retail Entitlement Offer is being made utilising section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Trading Suspensions Relief) Instrument 2020/289) which allows entitlement offers to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Retail Entitlement Offer is not being made under a prospectus, and it is important for Eligible Retail Shareholders to read and understand the information on SCA and the Retail Entitlement Offer that is publicly available prior to taking up all or part of their Entitlement. In particular, Eligible Retail Shareholders should have regard to the materials in this Retail Offer Booklet (including in **section 6**) as well as other announcements concerning SCA made available at [www.asx.com.au](http://www.asx.com.au) and read that information carefully before making any decisions in relation to your Entitlement.

Under the Retail Entitlement Offer, Eligible Retail Shareholders are being invited to subscribe for 1.75 New Shares for every 1 Share held as at the Record Date, at the Offer Price of \$0.09 per New Share. The Offer Price of \$0.09 per New Share represents a:

- 19.5% discount to the TERP of \$0.112;<sup>19</sup> and
- 45.5% discount to the closing price of Shares on the ASX of \$0.165 on Monday, 23 March 2020.

You should note that not all Shareholders will be eligible to participate in the Retail Entitlement Offer. For further information on eligibility, please read **sections 4.4** and **4.5** carefully.

The Retail Entitlement Offer opens on Wednesday, 15 April 2020 and will close at 5:00pm (Sydney time) on Monday, 27 April 2020 (unless extended or withdrawn by SCA).

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of SCA, including possible loss of income and principal invested. Some of these risks are outlined in the “Key Risks” section of the Investor Presentation, a copy of which has been included in **section 6** of this Retail Offer Booklet. SCA does not guarantee any particular rate of return or the performance of SCA, nor does it guarantee the repayment of capital from SCA or any particular tax treatment.

You should consider the Retail Entitlement Offer in the light of your particular investment objectives and circumstances, and consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer.

### 4.4 Eligibility to participate in the Retail Entitlement Offer

Eligible Retail Shareholders are those persons who:

- (a) are registered as a holder of Shares as at the Record Date;
- (b) have a registered address in Australia or New Zealand as noted on SCA’s Register or are persons that SCA has otherwise determined in its discretion are Eligible Retail Shareholders;
- (c) are not located in the United States and are not acting for the account or benefit of a person in the United States (to the extent that such Shareholders hold shares for the account or benefit of a person in the United States);
- (d) were not invited to participate in the Institutional Entitlement Offer and were not treated

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<sup>19</sup> Refer to Note 6 of this Retail Offer Booklet.

as Ineligible Institutional Shareholders in respect of the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and

- (e) are eligible under all applicable securities laws to receive an offer of New Shares under the Retail Entitlement Offer,

(each an **Eligible Retail Shareholder**).

#### **4.5 Ineligible Shareholders**

All Shareholders who do not satisfy the criteria to be Eligible Retail Shareholders or Eligible Institutional Shareholders are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless SCA otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because SCA has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders.

This decision has been made after taking into account the relatively small number of Ineligible Shareholders, the number and value of New Shares to which those Ineligible Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

SCA, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. SCA, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder, Eligible Institutional Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, SCA disclaims all liability in respect of such determination.

#### **4.6 Effect on Control**

The potential effect that the Entitlement Offer will have on the control of SCA and the consequences of that effect will depend on a number of factors, including investor demand and existing shareholdings. However, it is not expected that the issue of the New Shares under the Entitlement Offer will have any material effect or consequence on the control of SCA, and it is not expected that any Shareholder will acquire voting power to 20% or more of SCA as a result of participating in the Entitlement Offer.

## 5 How to apply

### 5.1 Your Entitlement

If you are an Eligible Retail Shareholder that has received this Retail Offer Booklet, the number of New Shares to which you are entitled (your **Entitlement**) is shown on your personalised Entitlement and Acceptance Form. 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 separate Entitlements for each separate holding.

Please note that the Entitlement stated on your 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 the definition of Eligible Retail Shareholders in **section 4.4** of this Retail Offer Booklet).

### 5.2 Options available to you

If you are an Eligible Retail Shareholder, you may take one of the following actions:

Options available to you	Where to find more information
Take up all of your Entitlement in full or in part	Section 5.3
Take no action and allow all of your Entitlement to lapse	Section 5.4

**The Closing Date for acceptance of the Retail Entitlement Offer is 5:00pm (Sydney time) on Monday, 27 April 2020.**<sup>20</sup>

SCA reserves the right (in its absolute discretion) to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

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

There are two different ways you can submit your Application to accept your Entitlement in full or in part.

Either:

- make a payment of \$0.09 for each New Share you wish to apply for by BPAY® in accordance with the instructions on your personalised Entitlement and Acceptance Form by no later than 5:00pm (Sydney time) on Monday, 27 April 2020. If you choose to pay via BPAY® you **do not** need to send in your personalised Entitlement and Acceptance Form; or
- complete your personalised Entitlement and Acceptance Form for the number of New Shares you wish to take up in accordance with the instructions on the form, and return the form together with the relevant Application Monies for the number of New Shares you wish to take up to the Registry at the address set out in the instructions contained in your personalised Entitlement and Acceptance Form (using the reply paid envelope provided, if applicable). It must be received by no later than 5:00pm (Sydney time) on Monday, 27 April 2020.

Further details regarding these payment methods is set out in **section 5.5** of this Retail Offer Booklet.

<sup>20</sup> SCA may in its discretion vary the Closing Date in accordance with the ASX Listing Rules and applicable law.

You should note that, even if you take up all of your Entitlement, your holdings may be diluted by as much as approximately 20% as a result of the issue of New Shares under the Placement.

#### 5.4 Take no action and allow all of your Entitlement to lapse

To the extent you do not accept all or part of your Entitlements, they will lapse.

As the Entitlement Offer is non-renounceable, your Entitlements are not tradeable on ASX or otherwise transferable or able to be sold. Shareholders who do not take up their Entitlement in full will not receive any payment or value for the portion of their Entitlement they do not take up.

You should also be aware that if you do not, or are otherwise unable to, participate in the Retail Entitlement Offer, your holdings may be diluted by as much as approximately 71% (assuming the issue of 1,873,091,020 Shares, being the maximum number of Shares that may be issued under the Placement and the Entitlement Offer).

The following are examples of how any dilution may impact you if you do not participate in the Retail Entitlement Offer, assuming the maximum number of New Shares are issued under the Entitlement Offer and the Placement:

Example Shareholder	Holding as at Record Date	% as at Record Date	Entitlements under the Entitlement Offer	% following allotment of Shares under the Placement and Retail Entitlement Offer
Shareholder 1	1,000	0.0001%	1,750	0.00004%
Shareholder 2	10,000	0.0013%	17,500	0.00038%
Shareholder 3	100,000	0.0130%	175,000	0.00378%
Shareholder 4	500,000	0.0650%	875,000	0.01892%
Shareholder 5	1,000,000	0.1300%	1,750,000	0.03785%
Shareholder 6	10,000,000	1.3004%	17,500,000	0.37849%

As noted in **section 5.3** of this Retail Offer Booklet, even if you take up all of your Entitlement, your holdings may be diluted by as much as approximately 20% as a result of the issue of New Shares under the Placement.

#### 5.5 Payment methods for New Shares

You have two payment options in order to take up all or part of your Entitlement as an Eligible Retail Shareholder. You are encouraged to pay your Application Monies using BPAY® (if possible) – see Option 1 below.

##### Option 1: Payment by BPAY®

Eligible Retail Shareholders wishing to pay by BPAY® should complete the online personalised Entitlement and Acceptance Form accompanying the electronic version of this Retail Offer Booklet which is available via a link at <https://sxlretailentitlementoffer.thereachagency.com> and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)). You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which

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supports BPAY® transactions. When completing your BPAY® payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your application will not be recognised as valid.

You should make your payment in respect of your Application Monies via BPAY® for the number of New Shares you wish to subscribe for at the Offer Price (being the Offer Price of \$0.09 per New Share multiplied by the number of New Shares you are applying for). 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.

You should be aware that your own financial institution may impose earlier cut-off times with regard to electronic payments and you should therefore take this into consideration when making payment. It is the responsibility of the Eligible Retail Shareholder to ensure that funds submitted through BPAY® are received by the Registry by no later than 5:00pm (Sydney time) on Monday, 27 April 2020.

If you choose to pay via BPAY® you **do not** need to send in your personalised Entitlement and Acceptance Form, but you are taken to make the declarations on your personalised Entitlement and Acceptance Form and the representations in **section 5.7** of this Retail Offer Booklet.

If you have multiple holdings of Shares you will have multiple BPAY® reference numbers. To ensure you receive your Entitlement in respect of each holding, you must use the reference number shown on each personalised Entitlement and Acceptance Form when paying for New Shares that you wish to apply for in respect of that holding. If you inadvertently use the same reference number for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which that reference number relates.

#### **Option 2: Payment by cheque, bank draft or money order**

As set out above, you are encouraged to pay your Application Monies using BPAY®, if possible.

If you are not the holder of an account with an Australian financial institution or otherwise do not wish to pay via BPAY®, you can make payment by way of cheque, bank draft or money order. To do this, you will need to complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form, and return the form to the Registry accompanied by a cheque, bank draft or money order (using the reply paid envelope provided, if applicable) which must be:

- in respect of your Application Monies, for an amount equal to \$0.09 multiplied by the number of New Shares that you are applying for;
- in Australian currency drawn on an Australian branch of a financial institution; and
- made payable to “Southern Cross Media Group Limited” and crossed “Not Negotiable”.

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order in respect of the full Application Monies reach the Registry by no later than 5:00pm (Sydney time) on Monday, 27 April 2020 to the address noted on the Entitlement and Acceptance Form.

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 is insufficient to pay for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, your cheque will be dishonoured and you will not receive any New Shares.

If, however, the amount for your bank draft or money order for Application Monies is insufficient to pay for the number of New Shares you have applied for in your 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 to have specified that number of New Shares on your personalised Entitlement and Acceptance Form. Alternatively, your Application will not be accepted.

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

Any surplus Application Monies received for more than your Entitlement will be refunded by cheque to your registered address as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Eligible Retail Shareholders on any Application Monies received or returned (wholly or partly).

## 5.6 Risks

Eligible Retail Shareholders should be aware that an investment in SCA involves risks. The “Key Risks” identified by SCA are set out in the Investor Presentation contained in **section 6** of this Retail Offer Booklet. However, this is not an exhaustive list of the risks associated with an investment in SCA, and you should carefully consider these risks in light of your personal circumstances (including financial and taxation issues) before making an investment decision in connection with the Retail Entitlement Offer.

## 5.7 Implications of making an Application

Submitting an Application constitutes a binding offer by you to acquire New Shares on the terms and conditions set out in this Retail Offer Booklet and, once lodged, cannot be withdrawn. The Entitlement and Acceptance Form does not need to be signed to be binding on you.

If an Application is not completed or submitted correctly it may still be treated as a valid Application for New Shares. SCA’s decision on whether to treat an Application as valid and how to construe, amend, complete or submit the Application is final and binding.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY®, you:

- (a) agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet, the provisions of your personalised Entitlement and Acceptance Form and the provisions of SCA’s Constitution;
- (b) authorise SCA to register you as the holder(s) of any New Shares allotted to you;
- (c) declare that all details and statements made in your personalised Entitlement and Acceptance Form are complete and accurate;
- (d) declare you have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer and your personalised Entitlement and Acceptance Form;
- (e) acknowledge that once your personalised Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, that you may not withdraw your Application except as allowed by law;
- (f) agree to apply for and be issued with up to the number of New Shares specified in your personalised Entitlement and Acceptance Form for which you have submitted payment of the Application Monies via BPAY® or via cheque, bank draft or money order at the Offer Price of \$0.09 per New Share;

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- (g) acknowledge that determination of eligibility of Eligible Retail Shareholders for the purposes of Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and acknowledge that each of SCA, the Lead Manager and the Registry and their respective officers, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
  - (h) authorise SCA, the Registry and their respective officers, employees and agents to do anything on your behalf necessary for the New Shares to be issued to you, including authorising SCA or the Registry to correct any errors in your personalised Entitlement and Acceptance Form;
  - (i) acknowledge that neither SCA nor any of SCA's Directors, officers, employees, agents, consultants or their advisers, guarantees the performance of the New Shares or the performance of SCA, nor do they guarantee the repayment of capital from SCA;
  - (j) acknowledge the "Key Risks" described in the Investor Presentation accompanying this Retail Offer Booklet at **section 6**, and that investments in SCA are subject to investment risk;
  - (k) warrant that you were the registered holder(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;
  - (l) acknowledge that the information contained in this Retail Offer Booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs and that the Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in SCA and is given in the context of SCA's past and ongoing continuous disclosure announcements to ASX;
  - (m) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and/or of your holding of Shares on the Record Date;
  - (n) acknowledge, represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet, your personalised Entitlement and Acceptance Form or any other documents associated with the Entitlement Offer, or making an Application, and that you are otherwise eligible to participate in the Retail Entitlement Offer;
  - (o) for the benefit of SCA, the Lead Manager and their respective related bodies corporate and affiliates, you acknowledge that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, you are not an Ineligible Institutional Shareholder under the Institutional Entitlement Offer, you are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
  - (p) understand and acknowledge, on your own behalf and on behalf of each person on whose account you are or may be acting, that neither the Entitlements nor the New Shares have been or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, and accordingly, that the Entitlements may not be taken by, and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States or persons who are acting for the account or benefit of a person in the United States;



- For personal use only
- (q) acknowledge, represent and warrant that you are not in the United States, and are not making an Application for or on behalf of any person in the United States (or, in the event that you are acting for the account or benefit of a person in the United States, you are not participating in the Retail Entitlement Offer in respect of that person);
  - (r) represent and warrant that you are subscribing for or purchasing New Shares outside the United States in an “offshore transaction” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
  - (s) represent and warrant that if in the future you decide to sell or otherwise transfer any New Shares, you will only do so in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act, including in a standard (regular way) brokered transaction on the 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, a person in the United States;
  - (t) acknowledge, represent and warrant that you (and each person on whose account you are acting) have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or in any other country outside of Australia and New Zealand unless you are a nominee or custodian and you have obtained SCA’s express consent to distribute such materials to a person in a jurisdiction outside of Australia and New Zealand;
  - (u) acknowledge, represent and warrant that, if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is a resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States (or, in the event that you are acting for the account or benefit of a person in the United States, you are not participating in the Retail Entitlement Offer in respect of that person), and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person in the United States; and
  - (v) acknowledge, represent and warrant that you are an Eligible Retail Shareholder and have read and understood this Retail Offer Booklet and your personalised Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements, contained in this Retail Offer Booklet and the Entitlement and Acceptance Form.

