



31 January 2011

Southern Cross Media Group Limited (ASX: SXL) announces recommended offer for Austereo Group Limited (ASX: AEO)

Southern Cross Media Group Limited ABN 91 116 024 536 (SCM Group) announces that it has executed an implementation agreement with Austereo Group Limited ABN 58 095 552 060 (Austereo) under which a wholly owned subsidiary of SCM Group will make an offer for all the shares in Austereo.

The proposed transaction will be implemented by way of an off-market takeover (Offer). Under the terms of the Offer, Austereo shareholders have the choice of receiving A\$2.05 cash per share (comprising A\$2.00 per share cash paid by SCM Group (Cash Consideration) and the intended dividend of A\$0.05 per share announced today by Austereo), or an entitlement to 0.95 SCM Group shares for every Austereo share (Scrip Consideration) together with the intended dividend of A\$0.05 per share announced today by Austereo).¹

Austereo shareholders may elect to receive all Cash Consideration, all Scrip Consideration or a combination of Cash Consideration and Scrip Consideration, in addition to the intended dividend announced today by Austereo.

SCM Group will pay accepting shareholders (regardless of whether they have elected the Cash Consideration or the Scrip Consideration or the combination) an additional A\$0.10 cash per Austereo share if it reaches the 90% compulsory acquisition threshold and is entitled to proceed to compulsory acquisition.

The total payments of A\$2.15 per share (under the Cash Consideration option, if the 90% threshold is achieved and SCM Group is entitled to proceed to compulsory acquisition) represent a 28% premium to Austereo's 3 month VWAP of A\$1.680 and a 19% premium to Austereo's closing share price of A\$1.805 on 20 January 2011, which was the day prior to Austereo's announcement in relation to discussions regarding a potential transaction involving Village Roadshow Limited's (VRL) 52.52% shareholding in Austereo.

The directors of Austereo have announced that they will unanimously recommend that Austereo shareholders accept the Offer in the absence of a superior proposal, and have announced their intention to accept the Offer in respect of shares in which they have a beneficial interest, in the absence of a superior proposal.

In addition, the major shareholder of Austereo, VRL, has granted SCM Group a call option to acquire shares representing 14.9% of outstanding Austereo shares at A\$2.00 per share (with such call option not to be exercised until after the record date for the intended Austereo dividend).

The merged business will create one of Australia's leading media companies with revenues in excess of A\$670 million, EBITDA in excess of A\$215 million (based on pro-forma FY2010) and strong cash flow generation.

¹ Those Austereo shareholders who are registered as such on the record date for the interim dividend will receive that dividend

Mr Max Moore-Wilton, Chairman of SCM Group said:

“This deal is consistent with our strategy to build a strong Australian media company. Our shareholders will benefit from the larger group, significant opportunities for cross fertilization and strong cash generation.”

Mr Rhys Holleran, Chief Executive Officer, of SCM Group said:

“This is a fantastic deal for both SCM Group and Austereo. We are really looking forward to working with the team at Austereo to build a great Australian media company with coverage across regional and metro Australia. The combined business’s radio and television assets will have the ability to reach Australians in regional and metropolitan areas. On top of that it will create great opportunities for on and off air talent. We see real potential to offer our premium content across a national platform and apply capabilities in metro radio to enhance our local radio offering.”

Transaction Summary

- The proposal offers Austereo shareholders a choice of:
 - A\$2.05 cash payments per share, comprising A\$2.00 per share cash paid by SCM Group (Cash Consideration) and the intended dividend of A\$0.05 per share announced today by Austereo; or
 - an entitlement to 0.95 SCM Group shares for each Austereo share (Scrip Consideration) together with the intended dividend of A\$0.05 per share announced today by Austereo; or
 - Austereo shareholders can elect to receive the Cash Consideration, the Scrip Consideration or a combination of the Cash Consideration and the Scrip Consideration, in addition to the intended dividend announced today by Austereo.

In addition, if SCM Group reaches the 90% threshold and becomes entitled to proceed to compulsory acquisition, the Offer will be increased by A\$0.10 per share (consideration would be payable in cash to all Austereo shareholders, whether they have taken the Scrip Consideration, Cash Consideration or a mixture).