## 5.8 Application Monies

All Application Monies will be held by SCA in a bank account on trust for Applicants until the New Shares are issued or, if the New Shares are not issued, until the Application Monies are returned to Applicants. The bank account will be established and maintained by SCA solely for the purposes of depositing Application Monies and retaining those funds for as long as required under the Corporations Act.

Interest earned on the Application Monies will be for the benefit of, and will remain the property of, SCA and will be retained by SCA whether or not the allotment and issue of New Shares take place.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the Closing Date (except for where the amount is less than the Offer Price, in which case it will be retained by SCA).

If the New Shares are not issued to you, the relevant Application Monies will be refunded as soon as practicable after the Closing Date.

## **5.9 Brokerage**

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement.

## **5.10 Nominees and custodians**

Nominees or custodians with registered addresses in Australia or New Zealand, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Shares, provided that the eligible beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter from SCA. Nominees and custodians should carefully consider the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold Shares who would not satisfy the criteria for an Eligible Retail Shareholder (other than the requirement for the person to be registered as a holder of Shares as at the Record Date);
- (b) Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- (c) Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or
- (d) beneficiaries on whose behalf they hold Shares who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Nominees and custodians may not distribute this Retail Offer Booklet (including any Entitlement and Acceptance Form), and may not permit any beneficial Shareholder to participate in the Entitlement Offer, in any country outside Australia or New Zealand except, with the consent of SCA, to beneficial Shareholders resident in certain other countries other than the United States where SCA may determine it is lawful and practical to make the Retail Entitlement Offer. In particular, persons acting as nominees or custodians for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States or any person acting for the account or benefit of any person in the United States. Return of a duly completed personalised Entitlement and Acceptance Form, or by making a payment via BPAY® using the information provided on your personalised Entitlement and Acceptance Form, will be taken by SCA to constitute a representation by the Applicant that there has been no breach of those obligations.

SCA 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. SCA is not able to advise on foreign laws.

## **5.11 Rights of SCA**

SCA reserves the right (in its absolute and sole discretion) to reduce the number of Entitlements or New Shares allocated to Eligible Retail Shareholders or persons claiming to

be Eligible Retail Shareholders, if their Entitlement claims prove to be overstated, or if they (or their nominees/custodians) fail to provide information requested to substantiate their Entitlement claims, or if they are indeed not Eligible Retail Shareholders.

In that case SCA may, in its absolute and sole discretion and subject to the terms of the Underwriting Agreement, require the relevant Shareholder to transfer excess New Shares to the Lead Manager 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 caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

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

## **5.12 Withdrawal**

SCA reserves the right, subject to the Corporations Act, the ASX Listing Rules and applicable laws, to withdraw the Retail Entitlement Offer at any time. If the Retail Entitlement Offer is withdrawn, all Application Monies received by an Applicant for New Shares which have not been issued will be refunded to that Applicant (without interest) as soon as practicable. In circumstances where New Shares have been allotted under the Institutional Entitlement Offer, provided it is able to obtain any necessary regulatory relief, SCA will only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

## **5.13 Further enquiries**

If you have not received or have lost your personalised Entitlement and Acceptance Form, or have any other questions in respect of the Entitlement Offer, please call the SCA Offer Information Line on 1300 069 341 (within Australia) or +61 3 9415 4282 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period.

If you are in doubt as to what you should do in relation to the Retail Entitlement Offer, you should consult your stockbroker, accountant, financial or other professional advisor.

## 6 ASX Announcement and Investor Presentation

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Southern Cross Media Group Limited  
 Level 2, 257 Clarendon Street,  
 South Melbourne VIC 3205  
 ABN 91 116 024 536

ASX RELEASE

Monday, 6 April 2020

**Southern Cross Austereo announces Capital Structure and Operational Initiatives  
 Launches a fully underwritten<sup>1</sup> c.\$169m Equity Raising**

Southern Cross Media Group Limited (ASX: SXL) (**SCA** or the **Company**) has implemented a series of capital structure and operational initiatives (**Initiatives**) which will enhance liquidity and support a more efficient operating model appropriate for the current macroeconomic environment.

The Initiatives are outlined in the table, below:

<b>Equity Raising</b>	<ul style="list-style-type: none"> <li>The launch of a fully underwritten<sup>1</sup> c.\$169m equity raising</li> <li>Proceeds to be kept on balance sheet, reducing Net Debt, and to fund transaction costs</li> </ul>
<b>Bank Support</b>	<ul style="list-style-type: none"> <li>SCA's Syndicated Debt Facility (expiring January 2023) amended to increase leverage covenant from 3.5x to 4.5x Net Debt / EBITDA from June 30, 2020 through to June 30, 2021<sup>2</sup></li> <li>\$50m immediate drawdown of existing facilities to further enhance liquidity, with \$57m further undrawn facilities</li> </ul>
<b>Operating Expenditure Savings</b>	<ul style="list-style-type: none"> <li>\$40m – \$45m savings in non-revenue related costs to be realised in CY20<sup>3</sup></li> <li>Additional cost saving measures could be implemented depending on the length and severity of the economic impact of COVID-19<sup>4</sup></li> </ul>
<b>Capital Expenditure (capex) Reduction</b>	<ul style="list-style-type: none"> <li>Capex reductions of \$3m – \$6m over FY20 and FY21</li> <li>Capex in FY20 reduced to \$17m – \$18m in comparison to the previous guidance range of \$19m – \$21m<sup>5</sup></li> <li>Capex in FY21 will be reduced to \$15m – \$16m</li> </ul>
<b>Dividends</b>	<ul style="list-style-type: none"> <li>FY20 interim dividend cancelled (\$21m cash retained) and no FY20 final dividend will be paid</li> <li>The Board expects no FY21 dividends will be paid<sup>6</sup></li> </ul>

The Initiatives strengthen SCA's balance sheet and provide the Company with improved financial flexibility and liquidity, with pro forma leverage at 31 December 2019 reducing from 2.29x to 1.17x

<sup>1</sup> Refer to note 1 on Page 1 of the Company's investor presentation released to ASX on 6 April 2020

<sup>2</sup> In addition, the Leverage Ratio and Interest Cover Ratio at 31 December 2020 will be calculated on a Q2 FY21 annualised basis, instead of the customary trailing 12-month basis

<sup>3</sup> Cost savings exclude SCA's estimate of potential additional bad debts provision of \$5m in H2 FY20, c. \$6.5M of operating expenditure savings are non-cash.

<sup>4</sup> Based on preliminary details announced by the Federal Government on 30 March 2020, SCA expects to be eligible for the JobKeeper subsidy for approximately 1,600 of its full time employees. This subsidy is not included in these operating expenditure savings.

<sup>5</sup> Full year capex guidance provided in H1 FY20 results announcement on 20 February 2020

<sup>6</sup> Syndicated Debt Facility prohibits dividends while amended leverage covenant applies or while the leverage ratio exceeds 3.5x Net Debt / EBITDA

## NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Net Debt / EBITDA<sup>7</sup> (**Leverage**). The Company believes these actions are prudent in the current macroeconomic environment.

### FY20 Trading to 31 March 2020 by segment

#### Advertising Markets

FY20 advertising revenue for the nine months ended 31 March 2020 is trading 10% down compared to the prior corresponding period (**pcp**). Forecasting of calendar year revenue is difficult in the current uncertain macroeconomic environment and the Company is not in a position to issue guidance. However, Q4 FY20 and Q1 FY21 advertising revenues are expected to be materially impacted by COVID-19 and to be 30% or more down on pcp.

#### Radio & Digital Audio

SCA's audio assets are well positioned to benefit from recovery in advertising markets. Radio audiences continue to grow while Time Spent Listening remains stable. Digital and on-demand audio is experiencing strong growth through original podcasting, catch-up radio podcasting and live-streaming of broadcast radio. PodcastOne Australia revenues of \$2.1m in H1 FY20 were up 141% on pcp.

#### Television

Television remains challenged; however, in the current COVID-19 environment, regional TV audiences have increased across all age groups.

SCA has transformed its television business to focus on its core strength in sales, with capital intensive transmission and playout functions now outsourced to specialised service providers.

### Operating Expenditure Savings

SCA has implemented a series of cost saving measures to remove \$40m – \$45m of non-revenue related costs from CY20, adjusting the cost base to reflect the current market environment. These operating expenditure savings are outlined in the table, below:

Initiative	CY20 Impact	Overview
<i>Salary / Bonus Reductions</i>	\$20 – \$23m	<ul style="list-style-type: none"><li>• Mandatory pay reductions of 10% for all directors, executives, and employees earning over \$68,000 per year</li><li>• Cancellation of executive bonuses</li><li>• Mandatory annual leave</li></ul>
<i>Marketing, Programming and Other Costs</i>	\$20 – \$22m	<ul style="list-style-type: none"><li>• Reduced marketing and promotions</li><li>• Reduced programming spend</li><li>• Reduced or cancelled travel and entertainment, conferences and non-essential equipment upgrades</li><li>• Relief from key suppliers and landlords</li></ul>
<b>Total Operational Initiatives</b>	<b>\$40 – \$45m</b>	

<sup>7</sup> Pro forma Leverage Ratio (Net Debt/EBITDA) as at 31 December 2019, based on CY19 EBITDA in accordance with the Syndicated Debt Facility Agreement. Based on proceeds raised from the Offer, net of transaction costs (\$161.4m)

## NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

SCA has also deferred non-essential capex, reducing its expected capex for FY20 to \$17m – \$18m (compared to the previous guidance range of \$19m – \$21m<sup>8</sup>) and its expected capex in FY21 to \$15m – \$16m.

Additional cost saving measures are identified and can be implemented depending on the length and severity of the economic impact of COVID-19, including further significant reductions in labour costs. SCA also expects to be eligible for the Federal Government's JobKeeper subsidy for around 1,600 of its full-time employees<sup>9</sup>.

When economic conditions begin to recover, these cost saving measures may be reversed to ensure SCA is able to capture returning revenue opportunities.

### Bank Support

SCA appreciates the strong support of its lenders who have agreed to amend its Syndicated Debt Facility (expiring January 2023) to increase the leverage covenant from 3.5x to 4.5x Net Debt / EBITDA from June 30, 2020 through to June 30, 2021<sup>10</sup>.

Following completion of the Equity Raising, there will be a reduction in the Company's pro-forma leverage at 31 December 2019 from 2.29x to 1.17x Net Debt / EBITDA.<sup>11</sup> In addition to the Equity Raising proceeds, SCA intends to draw down a further \$50m of the available \$107m under its existing facilities, further enhancing its liquidity position.<sup>12</sup>

### Dividend Policy

The SCA Board has determined to cancel the previously announced FY20 interim dividend. The Board considers this to be prudent to maximise liquidity in response to the impact of the COVID-19 pandemic. Cancellation of the interim dividend will preserve cash of \$21m and limit the size of the Equity Raising. The Board has also decided that no FY20 final dividend will be paid and expects that no dividends will be paid in FY21.<sup>13</sup>

SCA's Chief Executive Officer Grant Blackley commented:

*"SCA believes these initiatives will provide the business with the balance sheet and a more efficient operating model appropriate for the current uncertain macroeconomic environment. The COVID-19 crisis is causing significant dislocation across advertising markets, but the fundamentals of SCA's business remain sound. The initiatives announced today position us to trade through this crisis and rebound when the recovery phase begins."*

### Equity Raising

The fully underwritten<sup>1</sup> c.\$169m Equity Raising<sup>14</sup> will be undertaken through the issue of new fully paid ordinary shares (**New Shares**) via a fully underwritten<sup>1</sup>:

- placement to institutional and sophisticated investors to raise approximately \$47m (**Placement**); and

<sup>8</sup> Full year capex guidance provided in H1 FY20 results announcement on 20 February 2020

<sup>9</sup> Based on the preliminary details announced by the Federal Government on March 30, 2020. This subsidy is not included in the calculated operating expenditure savings

<sup>10</sup> In addition, the Leverage Ratio and Interest Cover Ratio at 31 December 2020 will be calculated on a Q2 FY21 annualised basis, instead of the customary trailing 12-month basis

<sup>11</sup> Pro forma Leverage Ratio (Net Debt/EBITDA) as at 31 December 2019, based on CY19 EBITDA in accordance with the Syndicated Debt Facility Agreement. Based on proceeds raised from the Offer, net of transaction costs (\$161.4m)

<sup>12</sup> Available debt facilities include \$25m working capital facility maturing January 2021.

<sup>13</sup> SCA's Syndicated Debt Facility prohibits dividends while amended leverage covenant applies or while the leverage ratio exceeds 3.5x per Net Debt / EBITDA

<sup>14</sup> Components of the Equity Raising may not add to \$169m due to rounding

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- entitlement offer of approximately \$121m at a ratio of 1.75 New Shares for every 1 existing fully paid ordinary share held by eligible shareholders on the record date of 7.00pm (Sydney time), Wednesday, 8 April 2020 (**Entitlement Offer**), consisting of:
  - an accelerated institutional component of approximately \$103m (**Institutional Entitlement Offer**); and
  - a retail component of approximately \$18m (**Retail Entitlement Offer**)

The offer price for the Placement and the Entitlement Offer will be \$0.09 per share (**Offer Price**), representing a:

- 19.5% discount to the theoretical ex-rights price (**TERP**)<sup>15</sup> of \$0.112; and
- 45.5% discount to the last traded price of \$0.165 on 23 March 2020.

SCA directors and senior leadership team members who are shareholders have confirmed their intention to participate in the Entitlement Offer by taking up their pro rata entitlement for New Shares.

The Equity Raising will result in the issue of approximately 1,873m New Shares representing approximately 244% of existing SCA shares on issue. The Equity Raising proceeds will be kept on balance sheet to improve liquidity, reducing Net Debt, and to fund transaction costs.

New Shares issued under the Equity Raising will rank equally with existing SCA shares as at their date of issue. New Shares issued under the Placement will not be entitled to participate in the Entitlement Offer.

Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up. Any entitlements under the Entitlement Offer that are not taken up by eligible shareholders within the required timeframes, as well as entitlements of ineligible shareholders, will lapse.

The Entitlement Offer is non-renounceable, and rights are not transferrable and will not be traded on the ASX or otherwise.

### *Placement*

In conducting the Placement, SCA has relied on the class waiver decision “Temporary Extra Placement Capacity” issued by ASX on 31 March 2020 which lifts the limit on the number of New Shares that SCA can issue without obtaining prior shareholder approval pursuant to Listing Rule 7.1 from 15% to 25%. The class waiver also permits the Company to include in its calculation for the purposes of Listing Rule 7.1 the number of New Shares that may be issued under the underwritten Entitlement Offer.

### *Institutional Entitlement Offer*

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price.

### *Retail Entitlement Offer*

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<sup>15</sup> TERP includes shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which SCA shares should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which SCA shares trade at that time will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the last traded price on 23 March 2020 being \$0.165



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Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date of 7.00pm (Sydney time), Wednesday, 8 April 2020, will have the opportunity to invest in New Shares at the Offer Price under the Retail Entitlement Offer. The terms and conditions of the Retail Entitlement Offer will be outlined in an offer booklet (**Retail Offer Booklet**) to be sent to eligible retail shareholders on or about Wednesday, 15 April 2020.

Further details as to eligibility will be set out in the Retail Offer Booklet.

In conducting the Entitlement Offer, SCA has relied on the class waiver decision “Non-renounceable Offers” issued by ASX on 31 March 2020 which permits the ratio of New Shares to be offered under the Entitlement Offer to be greater than one New Share offered for each Share held.

### *Retail Investor Enquiries*

For further information in relation to the Retail Entitlement Offer, please contact the Offer Information Line on 1300 069 341 (within Australia) or +613 9415 4282 (from outside Australia) at any time between 8.30am and 5.30pm (Sydney time), Monday to Friday during the retail offer period.

### *Equity Raising indicative timetable*

The timetable below is indicative only and subject to change. SCA reserves the right to alter the below dates at its full discretion and without prior notice, subject to the ASX Listing Rules and the Corporations Act 2001 (Cth).

The quotation of New Shares is subject to confirmation from the ASX.

All times below are based on Sydney, Australia time.

<b>Event</b>	<b>Indicative Date (2020)</b>
Equity Raising announcement and Placement and Institutional Entitlement Offer opens	Monday, 6 April
Placement and Institutional Entitlement Offer closes	Monday, 6 April
Trading in SCA shares resumes on an ex-entitlement basis	Tuesday, 7 April
Record date for determining entitlement for the Entitlement Offer	Wednesday, 8 April
Despatch of Retail Offer Booklet and Retail Entitlement Offer opens	Wednesday, 15 April
Settlement of Placement and Institutional Entitlement Offer	Friday, 17 April
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	Monday, 20 April
Retail Entitlement Offer closing date	Monday, 27 April
Settlement of Retail Entitlement Offer	Friday, 1 May
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 4 May

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Normal trading of New Shares issued under the Retail  
Entitlement Offer

Tuesday, 5 May

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Despatch of holding statements

Wednesday, 6 May

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This announcement has been authorised for release to ASX by the SCA Board of Directors.

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#### Forward-looking statements and forecasts

This announcement contains certain "forward looking statements" which involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies including those risk factors associated with the media and entertainment industry, many of which are outside the control of, change without notice, and may be unknown to the Company. Statements as to timetable and outcome of the Equity Raising, use of funds, and statements about the plans and strategies of the Company are forward looking statements, as are statements about market and industry trends, which are based on interpretation of market conditions. Forward looking statements can generally be identified by the use of forward looking words such as "anticipate", "expect", "likely", "propose", "will", "intend", "should", "could", "may", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the future performance of the Company and the outcome and effects of the Equity Raising and use of proceeds.

No representation, warranty or assurance, express or implied, is given or made in relation to any forward looking statement. In particular no representation, warranty or assumption, express or implied, is given in relation to any underlying assumption or that any forward looking statement will be achieved. Actual and future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements were based, because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risks such as changes in market conditions and regulations.

Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements, and should rely on their own independent enquiries, investigations and advice regarding information contained in this announcement. Any reliance by a reader on the information contained in this announcement is wholly at the reader's own risk.

To the maximum extent permitted by law or any relevant listing rules of the ASX, the Company and its related bodies corporate and affiliates and their respective directors, officers, employees, advisors, agents and intermediaries disclaim any obligation or undertaking to disseminate any updates or revisions to the information in this announcement to reflect any change in expectations in relation to any forward looking statements or any such change in events, conditions or circumstances on which any such statements were based.

#### Disclaimer

Investors should be aware that this announcement contains certain financial information and measures that are "non-IFRS financial information" under Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by the Australian Securities and Investments Commission (**ASIC**) and "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (**AAS**) and International Financial Reporting Standards (**IFRS**). The non-IFRS financial information and non-GAAP financial measures include EBITDA and Net Debt. The disclosure of such non-GAAP financial measures in the manner included in this announcement would not be permissible in a registration statement under the U.S. Securities Act. The non-

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IFRS financial information and non-GAAP financial measures do not have a standardised meaning prescribed by the applicable AAS or IFRS, and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with the applicable AAS or IFRS. Although the Company believes the non-GAAP and non-IFRS financial information and financial measures provide useful information to users in measuring the financial performance and condition of the Company, investors are cautioned not to place undue reliance on any non-GAAP or non-IFRS financial information or financial measures included in this announcement.

Investors should further note that this announcement contains pro forma historical financial information. The pro forma historical financial information provided in this announcement is for illustrative purposes only and should not be relied upon as, and is not represented as, being indicative of the Company's future financial condition and/or performance. Investors should further note that the pro forma historical financial information included in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

- ENDS -

# CAPITAL STRUCTURE AND OPERATIONAL INITIATIVES

6 APRIL 2020

SCA

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The (**Offer**) comprises a placement of new fully paid ordinary shares in the Company (**Placement**) and a pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in the Company (**Entitlement Offer**). The new fully paid ordinary shares in the Company to be offered in the Placement & Entitlement Offer are collectively referred to as the **New Shares**. The Offer is fully underwritten by the Lead Manager<sup>1</sup>.

### Not an offer

This Presentation is for information purposes only and is not, and should not be considered as, an offer or an invitation to acquire shares in the Company or any other financial products and does not and will not form any part of any contract for the acquisition of shares in connection with the Offer. Neither this Presentation nor any of its contents will form the basis of any contract or commitment. This Presentation is not a prospectus, product disclosure statement or any other offering document under Australian law or the law of any other jurisdiction (and will not be lodged with the Australian Securities and Investments Commission (**ASIC**) or any foreign regulator).

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1. The underwriting agreement dated 6 April 2020 between SCA and the Lead Manager provides that the Lead Manager will not be issued any shares that would either cause it to breach the 20% takeover threshold contained in Chapter 6 of the Corporations Act 2001 (Cth). The issue size is approximately 1,873 million shares or 244% of the existing shares on issue. If the Lead Manager was required to take up shares on issue which would otherwise cause it to breach or notify under these provisions then, for the purposes of ASIC Report 612 (March 2019), (i) it will still fund the entire underwritten proceeds in accordance with and subject to the terms of the underwriting agreement by the completion date, (ii) the number of excess shortfall shares would be up to the number of shares offered under the Offer less the number of shares that have been pre-committed or sub-underwritten and the number of shares that the Lead Manager is able to take up without causing it to breach or notify under these provisions when aggregated with any additional interests the Lead Manager and its affiliates hold at the relevant settlement dates other than through its underwriting commitment; and (iii) it would enter into an arrangement for any excess shortfall shares to be issued to it, or to third party investors, after close of the offer at the same price as the Offer price. No material impact on control is expected to arise as a consequence of these arrangements or from any shareholder taking up their entitlement under the Entitlement Offer where there is an excess shortfall

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### Retail offer

The retail component of the Entitlement Offer will be made in accordance with and on the basis of the information contained in the retail offer booklet to be prepared for eligible retail shareholders in Australia and New Zealand, which will be made available following lodgement with ASX (**Retail Offer Booklet**). Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet before deciding whether to apply for New Shares.

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### Investment risk

An investment in the Company's shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and capital invested. Please see the "Key Risks" section of this Presentation for further details about some of those risks. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment.

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Unless otherwise stated, all dollar values are in Australian dollars (\$ or A\$).

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. All references to financial years appearing in this Presentation are to the financial years ended on 30 June of the indicated year, unless stated otherwise.

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The Limited Parties may rely on information provided by or on behalf of investors in connection with managing and conducting the Offer and without having independently verified that information and the Limited Parties do not assume any responsibility for the accuracy or completeness of that information.

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Determination of eligibility of investors for the purposes of the Offer will be by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and the Lead Manager. Each of the Company, the Lead Manager and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. Please see the "Selling Restrictions" section of this Presentation for further information.

The Lead Manager may have interests in the securities of the Company, including by providing investment banking services to the Company. Further, the Lead Manager may act as a market maker or buy or sell those securities or associated derivatives as principal or agent. The Lead Manager may receive fees for acting in its capacity as lead manager and bookrunner to the Offer.

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By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation you acknowledge and agree to the terms set out in this "Important Notice and Disclaimer".

## INTRODUCTION

### Capital Structure and Operational Initiatives to enhance financial flexibility and liquidity

- SCA has implemented a series of Capital Structure and Operating Initiatives (Initiatives) which will result in:
  - Reduction in pro-forma gearing from 2.29x to 1.17x Net Debt / EBITDA;<sup>1</sup> and
  - Leaner operating model and enhanced liquidity appropriate for the current macroeconomic environment

*"SCA believes these initiatives will provide the business with the balance sheet and a more efficient operating model appropriate for the current uncertain macroeconomic environment. The COVID-19 crisis is causing significant dislocation across advertising markets, but the fundamentals of SCA's business remain sound. The initiatives announced today position us to trade through this crisis and rebound when the recovery phase begins"*

**Grant Blackley – Chief Executive Officer**

### Summary of Initiatives

<b>Equity Raising</b>	<ul style="list-style-type: none"> <li>• Launch of a fully underwritten<sup>2</sup> c.\$169m Equity Raising</li> <li>• Proceeds to be applied to reduce Net Debt<sup>3</sup> and to fund transaction costs</li> </ul>
<b>Bank Support</b>	<ul style="list-style-type: none"> <li>• Syndicated Debt Facility (expiring January 2023) amended to increase leverage covenant from 3.5x to 4.5x Net Debt / EBITDA from June 30, 2020 through to June 30, 2021<sup>4</sup></li> <li>• \$50m immediate drawdown of existing facilities to further enhance liquidity, with \$57m further undrawn facilities</li> </ul>
<b>Operating Expenditure Savings</b>	<ul style="list-style-type: none"> <li>• \$40m – \$45m savings in non-revenue related costs to be realised CY20<sup>5</sup></li> <li>• Additional cost saving measures could be implemented depending on the length and severity of the economic impact of COVID-19<sup>6</sup></li> </ul>
<b>Capital Expenditure Reductions</b>	<ul style="list-style-type: none"> <li>• Capex reductions of \$3m – \$6m over FY20 and FY21</li> <li>• Capex in FY20 reduced to \$17m – \$18m (compared to full year guidance of \$19m – \$21m)<sup>7</sup></li> <li>• Capex in FY21 will be reduced to \$15m – \$16m</li> </ul>
<b>Dividends</b>	<ul style="list-style-type: none"> <li>• FY20 interim dividend cancelled (\$21m cash retained) and no FY20 final dividend will be paid</li> <li>• The Board expects that no FY21 dividends will be paid<sup>8</sup></li> </ul>

Notes: 1. Pro forma Leverage Ratio (Net Debt/EBITDA) as at 31 December 2019, based on CY19 EBITDA in accordance with the Syndicated Debt Facility Agreement. Based on proceeds raised from the Offer, net of transaction costs (\$161.4m); 2. Please refer to note 1 on page 1 of this presentation; 3. Funds will initially be held in cash; 4. In addition, the Leverage Ratio and Interest Cover Ratio at 31 December 2020 will be calculated on a Q2 FY21 annualised basis, instead of the customary trailing 12-month basis; 5. Operating expenditure savings exclude SCA's estimate of potential additional bad debts provision of \$5m in H2 FY20 and any benefit from the JobKeeper subsidy; -\$6.5m of the operating expenditure savings are non-cash; 6. Based on preliminary details announced by the Federal Government on 30 March 2020, SCA expects to be eligible for the JobKeeper subsidy for around 1600 of its full time employees. This subsidy is not included in these operating expenditure savings; 7. Full year capex guidance provided in H1 FY20 results announcement on 20 February 2020; 8. Syndicated Debt Facility prohibits dividends while amended leverage covenant applies or while the leverage ratio exceeds 3.5x Net Debt / EBITDA

# OVERVIEW OF INITIATIVES

SCA

## COMPANY SNAPSHOT

### SCA – Proudly National, Fiercely Local



#### AUDIO

- Largest radio group in Australia – 98 radio stations around Australia (excluding NT)
- National radio brands in Hit and Triple M aim to target the most valuable consumer audience segments
- SCA's scale offers "live and local" radio content around Australia, as well as the benefit of network content such as leading Drive shows and AFL and NRL coverage<sup>1</sup>
- Ability to leverage content across both linear and on-demand platforms
- Growing commercial podcast network (PodcastOne Australia)
- SCA reaches 95% of the Australian population



#### TELEVISION

- Specialist TV broadcast affiliate – 93<sup>2</sup> TV signals around Australia (excluding WA)



#### SALES

- High quality sales teams servicing large national clients as well as thousands of local businesses across Australia
- Sales team and client base is diversified across 62 offices, enabling local face to face engagement
- Benefiting from "Boomtown" industry trade marketing initiative which has increased advertiser awareness of the value of investing in Regional Australia
- PodcastOne Australia curates a selection of high quality podcasts from 71 creators, offering advertisers access to highly engaged audiences
- Industry leading monetisation of regional TV audiences – TV power ratio of 1.11<sup>3</sup>