- Austereo shareholders accepting Scrip Consideration will not be entitled to a SCM Group interim dividend for the half year ending 31 December 2010
- The Scrip Consideration will be subject to a pro-rata scale-back (across all shareholders who elected to receive the Scrip Consideration) if elections for the Scrip Consideration are received in respect of more than 47.5% of the Austereo shares. Should VRL accept the Offer and elect to receive the Cash Consideration in respect of all its current shareholding the scale-back will not apply and any other Austereo shareholder that accepts the Scrip Consideration will receive SCM Group shares (subject to the satisfaction of the Offer conditions).
- The total cash payments of A\$2.15 per share under the Cash Consideration option (if the 90% threshold is achieved and SCM Group becomes entitled to proceed to compulsory acquisition) represents:
 - a 28% premium to Austereo’s 3 month VWAP (of A\$1.680 to 20 January 2011); and
 - a 19% premium to Austereo’s closing share price of A\$1.805 on 20 January 2011, which was the day prior to Austereo’s announcement in relation to discussions regarding a potential transaction involving VRL’s shareholding in Austereo.
- The directors of Austereo have announced they will unanimously recommend that Austereo shareholders accept the Offer in the absence of a superior proposal, and intend to accept the Offer in respect shares in which they have a legal or beneficial interest, in the absence of a superior proposal.
- VRL has granted SCM Group a call option to acquire shares representing 14.9% of outstanding Austereo shares at A\$2.00 per share (with such call option not to be exercised until after the record date for the intended Austereo dividend). The call

option is exercisable in certain circumstances, including if the Offer becomes unconditional (except for the minimum acceptance condition being satisfied), or a competing offer (capable of acceptance by VRL and with a cash alternative of at least A\$2.15 per Austereo share less any interim dividend) is made and becomes unconditional (other than in respect of the minimum acceptance condition).

- The Offer will be subject to a number of conditions set out in the attached Schedule, including SCM Group achieving at least a 50.1% relevant interest by the end of the offer period, and receiving required regulatory clearances and approvals from the Australian Competition and Consumer Commission and the Australian Communications and Media Authority.
- The transaction will be funded through a combination of new senior debt facilities of up to A\$755 million and an equity bridge facility of up to A\$540 million.
 - New senior debt facilities will be partly used to refinance existing debt at SCM Group
 - SCM Group proposes to repay the equity bridge facility by way of an entitlement offer, most likely in the form of an accelerated renounceable entitlement offer (RAPIDS). Any equity raising will be open to any Austereo shareholders that have accepted the Offer and elected to take the Scrip Consideration and remain registered as SCM Group shareholders on the record date for the equity raising. Information about the entitlement offer will be provided once SCM Group has greater certainty around the outcome of the Offer, including the ratio of Cash Consideration and Scrip Consideration acceptances.
 - The leverage of the combined business post-transaction if 100% is acquired is expected to be approximately 3x Net Debt / EBITDA. SCM Group expects this leverage to decrease in the next 12 – 18 month as some of the cash flows generated by the combined businesses are used for debt repayment.

Overview of the merged business

The merger of SCM Group and Austereo will produce one of Australia's leading media companies. Based on pro-forma FY2010, the combined business will have:

- Revenues in excess of A\$670 million
- Earnings before interest tax depreciation and amortisation (EBITDA) in excess of A\$215 million
- Strong cash flow generation

The merged company will have national coverage, including both metropolitan and regional areas. In addition, SCM Group will continue to provide advertisers with an integrated television and radio offering in regional markets. The larger group will be able to draw upon the combined expertise of the businesses:

- Easier access for advertisers and programme sponsors to a broad audience across all of Australia
- Enhanced digital services, particularly for regional audiences
- Increased opportunity for talent and staff in the two organisations to work across a larger business

Further information

SCM Group expects to lodge its Bidder's Statement containing the terms of the Offer and other material information relevant for Austereo shareholders consideration of the Offer to ASIC within approximately 28 days. The Target's Statement by Austereo will contain further information, including the reasons why the Austereo directors are unanimously recommending that Austereo shareholders accept the Offer, in the absence of a superior proposal. Austereo shareholders should consider the information contained in the Bidder's and Target's Statements before taking any action in relation to the Offer.