SCA



## BUSINESS UPDATE

### Recent advertising markets have been challenging, however audio audiences are resilient and growing

<b>Advertising Markets</b>	<ul style="list-style-type: none"> <li>FY20 advertising revenue for the nine months ended 31 March 2020 is trading 10% down compared to the prior corresponding period (pcp)</li> <li>Forecasting of calendar year revenue is difficult in current uncertain macroeconomic environment and the Company is not in a position to issue guidance. However Q4 FY20 and Q1 FY21 advertising revenues are expected to be materially impacted by COVID-19 and down 30% or more on pcp</li> <li>Radio and television continue to provide advertisers with national reach and local targeting</li> </ul>
<b>Radio</b>	<ul style="list-style-type: none"> <li>Radio audiences continue to grow whilst time spent listening remains stable (refer to slide 16)</li> </ul>
<b>Digital Audio</b>	<ul style="list-style-type: none"> <li>Digital audio is growing through original and catch-up radio podcasting and live-streaming of broadcast radio (refer to slide 17)</li> <li>In the current COVID-19 environment, consumption of SCA's digital audio products is growing strongly</li> </ul>
<b>Television</b>	<ul style="list-style-type: none"> <li>Television remains challenged</li> <li>SCA has transformed its television business to focus on its core strength in sales. Capital intensive transmission and playout functions have been outsourced to specialised service providers (refer to slide 18)</li> <li>18% of SCA's earnings (pre-corporate costs) are from Television, 82% are from Audio<sup>1</sup></li> <li>In the current COVID-19 environment, regional TV audiences have increased across all age groups</li> </ul>

Notes: 1. H1 FY20 Results announcement on 20 February 2020



## OPERATING EXPENDITURE SAVINGS

### Operating expenditure savings have adjusted the cost base to reflect the current market environment

- SCA has implemented cost saving measures to remove \$40m – \$45m of non-revenue related costs from CY20<sup>1</sup>
- Headcount reductions of 7% already enacted in FY20 to date
- Additional cost saving measures could be implemented depending on the length and severity of the economic impact of COVID-19, including further significant reductions in labour costs. SCA also expects to be eligible for the Federal Government's JobKeeper subsidy for around 1,600 of its full time employees<sup>2</sup>
- When economic conditions begin to recover, these cost saving measures may be reversed to ensure SCA is able to capture returning revenue opportunities<sup>3</sup>
- SCA has also deferred non-essential capex, reducing its expected capex for FY20 to \$17m – \$18m (compared to the previous guidance range of \$19m – \$21m) and its expected capex in FY21 to \$15m – \$16m<sup>4</sup>

#### Summary of implemented operating expenditure savings

	CY20 impact	Overview
<b>Salary / Bonus Reductions</b>	<b>\$20 – \$23m</b>	<ul style="list-style-type: none"> <li>Mandatory pay reductions of 10% for all directors, executives, and employees earning over \$68,000 per year</li> <li>Cancellation of executive bonuses</li> <li>Mandatory annual leave</li> </ul>
<b>Marketing, Programming, and Other Costs</b>	<b>\$20 – \$22m</b>	<ul style="list-style-type: none"> <li>Reduced marketing and promotions</li> <li>Reduced programming spend</li> <li>Reduced or cancelled travel and entertainment, conferences and non-essential equipment upgrades</li> <li>Relief from key suppliers and landlords</li> </ul>
<b>Total</b>	<b>\$40 – \$45m</b>	

Notes: 1. Operating expenditure savings exclude SCA's estimate of potential additional bad debts provision of \$5m in H2 FY20 and any benefit from the JobKeeper subsidy, ~\$6.5m of the operating expenditure savings are non cash; 2. Based on preliminary details announced by the Federal Government on 30 March 2020. This subsidy is not included in these operating expenditure savings; 3. For example, this could include costs associated with broadcasting AFL and NRL matches if one or both of these seasons resumes; 4. Full year capex guidance provided in H1 FY20 results announcement on 20 February 2020



## CAPITAL STRUCTURE INITIATIVES

### SCA has launched a c.\$169m<sup>1</sup> Equity Raising and announced amendments to the Company's syndicated debt facility and a suspension of its dividend program

#### Equity Raising

- SCA will undertake a fully underwritten<sup>2</sup> c.\$169m<sup>1</sup> equity raising to strengthen the Company's balance sheet and support the Company's strategic objectives despite present market conditions comprising:
  - A c.\$47m placement of New Shares to institutional and sophisticated investors (**Placement**); and
  - A non-renounceable pro rata entitlement offer to raise c.\$121m (**Entitlement Offer**) together, the **Offer** or **Equity Raising**
- The Equity Raising provides SCA with increased financial flexibility and a strengthened balance sheet:
  - Proceeds from the Equity Raising will be used to reduce Net Debt and pay transaction costs of c.\$7m
  - Pro forma leverage will reduce from 2.29x to 1.17x Net Debt / EBITDA<sup>3</sup>
- SCA Directors and senior leadership team members who are shareholders have confirmed their intention to participate in the Entitlement Offer by taking up their pro rata entitlement for New Shares

#### Dividends

- The Board has cancelled the FY20 interim dividend (\$21m cash retained) and has resolved not to declare a final dividend for FY20. The Board expects that no FY21 dividends will be paid<sup>4</sup>

#### Bank Support

- Syndicated debt facility amended to increase the leverage covenant from 3.5x to 4.5x Net Debt / EBITDA through to 30 June 2021
- SCA also intends to draw down a further \$50m of the available \$107m under its existing facilities, further enhancing its liquidity position



Page 10 Notes: 1. Components of the Equity Raising may not add to \$169m due to rounding; 2. Please refer to note 1 on page 1 of this presentation; 3. Pro forma Leverage Ratio (Net Debt/EBITDA) as at 31 December 2019, based on CY19 EBITDA in accordance with the Syndicated Debt Facility Agreement. Based on proceeds raised from the Offer, net of transaction costs (\$161.4m); 4. Syndicated Debt Facility prohibits dividends while amended leverage covenant applies or while the leverage ratio exceeds 3.5x per Net Debt / EBITDA

## EQUITY RAISING DETAILS

<b>Offer size and structure</b>	<ul style="list-style-type: none"> <li>• Fully underwritten<sup>1</sup> approximately \$169m Equity Raising<sup>2</sup>, comprising a:               <ul style="list-style-type: none"> <li>◦ c.\$47m fully underwritten<sup>1</sup> Institutional Placement (<b>Placement</b>)</li> <li>◦ c.\$121m fully underwritten<sup>1</sup> Entitlement Offer at a ratio of 1.75 New Shares for every 1 existing fully paid ordinary share held by eligible shareholders on the record date of 7.00pm (Sydney time), Wednesday, 8 April 2020:                   <ul style="list-style-type: none"> <li>• c.\$103m accelerated institutional component (<b>Institutional Entitlement Offer</b>); and</li> <li>• c.\$18m retail component (<b>Retail Entitlement Offer</b><sup>3</sup>)</li> </ul> </li> </ul> </li> <li>• Approximately 1,873m new fully paid ordinary shares in SCA (<b>New Shares</b>) to be issued under the Equity Raising (representing approximately 244% of existing shares on issue)</li> </ul>
<b>Offer price</b>	<ul style="list-style-type: none"> <li>• All shares under the Placement and Entitlement Offer will be issued at a fixed price of \$0.09 per New Share (the <b>Offer Price</b>)</li> <li>• The Offer Price represents:               <ul style="list-style-type: none"> <li>◦ 19.5% discount to TERP<sup>4</sup> of \$0.112; and</li> <li>◦ 45.5% discount to the last closing price of \$0.165 on 23 March 2020</li> </ul> </li> </ul>
<b>Placement and Institutional Entitlement Offer</b>	<ul style="list-style-type: none"> <li>• The Placement and Institutional Entitlement Offer will be conducted by a bookbuild process that will open at 10:00am on 6 April 2020 and close at 4:30pm on 6 April 2020</li> </ul>
<b>Retail Entitlement Offer</b>	<ul style="list-style-type: none"> <li>• The Retail Entitlement Offer will open at 10:00am on 15 April 2020 and close at 5:00pm on 27 April 2020</li> </ul>
<b>Settlement</b>	<ul style="list-style-type: none"> <li>• Settlement of the Placement and Institutional Entitlement Offer expected on 17 April 2020, with the Retail Entitlement Offer expected to settle on 1 May 2020</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>• New Shares will rank equally with existing fully paid ordinary shares from their time of issue</li> <li>• New Shares issued under the Placement will not be entitled to participate in the Entitlement Offer</li> </ul>
<b>Record date</b>	<ul style="list-style-type: none"> <li>• Entitlement Offer is open to existing eligible SCA shareholders on the register as at 7.00pm (Sydney, Australia time) on the Record Date of 8 April 2020</li> </ul>

Notes: 1. Please refer to note 1 on page 1 of this presentation; 2. Components of the Equity Raising may not add to \$169m due to rounding; 3. The Retail Entitlement Offer is only available to eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date – see the Retail Offer Booklet for further details on eligibility and availability; 4. Theoretical ex-rights price (TERP) includes shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. 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 on ASX immediately after the ex-date for the Entitlement Offer depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of SCA's shares of \$0.165 on ASX on 23 March 2020



## PRO FORMA FINANCIAL PROFILE

### Additional balance sheet strength and financial flexibility for SCA

Debt facility (\$m)	31 December 2019 (Actual)	Impact of the Equity Raising (net Transaction costs)	Post Equity Raising (Pro Forma)
Available	460.0	-	460.0
Undrawn <sup>1</sup>	107.0	-	107.0
Drawn down <sup>2</sup>	353.0	-	353.0
Cash	22.5	161.4	183.9
<b>Net Debt</b>	<b>330.5</b>	<b>161.4</b>	<b>169.1</b>

#### Credit metrics

<b>Net Debt / EBITDA (Leverage Ratio)<sup>3</sup></b>	<b>2.29x</b>		<b>1.17x</b>
Sources	\$m	Uses	\$m
Equity Raising	168.6	Transaction costs	7.2
-	-	Net Debt reduction	161.4
<b>Total sources</b>	<b>168.6</b>	<b>Total uses</b>	<b>168.6</b>

#### Leverage

- \$168.6m in proceeds from the Equity Raising will reduce Net Debt by \$161.4m and pay transaction costs of \$7.2m
- Pro forma leverage ratio decreases from 2.29x to 1.17x Net Debt / EBITDA<sup>1</sup>. The revised leverage covenant of 4.5x through to 30 June 2021 provides headroom during the current period of uncertainty

Notes: 1. Undrawn component of the Post Equity Raising (Pro Forma) column is before the proposed drawn down of \$50m as described on slide 5; 2. Drawn facilities include \$25m working capital facility maturing January 2021; 3. Pro forma Leverage Ratio (Net Debt/EBITDA) as at 31 December 2019, based on CY19 EBITDA in accordance with the Syndicated Debt Facility Agreement. Based on proceeds raised from the Offer, net of transaction costs (\$161.4m)

## SUMMARY PRO FORMA BALANCE SHEET

	31 December 2019 (Statutory)	Impact of the Equity Raising (net Transaction costs)	31 December 2019 (Pro Forma)
Cash and cash equivalents	22.5	161.4	183.9
Receivables	134.6	-	134.6
Other assets	15.1	2.1	17.2
Property, plant and equipment	102.9	-	102.9
Right-of-use assets	109.8	-	109.8
Intangible assets	945.7	-	945.7
<b>Total assets</b>	<b>1,330.6</b>	<b>163.6</b>	<b>1,494.2</b>
Payables	53.3	-	53.3
Borrowings	353.2	-	353.2
Other liabilities	382.8	-	382.8
Lease liabilities	117.4	-	117.4
<b>Total liabilities</b>	<b>906.7</b>	<b>-</b>	<b>906.7</b>
<b>Net assets</b>	<b>423.9</b>	<b>163.6</b>	<b>587.5</b>

## EQUITY RAISING TIMETABLE

Event	Indicative Date <sup>1</sup>
Equity Raising announcement and Placement and Institutional Entitlement Offer opens	Monday, 6 April
Placement and Institutional Entitlement Offer closes	Monday, 6 April
Trading in SCA shares resumes on an ex-entitlement basis	Tuesday, 7 April
Record date for determining entitlement for the Entitlement Offer	Wednesday, 8 April
Despatch of Retail Offer Booklet and Retail Entitlement Offer opens	Wednesday, 15 April
Settlement of Placement and Institutional Entitlement Offer	Friday, 17 April
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	Monday, 20 April
Retail Entitlement Offer closing date	Monday, 27 April
Settlement of Retail Entitlement Offer	Friday, 1 May
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 4 May
Normal trading of New Shares issued under the Retail Entitlement Offer	Tuesday, 5 May
Despatch of holding statements	Wednesday, 6 May

Notes: 1. All dates in this presentation are indicative only. All dates and times are Sydney, Australia time unless otherwise specified. SCA reserves the right to vary the dates of the Offer, in general or in particular cases, including closing the Offer early, without prior notice.

**SCA**

# COMPANY FUNDAMENTALS

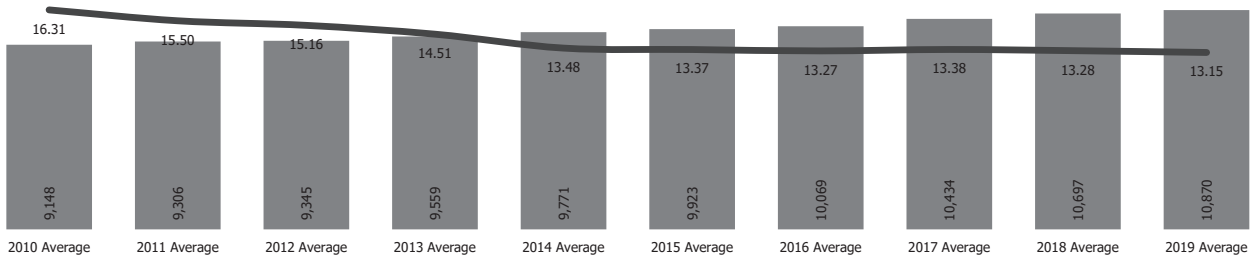
**SCA**

## AUDIO – RADIO AUDIENCES

Radio remains a healthy platform – cumulative audiences grow while Time Spent Listening (TSL) remains stable. SCA’s audio assets are well positioned to benefit from recovery in advertising markets

### National CUME AND TSL

P 10+  
Mon-Sun 5:30am - 12:00Mndt



**Key:**  
Cume – blue bar – total average audience numbers per week, '000  
TSL – black line – average hrs:mins spent listening per week

Source: GfK Metro radio surveys – All Commercial Stations (average of 5 capital cities)



## DIGITAL AND ON DEMAND AUDIO

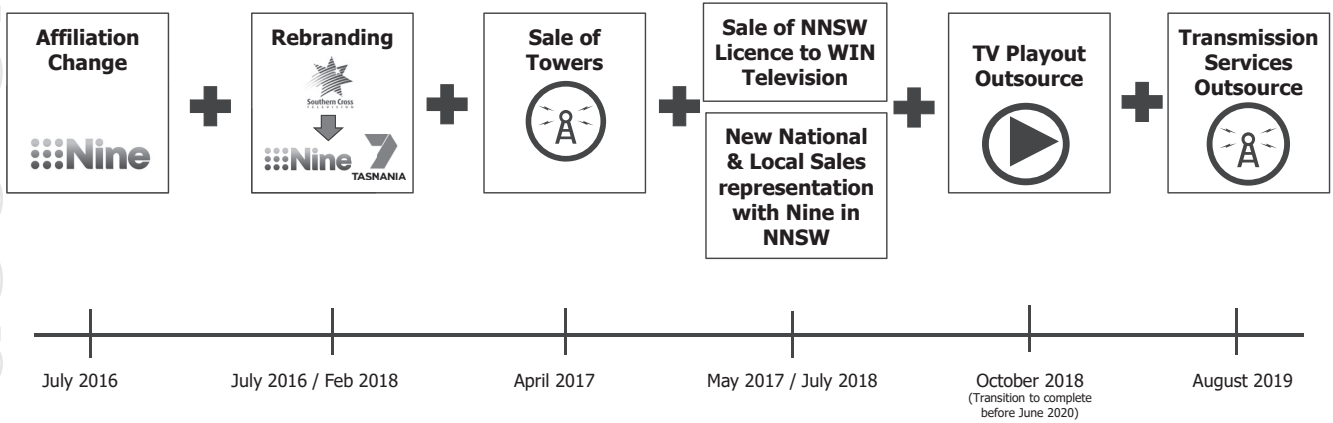
Consumption and distribution of digital and on demand audio is expanding – SCA is at the forefront

- **PodcastOne Australia**
  - Commercial podcast network currently with 71 Australian creators publishing over 7,000 original episodes since launch in 2017
  - Premium advertising environment reflects engaged audiences
  - Revenues of \$2.1m in H1 FY20, up 141% on pcp
- **Catch-up radio podcasting**
  - Fans of SCA’s radio shows can listen when they want. Over 3m monthly downloads
  - Highly engaged, signed in, audiences provide premium advertising environment
- **Instream addressable advertising – targeting consumer interests, behaviours and passions**
  - Every month, SCA delivers around 30m addressable ad impressions to 3m listeners on Soundcloud and SCA’s livestreamed radio shows
  - SCA’s apps and websites have over 450,000 signed-in Australian users
  - Consumption of SCA news-on-demand bulletins for smart speakers and SCA apps and websites is growing strongly, more than doubling year-on-year in CY19 to over 1m listens. This growth has accelerated in CY2020



## TELEVISION - PROGRESSIVE TRANSFORMATION

Progressive actions over last 4 years to improve Television asset – with valuable content, enhanced sales capability and simplified business processes



## STRATEGIC FOCUS – “FRONT OF HOUSE”

**“Front of House” - SCA Investment Focus**

**SCA**

hit, TRIPLE M, podcastone, Nine, Tasmania

**Audio Content Creation**

- Create compelling content
- Provide great experiences for our audiences
- Capture growth in digital and on-demand audio

**Sales Monetisation**

- Use audio/TV assets to help advertisers succeed
- Simplify sales process for advertisers
- Educate national advertisers about regional Australia

**“Back of House” outsourced functions**

**Payout**  
TV: NPC Media  
Radio: SCA Hub

**Distribution**  
Telstra DVN network  
(+ Optus Satellite)

**Transmission**  
BAI Communications

**Features and Benefits**

- Long term contracts with specialist providers
- Economies of scale (maintenance and procurement)
- Simplified operating environment
- Transfers operations and capital replacement risk
- Defined service levels



# KEY RISKS

SCA

## KEY RISKS

### INTRODUCTION

This section describes the key business risks of investing in SCA together with the risks relating to participation in the Offer which may affect the value of SCA shares. It does not describe all the risks of an investment. Investors should consult their own professional, financial, legal and tax advisers about those risks and the suitability of investing having regard to their particular circumstances. Investors should also consider publicly available information on SCA (including information available on the ASX website) before making an investment decision.

The risks are categorised as follows:

1. Key business risks
2. Offer and general risks

References to "SCA," "the Company" or "the Group" in the key risks section of this presentation include SCA and its related bodies corporate (as defined in the Corporations Act), where the context requires.

### 1. KEY BUSINESS RISKS

#### 1.1 Advertising markets

The performance of the Group will continue to be influenced by the overall condition of advertising markets in Australia. These advertising markets are influenced by the general condition of the economy, which by its nature is cyclical and subject to change (see also paragraph 1.4 regarding seasonality of revenue). For example, businesses generally reduce or relocate their advertising budgets during economic recessions or downturns. Any contraction in advertising spend in Australia, or change in the allocation of advertising spend between different forms of media, could have a material adverse effect on, or cause a material adverse change to, the advertising markets as a whole and in turn on SCA, including to adversely affect SCA's share price and the Group's operating, financial performance and prospects.

#### 1.2 Effect of COVID-19

It is currently expected that the COVID-19 pandemic will have a material adverse effect on, or cause a material adverse change to, advertising markets as a whole from mid-March 2020 for an extended period of time with resulting material adverse impacts on SCA's business and financial performance. This is expected to have a material negative impact on group revenues. There is continuing uncertainty as to the further impact of COVID-19 including in relation to government action, work stoppages, public health, lock downs, quarantine, travel restrictions and unemployment and on what affect such factors may have on the Group, the Australian economy and share markets.

The COVID-19 pandemic has already had material impacts on production and availability of content for broadcasters like the Group. The Group has cancelled promotions and events organised to attract audiences and advertisers. It is uncertain when the Group will be in a position to organise such promotions and events in the future. The Group's on-air announcers and production teams are working remotely, which imposes additional limitations on the content that the Group is able to produce and additional risk of broadcast interruptions due to reliance on the performance and availability of telecommunications and other infrastructure that is outside the Group's control. The Group holds radio broadcast rights (and the Group's television program suppliers hold television broadcast rights), for the AFL and NRL seasons which have been suspended for uncertain periods. Loss of this content has had an adverse impact on the advertising revenues and financial performance of the Group and is likely to continue to do so during the scheduled 2020 seasons. These impacts on production and availability of content could result in changes to consumer and advertiser preferences which, in turn, could continue to have a material adverse impact on the Group's financial performance.

SCA

## KEY RISKS (CONT.)

SCA has both a company wide Business Continuity Plan (**BCP**) as well as a BCP for each of its offices across Australia that is currently activated in many cases particularly for employees working from home. Although the Group is negotiating with the landlords of the Group's premises and other suppliers to seek reductions in rent and other costs payable by the Group while its operations and financial performance are adversely affected by the COVID-19 pandemic, there is no certainty that the Group will be able to negotiate favourable outcomes with its landlords and other suppliers which could exacerbate the adverse impacts on the Group's financial performance.

The events relating to COVID-19 have recently resulted in significant market falls and volatility including in the volume and prices of securities trading on the ASX (including the volume and price of SCA shares) and on other foreign securities exchanges. There is continued uncertainty about the further impact of COVID-19 including in relation to governmental action, work stoppages, lockdowns, quarantines, travel restrictions and business operations generally as well as the impact on the Australian economy and share markets. It is not possible for SCA to predict the duration of the COVID-19 pandemic or of the impacts described above. It is therefore uncertain as to how long the Group will continue to experience the material adverse impacts described above. It is therefore uncertain as to how long the material adverse impacts described above will continue to be experienced.

### 1.3 Macroeconomic risks

In light of recent Australian and global macroeconomic events, including though not limited to the impact of the COVID-19, Australian bush fires and other factors, it is likely that Australia will experience an economic recession or downturn of uncertain severity and duration which would further affect spending on advertising, continue to impact on the operating and financial performance and prospects of the Group and continue to interfere with the Group's business.

There are also other changes in the macroeconomic environment which are beyond the control of SCA and may be exacerbated in an economic recession or downturn. These include, but are not limited to:

- changes in inflation and interest rates;
- changes in employment levels and labour costs, which will affect the cost structure of the Group;
- changes in aggregate investment and economic output; and
- other changes in economic conditions which may affect the revenue or costs of the Group.

Some of these changes may have an adverse impact on the financial position and prospects of the Group. If market conditions continue to deteriorate, SCA may need to take additional measures in order to respond.

### 1.4 Seasonality of revenue

The Group's revenue cycles have historically demonstrated seasonality consistent with the advertising industry in general. Traditionally, peak revenue periods have been September through to December (coinciding with peak consumer trading periods) and historically have resulted in stronger revenue generation in the six months ending 31 December compared to the six months ending 30 June.

In contrast to the seasonality of revenue, a substantial portion of the Group's costs are fixed and do not vary with revenues. Accordingly, the Group relies on the seasonality trends historically displayed by its operating results to prepare forecasts and budgets. There is no guarantee that the seasonality trends displayed historically will continue in the future, particularly in the current economic environment. Past performance is not indicative of future performance.

## KEY RISKS (CONT.)

### 1.5 Adapting to change

Performance will be dependent on SCA's continued ability to adapt to changes in the media landscape, including meeting evolving consumer listening and viewing habits, customer advertising requirements, competitive and legislative changes, as well as its ability to respond to the impacts of COVID-19. Competitors may be better placed to initiate or respond to change or to introduce, invest in or develop new, innovative or more creative content or forms of media, which SCA may not be as well placed to compete with.

The introduction and development of new and innovative forms of media, including by competitors, has the capacity to fragment audiences and reduce advertising spend directed to traditional media. Alternative forms of media, including ones adopted by competitors, could become more attractive for advertisers, as a result of cost reductions, changing consumer preferences, improvement in ease of production or improvement in ability to target audiences. Any of these circumstances related to the development of other forms of media could adversely impact the media advertising markets which the Group operates in, and in turn the Group's financial performance.

The Board oversees the appropriateness of management's response to key changes in the media landscape, actions by competitors and the impacts of COVID-19. SCA has developed a diversified portfolio of media assets to mitigate risk, with diversity and scale across a number of different environments. SCA has also invested in audience data, scalable systems and operating models to manage this risk in the future. However, if SCA does not successfully adapt to change or if its diversification and risk management strategies are not effective or if it does not sufficiently respond to the impacts of COVID-19, it may have an adverse impact on the operating and financial performance of the Group.

The Group faces ongoing declines in its free-to-air (**FTA**) television market due to changing consumption habits and the impact of video streaming services like Netflix, Stan and Amazon Prime. There are risks that this decline could accelerate faster than forecast and that the Group's relative share of the FTA television market could also decline (for example if the programs of SCA's program suppliers become less popular or are not available due to the suspension of sporting seasons). In both cases, this could adversely affect the revenue, profitability and future financial performance of the Group.

### 1.6 Customers

SCA is dependent on contracts and relationships with media agencies who present SCA's portfolio of assets to their advertiser clients. SCA is also dependent on its contracts and relationships with direct clients who use SCA's portfolio of assets to advertise their goods and services.

The risks associated with SCA's contracts and relationships with media agencies and direct clients include

- the majority of the revenue of the Group is not underpinned by long term contracts to any given advertiser, making the Group dependent on the needs and funds of advertisers (which can change) and on economic circumstances and competitive dynamics;
- key advertisers may reduce their advertising spend with SCA either temporarily or permanently; and
- loss of relationships with media agencies, a change in the size or structure of the media agency market, or loss of relationships with key direct clients could adversely impact the Group's future operating and business performance.



## KEY RISKS (CONT.)

### 1.7 Competition

The Group operates in a highly competitive industry. The actions of an existing competitor or the entry of new competitors in an industry segment in which the Group operates, or in other parts of the media sector, may make it difficult for the Group to grow or maintain its revenues, which in turn, may have a material adverse effect on its financial performance. For example, an increased level of competition for advertising spend may lead to lower advertising prices as the Group attempts to retain customers or may cause the Group to lose customers to competitors who offer lower prices or higher quality products. Active competition for advertising revenues or increased pressure on advertising rates could have a materially adverse effect on the Group's future financial performance of the Group.

The regional television market is subject to competitive pressure from the FTA on demand market and streaming services. There is a risk that consumers and/or advertisers may prefer those services to the offerings of the Company.

The barriers to entry for podcasts is relatively low, making that business highly exposed to competition. There is a risk that competitors may produce new podcasts that take a higher share of the Australian market. Social media is also giving rise to new sources of competition. It may become more difficult for SCA to engage with audiences who prefer to consume entertainment through social media platforms.

### 1.8 Program supply agreements

SCA's ability to generate advertising revenue dependent on its programming and audience ratings. The Group's television programming is sourced from external content suppliers under existing contracts (affiliation agreements). There is a risk that SCA will be unable to secure programming from external suppliers, on terms favourable to the Group, when the Group's affiliation agreements are due for renewal. An increase in cost, or loss of, programming from external suppliers may have a material adverse impact on the Group's financial performance. A decline in audiences for programming supplied to the Group may lead to reduced advertising revenue for that programming in the Group's markets, which may have an adverse impact on the Group's financial performance.

### 1.9 Media regulation

Media assets are subject to regulatory regimes including, for some media assets, licensing arrangements under the Broadcasting Services Act 1992 (Cth) (BSA). There is a risk that SCA's returns from investments in media assets may be adversely affected by failure to comply with, or changes to, such regulatory regimes, including changes in licence fees or spectrum usage charges. Overall, changes in regulation in the media sector may have a material adverse effect on the financial performance of the Group.

A loss of one or more television or radio broadcasting licences or the introduction of restrictive conditions to any broadcasting licence may have a material adverse effect on the Company and its business prospects.

The issue of a new broadcasting licence in any licence area in which SCA operates may adversely affect the Group's revenues and financial performance. New broadcasting licences can only be issued by ACMA following a direction from the Minister (in the case of commercial television), or following an extensive public consultation process (in the case of both television and radio).