For further information, please contact:

Investors and analysts:

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About Southern Cross Media Group Limited

SCM Group is Australia's leading regional media provider. With the ability to reach a potential audience of approximately 7.5 million people, or 95% of Australia's population outside the mainland State capital cities, SCM Group is the only regionally focused media provider to offer advertisers opportunities across radio and television.

SCM Group owns regional radio and free-to-air television in Australia. SCM Group is committed to providing quality entertainment, news and information to viewers and listeners and offers advertisers strong coverage in regional Australia.

SCM Group owns 14 regional free-to-air television licences. Its businesses includes Southern Cross Ten, Southern Cross Television, Tasmanian Digital Television and Darwin Digital Television which cover the aggregated markets of Victoria, southern and northern New South Wales, Queensland, Tasmania and the Spencer Gulf region of South Australia, and has a potential reach of more than 7.5 million people.

SCM Group's radio business owns and operates the largest commercial radio network in Australia, with 68 commercial radio stations in 38 licence areas in Queensland, New South Wales, Victoria, Tasmania, South Australia and Western Australia.

SCM Group is listed on the ASX with a market capitalisation of approximately A\$818 million.

About Austereo Group Limited

Austereo is a leading Australian commercial radio broadcaster.

Austereo operates two FM networks and one digital network: Today and Triple M, with stations in all mainland Australian state capital cities with two JV stations in Newcastle and Canberra, as well as digital radio brands including Radar Radio. The Today Network consists of: Sydney - 2DAY FM, Melbourne – Fox FM, Brisbane - B105, Perth - 92.9 FM, and Adelaide - SA FM. The Triple M Network consists of: Sydney - 104.9, Melbourne 105.1, Brisbane - 104.5, Adelaide - 104.7 and Mix 94. Joint venture stations include FM 104.7 in Canberra and NX FM in Newcastle.

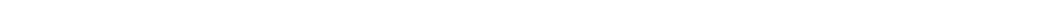
Austereo is listed on the ASX with a market capitalisation of approximately A\$651 million.

Advisers and Counsel to the transaction

SCM Group's financial adviser is Macquarie Capital Advisers Limited, and its legal adviser is Corrs Chambers Westgarth.

Annexure: Implementation Deed and Pre-Bid Agreement

For personal use only



For personal use only

Implementation deed

Austereo Group Limited (Austereo)

Southern Cross Media Group Limited (SCM)

Southern Cross National Network Pty Ltd (Bidder)

MinterEllison

L A W Y E R S

RIALTO TOWERS, 525 COLLINS STREET, MELBOURNE VIC 3000, DX 204 MELBOURNE
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Implementation deed

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Details

Date

Parties

Name **Austereo Group Limited ACN 095 552 060**
Short form name **Austereo**
Notice details **Level 2, 257 Clarendon Street, South Melbourne, Victoria, 3205**
Facsimile: (08) 8301 1875
Attention: Kathy Gramp

Name **Southern Cross Media Group Limited ACN 116 024 536**
Short form name **SCM**
Notice details **Level 2, 70 Park Street, South Melbourne, Victoria, 3205**
Facsimile: +61 3 9922 2199
Attention: Stephen Kelly

Name **Southern Cross National Network Pty Ltd ACN 148 894 231**

Short form name **Bidder**
Notice details **Level 2, 70 Park Street, South Melbourne, Victoria, 3205**
Facsimile: +61 3 9922 2199
Attention: Stephen Kelly

Background

- A Bidder proposes to make an off-market takeover offer in accordance with Chapter 6 of the Corporations Act to acquire all of the Austereo Shares (including all Rights) for cash consideration of \$2.00 or scrip consideration of 0.95 SCM Shares per Austereo Share and, if Bidder has relevant interests in 90% or more of Austereo Shares (whether acquired under the takeover offer or otherwise) and is entitled to proceed to compulsory acquisition, to improve the consideration under the takeover offer by increasing the Consideration by a cash payment of 10 cents for every one Austereo Share regardless of whether an Accepting Shareholder has elected to receive the Scrip Consideration or the Cash Consideration or a mix of both.
- B The parties have agreed to certain matters in relation to the conduct of the Bid as set out in this document.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this document:

Accounting Standard has the meaning given to it by section 9 of the Corporations Act.

ACCC means the Australian Competition and Consumer Commission.

Accepting Shareholder mean an Austereo Shareholder that accepts the Offer in accordance with its terms.