## KEY RISKS (CONT.)

### 1.10 Employee recruitment and retention

Employee retention and succession planning is critical to the Group's delivery of its strategy and competitive success. Failure to appropriately recruit and retain employees may adversely affect the Group's ability to develop and implement its business strategies, resulting in a material increase in the costs of obtaining experienced and high-performing employees. This may ultimately materially adversely affect the Group's business, operating and financial performance.

There is strong competition in the radio industry for skilled on-air talent and the Group's success depends on finding and retaining good on-air talent, in order to retain and grow audience share. If the Group is unable to retain good on-air talent, or find a suitable replacement, this may adversely affect the revenue, profitability and future financial performance of the Group.

The Group's success also depends to a significant extent on its key personnel, including the executive and management team. The loss of key management personnel, or any delay in their replacement, may adversely affect the Group's future financial performance.

### 1.11 Structure, capability & culture

Business structure and staff capability may not continue to evolve to meet the growing changes and complexity in the products, market, agencies and emerging digital environment. This failure may negatively impact the innovative and entrepreneurial culture of the organisation and the ongoing relevance and performance of SCA within the market.

### 1.12 Digital platforms, IT risk, privacy and cyber-crime

The Group relies on significant IT infrastructure and systems and the efficient and uninterrupted operation of core technologies. The Group's core technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication providers' failure, fire, natural disasters, terrorist acts, war, or human error. These events may cause one or more of the Group's core technologies to become unavailable.

Any interruptions to these operations would impact the Group's ability to operate and could result in business interruption, the loss of customers and revenue, damaged reputation and weakening of competitive position and could therefore adversely affect Group's operating and financial performance.

The Group uses technologies which involve the collection of individual personal information. Through the ordinary course of its business, the Group may be exposed to cyberattacks. Cyber-attacks may lead to compromise or even breach of the technology platform used by the Group, or its third-party providers, to protect confidential information. It is possible that the measures taken by the Group (including firewalls, encryption of client data, a privacy policy and policies to restrict access to data to authorised employees) will not be sufficient to detect or prevent unauthorised access to, or disclosure of, confidential information, whether malicious or inadvertent.

There is a risk that, if a cyber-attack is successful, any data security breaches or the Group's inadvertent failure to protect confidential information could result in a loss of information integrity, breaches of the Group's obligations under applicable laws or client agreements, system outages and the hacking of the Group's digital assets or systems. Each of these may potentially have a material adverse impact on the Group's reputation and financial performance and could lead to the imposition of fines and regulatory action against the Group.

Failure to appropriately address security risks around external threats to the digital network, IT systems and data (including personal information) could result in system suspension or failure, the potential loss of intellectual property or a personal information data breach.

## KEY RISKS (CONT.)

### 1.13 Changes in technology

Technology plays an increasingly important role in the delivery of media content to customers in a cost-effective manner as the media industry is characterised by changing technology, evolving industry standards and the emergence of new technologies. These technological developments and new ways for advertisers to reach consumers may cause changes in consumer behaviour. If the Group is not responsive to these changes, the Group's product offering may be less attractive to customers and result in reduced advertising spend. This may have an adverse impact on the Group's financial performance. The Group's ability to compete and to generate digital revenue in advertising industries effectively in the future may be impacted by its ability to maintain or develop appropriate technology platforms for the efficient delivery of its services. Maintaining or developing appropriate technologies may require significant capital investment by the Group. There is also a risk that SCA has not sufficiently invested in these systems by comparison with its competitors.

### 1.14 Maintenance of professional reputation

The success of the Group is reliant on the maintenance of its reputation, trade marks and brand names. Any factors that damage the reputation of the Group may potentially result in a failure to win new contracts and impinge on the ability to maintain relationships with consumers, existing customers, as well as affect its ability to attract key employees. If any of these occurs, this could materially adversely affect the Group's business, operating and financial performance.

### 1.15 Intellectual Property

The Group owns valuable intellectual property rights including trademarks, copyright and domain name registrations. The Group relies on intellectual property laws to protect those rights. There is a risk that a third party may infringe those rights or successfully challenge the validity, ownership or use by the Group of those rights. There is a further risk that the Group may infringe the intellectual property rights of others. Any such circumstances could result in significant cost being incurred by or substantial loss being experienced by the Group.



## KEY RISKS (CONT.)

### 1.16 Risks associated with acquisitions and disposals

The Group's long-term business strategy includes pursuing acquisitions. There can be no assurance that the Group will identify suitable acquisition or divestment opportunities or other projects at acceptable prices, or successfully execute those opportunities or projects.

In addition, the Group's past and future acquisitions and other projects may subject it to unanticipated risks and liabilities, or may disrupt its operations. Acquisitions may not deliver projected benefits or value, and integrations may not be successful, resulting in interruptions to the achievement of business strategy. This may divert management's attention and resources from the Group's day to day operations.

To the extent that acquisitions are not successfully completed and integrated within SCA's existing business, the financial performance of the Group could be materially adversely affected.

The Group has disposed of certain assets in recent years and will continue to review its assets portfolio. There is a risk of claims arising from past or future disposals that may be material.

### 1.17 Industry consolidation

The media and entertainment industry is becoming more consolidated and vertically integrated. There is a risk that SCA's ability to source content on commercially acceptable terms may be adversely impacted by that consolidation or that large media players may choose to compete directly with SCA, and that advertisers or consumers may prefer those offerings.

### 1.18 Credit and financing risk

SCA is required to comply with financial covenants under its syndicated debt facilities, being a leverage ratio and an interest cover ratio, both of which are tested by reference to annual and half yearly financial results. If SCA were to breach any of these covenants, the lenders could cancel the facilities and declare all outstanding amounts immediately due and payable. If that action were to be taken, there is no certainty that SCA would have access to sufficient cash to meet its repayment obligations or be able to refinance the existing debt on commercially acceptable terms. In those circumstances, SCA would need to seek waivers or other forms of accommodation. Alternatively, SCA would need to procure alternative financing arrangements to refinance the existing facilities.

There is a risk that SCA's existing lenders could withhold their consent to amendment or waiver of any non-compliance or, if such consent were to be given, that consent may be conditional on increased fees or interest or adverse terms and conditions.

The Group may, in the future, require additional debt or equity capital. There is a risk that the Group may be unable to access additional debt or equity funding from the capital markets on favourable terms, or at all.

### 1.19 Governance

Stakeholders of the Group have expectations regarding governance for an enterprise of the Group's scale which is operating as a publicly listed entity. A significant failure to meet expected standards of governance would impact the reputation and business outcomes for the Group, and therefore its financial position.

### 1.20 Risk of litigation, claims and disputes

The Group may be subject to litigation, class actions, shareholder actions and other claims and disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims, occupational and personal claims, and claims in relation to creative content. Any litigation, class actions, shareholder actions, claims or disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Group's business, operating and financial performance.



## KEY RISKS (CONT.)

The Group may also become subject to investigation by or action from regulators including ACMA, ASIC, ASX or the ACCC which could have a material adverse effect on the reputation, operations or profitability of SCA.

### 1.21 Safety and productivity

Employees of the Group are at risk of workplace accidents and incidents. In the event that a Group employee is injured in the course of their employment, the Group may be liable for penalties or damages. In some cases, claims may not emerge for several years. This has the potential to harm both the reputation and financial performance of the Group.

Increasing numbers of employees are working from home as a result of COVID-19. This may have an impact on productivity and therefore on the Group's business, operating and financial performance.

### 1.22 Asset impairment

Under Australian accounting standards, intangible assets that have an indefinite useful life, are not subject to amortisation and are reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying amount of an individual asset may not be recoverable. SCA will conduct impairment testing as part of its standard end of financial year procedures.

Changes to the carrying amounts of the Group's assets could have an adverse impact on the reported financial performance of the Group in the period that any impairment provision is recorded. This could increase volatility of reported earnings in cases where there is further impairment or a reversal of impairment provisions that were recorded in previous periods.

### 1.23 Counterparty

The Group is exposed to collection risks where the counterparty fails to fulfil its contractual obligations, which may be heightened in the current economic environment caused by COVID-19. For example, SCA is exposed to media agencies with which it conducts regular business on behalf of their clients. This exposes SCA to collection risk with media agencies in circumstances where they encounter financial difficulties. The failure of counterparties to fulfil their contractual obligations could affect the operating and financial performance of the Group and therefore the financial performance of SCA.

### 1.24 Inability to pay dividends

The payment of dividends (if any) by the Group will be determined by the Board from time to time at its discretion, and will be dependent upon factors including the profitability and cash flow of the Group's business and the economy at the relevant time. The Syndicated Debt Facility prohibits dividends while amended leverage covenant applies or while the leverage ratio exceeds 3.5x per Net Debt / EBITDA.



## KEY RISKS (CONT.)

### 1.25 Risk that investors are deemed to be BSA Controllers of companies holding licences under the BSA<sup>2</sup>

This risk only applies to persons (**Relevant Persons**) who are in a position to exercise BSA Control of the Company under the BSA. The tests of control under the BSA are complex, and involve practical and commercial considerations as well as the application of the tests contained in Schedule 1 of the BSA. Without limiting the circumstances under which BSA Control can be attributed, a Relevant Person will be a BSA Controller of the Company if it holds more than 15% of company interests in the Company Shares (under the BSA, company interests include shareholding, voting, dividend and winding up interests). The Constitution reflects certain requirements of the BSA, which requires the constitutions of broadcasting licensee companies to contain restrictions on Relevant Persons holding interests in corporations that hold licences under the BSA, and to impose certain conditions upon all shareholders. A failure by a Relevant Person or a failure by the Company (or any of its licensee companies or any of their controllers) to comply with the BSA Control rules could lead to enforcement action being taken by the ACMA.

A failure by a Relevant Person or a failure by the Company (or any of its licensee companies or any of their controllers) to comply with the BSA Control rules could lead to enforcement action being taken by the ACMA.

Accordingly, under the Company's Constitution, the Company may, in certain circumstances dispose of shares in the Company held by Relevant Persons to avoid breaching the requirements of the BSA. The purpose of these provisions in the Company's Constitution is to provide an effective mechanism to ensure that Relevant Persons who are restricted from holding the Company's shares as a result of the provisions of the BSA do not hold the Company's shares.

## 2. OFFER AND GENERAL RISKS

### 2.1 Equity raising risk

The Company has entered into an underwriting agreement with the Lead Manager (**Underwriting Agreement**), pursuant to which the Lead Manager has agreed to underwrite the Offer on the terms and conditions of the Underwriting Agreement.

If certain conditions are not satisfied or certain events occur, the Lead Manager may terminate the Underwriting Agreement. Termination of the Underwriting Agreement would have a material adverse impact on the total amount of proceeds that could be raised under the Offer.

The Lead Manager's obligations under the Underwriting Agreement, including to manage and underwrite the Offer, are conditional on certain matters, including the timely delivery of due diligence process sign-offs and other documents, and that amendments to existing debt facilities remain in place.

A summary of the events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

- a) a statement contained in the Offer materials or certain other public information does not comply with the Corporations Act (including if a statement is misleading or deceptive or likely to mislead or deceive) or a matter required to be included is omitted;
- b) the Company is in breach of, or otherwise not in compliance with, or any event of default or review event is triggered under, any existing debt facility or other financial accommodation (or the Company becomes aware of facts which would reasonably be expected to give rise to such a breach or event);



## KEY RISKS (CONT.)

- c) the S&P/ASX 200 Index stands at a level that is 90% or less of the level of the index as at the close of trading on the day before the date of this Presentation:
- at any time on or before the closing date for the Institutional Entitlement Offer (7 April 2020); or
  - at market close for two consecutive business days during the period after the closing date for the institutional component of the Entitlement Offer (7 April 2020) and before the settlement date for the retail component of the Entitlement Offer (1 May 2020); or
  - at market close on the business day that is the business day before the settlement date for the retail component of the Entitlement Offer (1 May 2020);
- d) an obligation arises on the Company to give ASX a notice in accordance with section 708AA(12) of the Corporations Act (as included in the Corporations Act by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84);
- e) an application is made by ASIC or another person for an order under Part 9.5 of the Corporations Act, or to any governmental agency (other than the ACCC), in relation to the Offer materials or the Offer, or a governmental agency commences, or advises that it intends to commence, any investigation, proceedings or hearing in relation to the Offer materials or the Offer;
- f) Either:
- the Company ceases to be admitted to the official list of ASX or, after the closing date for the institutional component of the Entitlement Offer, its shares cease trading or are suspended from official quotation on ASX; or
  - ASX refuses to grant, or withdraws approval for, official quotation of the New Shares;
- g) there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any governmental agency which makes it illegal for the Lead Manager to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- h) certain delays in the timetable occur without the prior written consent of the Lead Manager;
- i) any material adverse change occurs, or there is a development involving a prospective material adverse change, in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company, and the Company group (insofar as the position in relation to an entity in the group affects the overall position of the Company);
- j) the Company is or will be prevented from conducting or completing the Offer by or in accordance with the ASX Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction or other governmental agency;
- k) the Company:
- alters its issued capital; or
  - disposes or attempts to dispose of a substantial part of its business or property,
- without the prior written consent of the Lead Manager, except as contemplated in the Offer materials;
- l) if the chief executive officer, chief financial officer or any member of the board of directors of the Company vacates their office;
- m) the due diligence report or any other information supplied by or on behalf of the Company to the Lead Manager in relation to the Company group or the Offer is, or becomes, misleading or deceptive, including by way of omission;

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## KEY RISKS (CONT.)

- n) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- o) Either:
- any of the Offer materials or any aspect of the Offer does not comply applicable law or regulation; or
  - the Company or any of its group members contravenes any law or regulation;
- p) in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, Singapore, Hong Kong, China, Japan, North Korea, South Korea, Russia or any member state of the European Union, or involving any diplomatic, military, commercial or political establishment of any of those countries in the world:
- hostilities not presently existing commence (whether or not war or a national emergency has been declared);
  - a major escalation in existing hostilities occurs (whether or not war or a national emergency has been declared); or
  - a major terrorist act is perpetrated; or
- q) any of the following occur:
- a general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom, the United States, Singapore, Hong Kong, or Japan is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse change or disruption to the political or economic conditions or financial markets of Australia, New Zealand, the United Kingdom, the United States of America, Singapore, Hong Kong or Japan or any change or development involving a prospective adverse change in national or international political or economic conditions or financial markets, the effect of which makes it impractical or inadvisable (in the bona fide opinion of the Lead Manager) to proceed with the issue or enforce contracts to issue the New Shares); or
  - trading in all securities quoted or listed on ASX, NASDAQ, Hong Kong Stock Exchange, New York Stock Exchange or London Stock Exchange is suspended or limited in a material respect for 1 day (or a substantial part of 1 day) on which that exchange is open for trading or a Level 3 "market-wide circuit breaker" is implemented by the New York Stock Exchange upon a 20% decrease against the prior day's closing price of the S&P 500 Index.
- r) The ability of the Lead Manager to terminate the Underwriting Agreement in respect of the events contemplated by paragraphs (m) to (q) is limited to circumstances where the Lead Manager has reasonable grounds to believe that the event:
- has or could be reasonably expected to have a materially adverse effect on the success, settlement or marketing of the Offer or on the ability of the Lead Manager to market or promote or settle the Offer or the likely price at which the shares under the Offer will trade on ASX; or
  - will, or is likely to, give rise to a liability of the Lead Manager under, or a contravention by the Lead Manager or its affiliates of, or the Lead Manager or its affiliates being involved in, a contravention of any applicable law,

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## KEY RISKS (CONT.)

and has consulted with the Company in relation to the effect of the relevant event if and to the extent practicable having regard to the circumstances.

For the purposes of the Underwriting Agreement, the effect of any matter, fact, event, circumstance, act, omission or otherwise (an **Event**) on any of the matters referred to in paragraph 1 above will be determined by assessing or considering (without limitation) the likely effect of the Event on a decision of an investor to invest in the Offer Shares as if that decision to invest was made after the occurrence of that Event and not by considering only the number and extent of valid applications received before the occurrence of that Event.

The Company also gives certain representations, warranties and undertakings to the Lead Manager and an indemnity to the Lead Manager and its representatives subject to certain carve-outs.

### 2.2 Risk of dilution

Shareholders who do not participate in the Placement for a pro rata share, and/or do not take up all of their entitlements under the Entitlement Offer, will have their percentage security holding in the Company diluted. Further capital raising or equity-funded acquisitions by the Company may dilute the holdings of investors. This may have an adverse impact on the price of the Company's shares.

### 2.3 Government policy and taxation risk

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies in Australia may have an adverse effect on the assets, operations and ultimately the financial performance of the Group. These factors may ultimately affect the financial performance of SCA and the price of SCA shares.

There is a risk that the government or a government agency will repeal, amend, enact, or promulgate a new law or regulation, or that a government authority will issue a new interpretation of the law or regulation which may have a material adverse effect on SCA's operations.<sup>3</sup>

SCA only operates in Australia and is subject to review by the relevant tax authorities both at a state and federal level.

Future changes in Australian taxation law, including changes in interpretation or application of the law by courts or taxation authorities in Australia, may affect the taxation treatment of an investment in SCA shares or the holding and disposal of those shares.

Changes in tax law, or changes in the way tax law is expected to be interpreted may impact the future tax liabilities of SCA.

### 2.4 JobKeeper Scheme

The Company proposes to access the subsidy available under the JobKeeper payment scheme announced by the Federal Government on 30 March 2020. The Company's entitlement to access those subsidies will be dependent on the extent of the negative impact of COVID-19 on the Company's revenues. That effect is not yet known. In addition, while the JobKeeper scheme is announced government policy, it has not yet been enacted into law. There is a risk that the Company may not be entitled to access subsidies under the JobKeeper scheme as it is finally enacted into law. The inability to access subsidies on the JobKeeper scheme would have a material adverse impact on the liquidity of the Company.



## KEY RISKS (CONT.)

### 2.5 Economic risk

General economic conditions may negatively affect the Company's performance and the performance of the Company's shares. Any protracted slow down in economic conditions or factors such as movements in inflation or interest rates and industrial disruption may have a negative impact on the Company's costs and revenue.

### 2.6 Interest rate risk

Changes in interest rates will affect borrowings which bear interest at floating rates to the extent the Company has not hedged against this interest rate risk. An increase in interest rates will affect the Company's cost of servicing these borrowings, which may adversely impact its business, financial condition and financial performance.

### 2.7 Change in accounting policy

The Australian Accounting Standards are set by the Australian Accounting Standards Board (**AASB**) and are outside of the Group's control. There is a risk that changes to the Australian Accounting Standards issued by the AASB could materially and adversely affect the Group and the financial position and performance reported in the Group's financial statements.

Moreover, there is a risk of changes to the interpretation, implementation or enforcement of the Australian Accounting Standards. In addition, there is a risk that the Group's current and historical interpretation of the Australian Accounting Standards could be determined to be incorrect by the relevant regulator. If there are any changes to the interpretation, implementation or enforcement of the Australian Accounting Standards or if the relevant regulator considers that the Group has not correctly interpreted the Australian Accounting Standards, this could require the Group to change certain of its accounting policies or its interpretation of the accounting policies (as applicable). This could materially and adversely affect the Group and the financial position and performance reported in the Group's financial statements.

### 2.8 Insurance

The Group seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in the broadcast media industry. Any increase in the cost of such insurance policies; any change in the availability of such insurance policies or in the terms, conditions or exclusions on which those policies are offered or renewed; or any inability to claim, or recover against the Group's insurance policies, including as a result of the current uncertain macroeconomic environment and the impact of COVID-19, could have a material adverse effect on the Group's business, financial condition and financial performance.

### 2.9 War, terrorism, political and natural disasters

Events may occur within or outside Australia that could impact upon the world economy, the media and advertising markets, the operations of SCA and the market price of SCA's shares. These events include war, acts of terrorism, civil disturbance, political intervention, pandemics and natural events such as earthquakes, floods, fires, cyclones and other weather-related events.



## KEY RISKS (CONT.)

### 2.10 Risks associated with an investment in shares

As with all stock market investments, there are risks associated with an investment in SCA. Securities listed on the ASX have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of shares regardless of SCA's performance. There is no assurance that the price of shares will increase in the future.

The price of Company's shares might trade below or above the Offer Price for the New Shares.

### 2.11 Other risks

There may be other risks other than those set out above. Without limiting the generality of the preceding sentence, because of the current uncertain and rapidly changing macroeconomic environment caused by COVID-19 and the unprecedented actions being taken by Australian Federal and State Governments and governments of other countries, it is likely that new risks will emerge and the risks set out above will evolve in unforeseen ways that will have a material adverse impact on the Group's operating and financial performance and on the value and price of the Company's shares.

**SCA**

# SELLING RESTRICTIONS

**SCA**

## 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.

### Bermuda

The Company is not making any invitation to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

### Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

### Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

## SELLING RESTRICTIONS

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

*Certain Canadian income tax considerations.* Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

### European Union (France and the Netherlands)

This document has not been, and will not be, registered with or approved by any securities regulator in France or the Netherlands. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in France or the Netherlands except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in France or the Netherlands is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

### 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 and any rules made under that ordinance).

## SELLING RESTRICTIONS

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. 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.

### Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

### 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 (and, if an eligible investor, has provided the necessary certification).

## SELLING RESTRICTIONS

### Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act of 29 June 2007 no.75 (Section 10-6) and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

### 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) of 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) an "accredited investor" (as defined in 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.

### Switzerland

The offering of the New Shares in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("FinSA") because such offering is made to professional clients within the meaning of the FinSA only and the New Shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, art. 652a, or art. 752 of the Swiss Code of Obligations (in its version applicable during the transitory period after entering into force of FinSA on January 1, 2020) or a listing prospectus within the meaning of art. 27 et seqq. of the SIX Listing Rules (in their version enacted on January 1, 2020, and to be applied during the transitory period), and no such prospectus has been or will be prepared for or in connection with the offering of the New Shares.



## SELLING RESTRICTIONS

### United Arab Emirates

Neither this document nor the New Shares have been approved or passed on in any way by the Emirates Securities and Commodities Authority ("ESCA") or any other governmental authority in the United Arab Emirates. The Company has not received authorisation from the ESCA or any other governmental authority to market or sell the New Shares within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates. No services relating to the New Shares, including the receipt of applications, may be rendered within the United Arab Emirates.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

### United Kingdom

Neither 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 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.

**SCA**

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## 7 Additional information

### 7.1 Currency of information

The information contained in the ASX Announcement and Investor Presentation set out in **section 6** of this Retail Offer Booklet is current as at the date on which those documents were released to ASX. All other statements in this Retail Offer Booklet are made as at the date of this Retail Offer Booklet unless otherwise stated, and the information in this Retail Offer Booklet remains subject to change without notice. SCA is not responsible for updating this Retail Offer Booklet.

There may be additional announcements that are made by SCA (including after the date of this Retail Offer Booklet) that may be relevant to your consideration of whether to take up your Entitlement. Therefore, you should check whether any further announcements have been made by SCA before submitting an Application.

### 7.2 Ranking of New Shares

New Shares under the Equity Raising will be fully paid and rank equally with Shares on issue at the date of this Retail Offer Booklet. The rights attaching to the New Shares are set out in SCA's Constitution, and are regulated by the Corporations Act, the ASX Listing Rules and general law.

### 7.3 Allotment of New Shares

SCA will apply to ASX for official quotation of the New Shares in accordance with the requirements of the ASX Listing Rules. If ASX does not grant quotation of the New Shares, SCA will repay all Application Monies (without interest).

Subject to the ASX granting permission for the quotation of the New Shares, it is expected that the New Shares will be allotted no later than Monday, 4 May 2020. However, if the Closing Date is extended, the date for allotment will also be extended.

It is the responsibility of each Applicant to confirm their holding before trading in New Shares. Any Applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. SCA and the Lead Manager disclaim all liability, whether in negligence or otherwise to Applicants who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by SCA or the Registry.

### 7.4 Reconciliation

In any entitlement offer, investors may believe that they own more shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all Eligible Retail Shareholders have the opportunity to receive their full Entitlement.

SCA may need to issue a small quantity of additional Shares to ensure all Eligible Retail Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

SCA reserves the right (in its absolute sole discretion) to reduce the number of Entitlements or New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated, or if they (or their nominees/custodians) fail to provide information to substantiate their claims. See **section 5.11** for further details.

## 7.5 Underwriting Arrangements

SCA has entered into an underwriting agreement with the Lead Manager (**Underwriting Agreement**), pursuant to which the Lead Manager has agreed to underwrite the Equity Raising on the terms and conditions of the Underwriting Agreement.

The Lead Manager will receive the following fees (in aggregate) under the Underwriting Agreement.

- (a) an underwriting fee of 2.4% of the proceeds of the Institutional Entitlement Offer and Placement and 2.4% of the proceeds of the Retail Entitlement Offer; and
- (b) a management fee of 0.6% of the proceeds from the Institutional Entitlement Offer and Placement and 0.6% of the proceeds of the Retail Entitlement Offer.

SCA must also pay to the Lead Manager other costs and expenses including legal and out-of-pocket expenses incurred by the Lead Manager in relation to the Equity Raising.

For further detail regarding the key terms of, and some of the risks associated with, the Underwriting Agreement, please refer to section 2.1 of the “Key Risks” section of the Investor Presentation accompanying this Retail Offer Booklet at **section 6**.

The Underwriting Agreement provides that the Lead Manager will not be issued any New Shares that would cause it to breach the 20% takeover threshold contained in Chapter 6 of the Corporations Act. The issue size is approximately 1,873 million New Shares or approximately 244% of the Shares on issue as at the date of this Retail Offer Booklet. If the Lead Manager was required to take up New Shares on issue which would otherwise cause it to breach or notify under these provisions, then for the purposes of ASIC Report 612 ‘Regulation of Corporate Finance: July to December 2018’ (released March 2019):

- (a) the Lead Manager will still fund the relevant underwritten proceeds in accordance with and subject to the terms of the Underwriting Agreement by the completion date;
- (b) the number of excess shortfall shares would be up to the number of Shares offered under the Equity Raising less the number of Shares that have been pre-committed or sub-underwritten and the number of Shares that the Lead Manager is able to take up without causing it to breach or notify under these provisions when aggregated with any additional interests the Lead Manager and its associates hold at the relevant settlement date other than through its underwriting commitment; and
- (c) the Lead Manager would enter into an arrangement for any excess shortfall shares to be issued to it, or to third party investors, after close of the offer at the same price as the Offer Price.

No material impact on control is expected to arise as a consequence of these arrangements or from any Shareholder taking up their Entitlement where there is an excess shortfall.

Neither the Lead Manager, nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents (collectively the **Lead Manager Parties**) have authorised or caused the issue or lodgement, submission, dispatch or provision of this Retail Offer Booklet, and there is no statement in this Retail Offer Booklet which is based on a statement made by a Lead Manager Party. To the maximum extent permitted by law, each Lead Manager Party expressly disclaims all liabilities in respect of, and makes no representation or warranty as to the currency, accuracy, reliability or completeness of this Retail Offer Booklet. To the maximum extent permitted by law, the Lead Manager Parties exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Retail Offer Booklet being inaccurate or incomplete in any way for any reason, whether by

negligence or otherwise. None of the Lead Manager Parties makes any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties concerning this Entitlement Offer or any such information and you represent, warrant and agree that you have not relied on any statements made by any of the Lead Manager Parties in relation to the New Shares or the Entitlement Offer generally.

## 7.6 Continuous disclosure

SCA 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.

SCA is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities markets conducted by ASX. In particular, SCA 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 Shares. That information is available to the public from ASX on [www.asx.com.au](http://www.asx.com.au).

Some documents are required to be lodged with ASIC in relation to SCA. These documents may be obtained from, or inspected at, an ASIC office, subject to any changes in access given the current circumstances.

## 7.7 ASX waivers

On 31 March 2020, ASX announced the temporary capital raising relief (in the form of class waivers) which:

- (a) lifts the limit on the number of New Shares that SCA is able to issue without obtaining the prior approval of its Shareholders pursuant to Listing Rule 7.1 from 15% to 25%. The class waiver also permits SCA to include in its calculation for the purposes of Listing Rule 7.1 the number of Shares that may be issued under the underwritten Entitlement Offer; and
- (b) permits the ratio of securities to be offered under its Entitlement Offer to be greater than one security offered for each security,

(together, the **ASX Class Waivers**).

As required by the ASX Class Waivers, SCA has notified ASX in writing of its intention to rely on the ASX Class Waivers and has provided ASX with the details of the Placement and Entitlement Offer.

## 7.8 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 accepted.

## 7.9 Rounding of entitlements

Fractional Entitlements to New Shares will be rounded up to the nearest whole New Share. Where SCA considers that holdings have been split in order to take advantage of this rounding, SCA reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements.

## 8 Australian taxation consequences

### 8.1 Overview

Below is a general guide to the Australian income tax, goods and services tax (GST) and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders that hold their New Shares on capital account. In addition, the guide below applies only to Eligible Retail Shareholders who are Australian tax resident individuals, companies or complying superannuation entities. The guide does not apply to Eligible Retail Shareholders who:

- (a) hold Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading), or are subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth), or are exempt from Australian income tax;
- (b) acquired the Shares in respect of which their Entitlements are issued under any employee share scheme or where New Shares are acquired pursuant to any employee share scheme; or
- (c) may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), non-complying superannuation funds (except where expressly stated) or temporary residents.

The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. It does not purport to be a complete analysis of the potential tax consequences of the Retail Entitlement Offer and is intended as a general guide to the Australian income tax, GST and stamp duty implications. Eligible Retail Shareholders should seek advice from an appropriate professional advisor in relation to the tax implications of the Retail Entitlement Offer based on their own individual circumstances.

The comments below are based on the Australian tax law as it applies as at 9.00am (Sydney, Australia time) on 5 April 2020. Other than as expressly discussed or specified, the comments do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time.

The comments also do not take into account tax legislation of any country other than Australia.

### 8.2 Issue of the Entitlement

The issue of the Entitlement will be non-assessable non-exempt income and will not, in itself, result in any amount being included in the assessable income of an Eligible Retail Shareholder.

### 8.3 Exercise of the Entitlement

New Shares will be acquired where the Eligible Retail Shareholder exercises all or part of their Entitlement under the Retail Entitlement Offer.

An Eligible Retail Shareholder will not derive any assessable income, or make any capital gain or capital loss, at the time of exercising their Entitlement under the Retail Entitlement Offer.

For Australian capital gains tax (CGT) purposes, New Shares will be taken to have been acquired on the day that an Eligible Retail Shareholder exercises their Entitlement.

The cost base of each New Share will be equal to the Offer Price payable for each New Share plus certain non-deductible incidental costs the Eligible Retail Shareholder incurs in acquiring, holding and disposing of the New Shares.

## 8.4 Lapse of the Entitlement

If an Eligible Retail Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse and the Eligible Retail Shareholder will not receive any consideration for their Entitlement that is not taken up. There will be no tax implications for an Eligible Retail Shareholder from the lapse of the Entitlement and Eligible Retail Shareholders will not be entitled to any tax deductions or capital losses from the lapsed Entitlements.

## 8.5 Taxation in respect of dividends on New Shares

Any future dividends or other distributions made in respect of New Shares will be subject to the same income taxation treatment as dividends or other distributions made on Existing Shares held in the same circumstances. The dividends or distributions will generally be included in the assessable income of an Eligible Retail Shareholder in the income year in which the dividends or distributions are paid and subject to Australian income tax at the Eligible Retail Shareholder's marginal tax rate.

Where the Eligible Retail Shareholder is a qualified person and the dividends are franked, the Eligible Retail Shareholder must include the franking credits attached to the dividends in its assessable income. The Eligible Retail Shareholder will also be entitled to a franking tax offset equal to those franking credits, which reduces the tax payable on the Eligible Retail Shareholder's taxable income.

Where the franking tax offset exceeds the tax payable on the Eligible Retail Shareholder's taxable income and such Eligible Retail Shareholder is:

- (a) an individual or complying superannuation entity – the Eligible Retail Shareholder will be entitled to a refund of the excess franking tax offsets;
- (b) a corporate tax entity – the excess franking tax offsets cannot give rise to a refund but may be carried forward to future income years as tax losses (provided certain loss utilisation tests are satisfied); or
- (c) a trust – the treatment of the excess franking tax offsets will depend upon the identity of the person liable to tax on the trust's net income.

Where a dividend paid by SCA is unfranked, the Eligible Retail Shareholder will not be entitled to a franking tax offset and will be required to include the unfranked dividend amount in their assessable income.

Broadly, an Eligible Retail Shareholder is a qualified person if the Eligible Retail Shareholder:

- (a) is an individual and would obtain franking tax offsets of no more than \$5,000 in the income year in which the dividend was paid; or
- (b) holds the New Shares for a continuous period which includes at least 45 days 'at risk' during the period commencing the day after the Eligible Retail Shareholder acquires the New Shares and ending on the 45th day after the New Shares become ex-dividend (but excluding the day of any disposal).

In respect of the 45 days 'at risk' requirement, any day on which an Eligible Retail Shareholder has a materially diminished risk of loss or opportunity for gain in respect of the New Shares (for example, contracting to sell the New Shares) will not constitute an 'at risk' day.

## 8.6 Disposal of New Shares

The disposal of New Shares will constitute a disposal for CGT purposes.

On disposal of a New Share, an Eligible Retail Shareholder will make a capital gain if the capital proceeds received on disposal exceed the cost base of the New Share. An Eligible Retail Shareholder will make a capital loss if the capital proceeds are less than the reduced cost base of the New Share.

Eligible Retail Shareholders that are individuals, trusts or complying superannuation entities and that have held their New Shares for 12 months or more at the time of disposal (excluding the date of acquisition and the date of disposal) will be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and trusts and 33⅓% for complying superannuation entities.

Eligible Retail Shareholders will be taken to have acquired New Shares on the day they exercise their Entitlement under the Retail Entitlement Offer. Accordingly, to be eligible for the CGT discount, the New Shares must be held for at least 12 months after the date that Eligible Retail Shareholders exercised their Entitlement.

Eligible Retail Shareholders that make a capital loss can only use that loss to offset capital gains from other sources (i.e. the capital loss cannot be utilised against taxable income on revenue account). However, if the capital loss cannot be utilised in a particular income year, it can be carried forward to use in future income years, provided certain loss utilisation tests are satisfied.

In relation to trusts, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied. Eligible Retail Shareholders which are trusts should seek specific advice as to the circumstances in which a beneficiary may be entitled to a CGT discount.

## **8.7 GST and stamp duty**

No Australian GST or stamp duty should be payable in respect of the issue, exercise or lapse of Entitlements or the acquisition of New Shares pursuant to the Retail Entitlement Offer.

Subject to certain requirements, there may be a restriction on the entitlement of Eligible Retail Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares (such as brokerage or advisor fees) and potential investors should seek their own advice.

No stamp duty should be payable by an Eligible Retail Shareholder in respect of the acquisition of New Shares provided each Eligible Retail Shareholder and any associated persons (including any Eligible Retail Shareholders that are associated persons of another Eligible Retail Shareholder and any Eligible Retail Shareholders acquiring under one arrangement or in concert) do not acquire 90% or more of the total issued interests in SCA or, as a result of the acquisition, hold 90% or more of the interests in SCA immediately after that acquisition.

## **8.8 Provision of TFN and/or ABN**

SCA is required to deduct withholding tax from payments of dividends that are not 100% franked at the rate specified in the *Taxation Administration Regulations 1976* (currently 47%), and remit such amounts to the Australian Taxation Office, unless the Eligible Retail Shareholder has provided an Australian Business Number or Tax File Number or a relevant exemption applies which was notified to SCA.

You are able to provide your Tax File Number, Australian Business Number or relevant exemption online with the Registry at [www.computershare.com/au](http://www.computershare.com/au). When providing your

details online, you will be required to enter your SRN/HIN as shown on your issuer Sponsored/CHESS statements and other such personal details.

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## 9 Glossary

Term	Meaning
<b>Applicant</b>	A person who makes an Application for New Shares.
<b>Application</b>	An application to subscribe for New Shares under this Retail Offer Booklet.
<b>Application Monies</b>	Money payable by Applicants in respect of an Application.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable.
<b>ASX Announcement</b>	SCA's announcement to the ASX titled ' <i>Capital Structure and Operational Initiatives</i> ' dated 6 April 2020, a copy of which is included in <b>section 6</b> of this Retail Offer Booklet.
<b>ASX Class Waivers</b>	The ASX's Class Waiver decisions titled ' <i>Class Waiver Decision – Temporary Extra Placement Capacity</i> ' and ' <i>Class Waiver Decision – Non-renounceable Offers</i> ' each dated 31 March 2020.
<b>ASX Listing Rules</b>	The official listing rules of ASX, as amended or waived by ASX from time to time.
<b>Board</b>	The board of Directors of SCA.
<b>Closing Date</b>	The day the Retail Entitlement Offer closes, expected to be 5:00pm (Sydney time) on Monday, 27 April 2020.
<b>Constitution</b>	The constitution of SCA as amended or varied from time to time.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of SCA.
<b>Eligible Institutional Shareholder</b>	A Shareholder on the Record Date whom the Lead Manager determines has successfully received an offer to subscribe for Shares under the Institutional Entitlement Offer on the basis that they were an eligible Institutional Investor, including where the offer is made to a person for whom the Shareholder holds existing Shares.
<b>Eligible Retail Shareholder</b>	Has the meaning given to that term in <b>section 4.4</b> .
<b>Entitlement</b>	The Entitlement to 1.75 New Shares for every 1 Share held at the Record Date.
<b>Entitlement and Acceptance Form</b>	The Entitlement and Acceptance Form accompanying this Retail Offer Booklet pursuant to which Applicants may apply for New Shares.
<b>Entitlement Offer</b>	The 1.75 for 1 pro-rata accelerated non-renounceable entitlement offer to subscribe for New Shares at the Offer Price, and comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer.

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<b>Equity Raising</b>	The Entitlement Offer and Placement.
<b>Ineligible Institutional Shareholder</b>	An Institutional Shareholder that is not an Eligible Institutional Shareholder.
<b>Ineligible Retail Shareholder</b>	A retail Shareholder that is not an Eligible Retail Shareholder.
<b>Ineligible Shareholder</b>	An Ineligible Institutional Shareholder and an Ineligible Retail Shareholder.
<b>Institutional Entitlement Offer</b>	The accelerated pro rata non-renounceable entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer, as further described in <b>sections 4.1</b> and <b>4.2</b> of this Retail Offer Booklet.
<b>Institutional Investor</b>	A person whom the Lead Manager reasonably believes to be a person: <ul style="list-style-type: none"> <li>(a) in the case of a person with a registered address in Australia, who is an "exempt investor" as defined in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84; or</li> <li>(b) if outside Australia, to whom offers for issue of Shares may lawfully be made without the need for a lodged product disclosure statement, prospectus or other disclosure document or other lodgement, registration, filing with or approval by a governmental agency (other than one with which SCA is willing, in its absolute discretion, to comply), provided that, if a person is in the United States, it is an Approved U.S. Investor or an Approved U.S. Shareholder (each as defined in the Underwriting Agreement).</li> </ul>
<b>Institutional Shareholder</b>	A Shareholder who is an Institutional Investor.
<b>Investor Presentation</b>	The presentation released by SCA on Monday, 6 April 2020, a copy of which is included in <b>section 6</b> of this Retail Offer Booklet.
<b>Lead Manager</b>	Macquarie Capital (Australia) Limited.
<b>New Shares</b>	Shares offered under the Placement and Entitlement Offer.
<b>Offer Price</b>	\$0.09 per New Share.
<b>Placement</b>	The placement of approximately 527.3 million New Shares to institutional investors to raise approximately \$47.5 million (before costs), as further described in <b>sections 4.1</b> and <b>4.2</b> of this Retail Offer Booklet.
<b>Record Date</b>	7:00pm (Sydney time) on Wednesday, 8 April 2020.
<b>Register</b>	The register of Shareholders required to be kept under the Corporations Act.
<b>Registry</b>	Computershare Investor Services Pty Limited.
<b>Retail Entitlement Offer</b>	The offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer, as described in <b>sections 4.1</b> and <b>4.3</b> of this Retail Offer Booklet.
<b>Retail Entitlement Offer Period</b>	The period from Wednesday, 15 April 2020 until the Closing Date (inclusive).

<b>Retail Offer Booklet</b>	This Retail Offer Booklet.
<b>SCA</b>	Southern Cross Media Group Limited ACN 116 024 536.
<b>SCA Offer Information Line</b>	The information line set up for Shareholders to contact, being 1300 069 341 (within Australia) or +61 3 9415 4282 (outside Australia) at any time from 8:30am to 5:30pm (Sydney time) Monday to Friday the Retail Entitlement Offer Period.
<b>Share</b>	A fully paid ordinary share in SCA.
<b>Shareholder</b>	A holder of Shares.
<b>Sydney time</b>	Local time in Sydney, Australia.
<b>Underwriting Agreement</b>	The underwriting agreement between SCA and the Lead Manager, a summary of which is contained in <b>section 7.5</b> of this Retail Offer Booklet.
<b>US Securities Act</b>	The U.S. Securities Act of 1933, as amended.

## 10 Corporate Directory

### Company

Grant Blackley  
CEO and Managing Director

Peter Bush  
Chairman and Independent Director

Leon Pasternak  
Deputy Chairman and Independent Director

Helen Nash  
Independent Director

Melanie Willis  
Independent Director

Glen Boreham AM  
Independent Director

Robert Murray  
Independent Director

### Registered office

Southern Cross Media Group Limited  
257 Clarendon Street  
Melbourne VIC 3205  
Telephone: +61 3 9252 1051  
Website:  
<https://sxlretailentitlementoffer.thereachagency.com>

### Lead Manager, Bookrunner and Underwriter

#### Macquarie Capital (Australia) Limited

Level 23, 101 Collins Street,  
Melbourne VIC 3000, Australia  
Telephone: +61 3 9635 8000

Website: [www.macquarie.com](http://www.macquarie.com)

### Registry

Computershare Investor Services Pty  
Limited

GPO Box 505

Melbourne VIC 3001, Australia

Telephone: 1300 069 341 (within Australia)  
or +613 9415 4282 (from outside Australia)

Website: [www.computershare.com](http://www.computershare.com)

### Legal adviser to SCA

Corrs Chambers Westgarth  
25/567 Collins Street

Melbourne VIC

Telephone: +61 3 9672 3000

Website: [www.corrs.com.au](http://www.corrs.com.au)