ACMA means the Australian Communications and Media Authority.

Alternative Proposal means an offer or proposal publicly announced by a Third Party or received by Austereo in respect of an actual or potential:

- (a) takeover bid for Austereo;
- (b) transaction involving a change of control of Austereo including by a scheme of arrangement, merger, selective reduction of capital, issue of securities or selective buy-back of shares in relation to Austereo;
- (c) acquisition of all or a substantial part of the business carried on by the Austereo Group, whether directly or indirectly (including by way of joint venture, dual listed company structure or otherwise); or
- (d) other transaction that, if implemented, would prevent implementation of the Bid .

Announcement Date means the date on which SCM publicly releases the SCM Bid Announcement in accordance with clause 2.1.

Approval means that ACMA has stated in writing that it has approved any breach of the BSA arising as a result of the acquisition of Austereo Shares by Bidder, pursuant to section 67 of the BSA, either without conditions or subject only to conditions or requirements that are acceptable to the Bidder and SCM (acting reasonably).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or the financial market operated by ASX Limited ABN 98 008 624 691, as the context requires.

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this document and Austereo was the designated body.

Austereo Bid Announcement means an announcement by Austereo in the form of Schedule 2.

Austereo Board means the board of directors of Austereo.

Austereo Confidentiality Agreement means the confidentiality agreement between Austereo and SCM dated 21 January 2011.

Austereo Director means a director of Austereo.

Austereo Group means Austereo and its Subsidiaries.

Austereo Share means a fully paid ordinary share in Austereo.

Austereo Share Register means the register of members of Austereo maintained by or on behalf of Austereo in accordance with the Corporations Act.

Austereo Shareholder means a person who is registered in the Austereo Share Register as a holder of Austereo Shares.

ASX Settlement Operating Rules means the operating rules of ASX Settlement Pty Limited ACN 008 504 532.

Bid means an off-market takeover offer to be made by Bidder for all Austereo Shares under Chapter 6 of the Corporations Act for the consideration set out in clause 3.1 subject to the defeating conditions comprising the Conditions (and no other defeating conditions) and otherwise in accordance with the terms of this document, as may be varied in accordance with the Corporations Act.

Bidder's Statement means the bidder's statement to be prepared by Bidder in connection with the Bid.

BSA means the *Broadcasting Services Act 1992* (Cth).

Business Day has the meaning given in the Listing Rules.

Cash Consideration has the meaning given to it by clause 3.1(a)(ii) as increased in accordance with clause 3.1(a).

CCA means the *Competition and Consumer Act 2010* (Cth)

Conditions means the conditions set out in Schedule 1.

Confidential Information has the meaning given to it in the SCM Confidentiality Agreement.

Confidentiality Agreements means the SCM Confidentiality Agreement and the Austereo Confidentiality Agreement.

Consideration means the Cash Consideration and the Scrip Consideration.

Corporations Act means the *Corporations Act 2001* (Cth).

Dividend means an interim dividend in respect of Austereo Shares of no more than 5 cents per Austereo Share.

Dividend Record Date means 7.00 pm (Melbourne time) on a date determined by Austereo, being a date no later than 28 February 2011, or such other time or date (or both) agreed by the parties.

EBITDA means earnings before interest, tax, depreciation and amortisation as determined in accordance with the Accounting Standards.

End Date means the earlier of:

- (a) the date on which the Offer Period in respect of the Bid ends; and
- (b) the date 6 months after the date of this deed.

Favourable Conclusions means conclusions of an Independent Expert to the effect that the Offer is fair and reasonable to Austereo Shareholders.

GST has the meaning given in the GST Act.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Indemnified Loss means, in relation to any fact, matter or circumstance, all losses, costs, damages, expenses, penalties and other liabilities arising out of or in connection with that fact,

matter or circumstance and including all legal and other professional expenses on a solicitor-client basis incurred in connection with investigating, disputing, defending or settling any claim, action, demand or proceeding relating to that fact, matter or circumstance (including any claim, action, demand or proceeding based on the terms of this document).

Independent Expert means an independent expert appointed by Austereo.

Independent Expert Report means a report prepared by an Independent Expert in accordance with the Corporations Act and ASIC Regulatory Guides 111 and 112, for inclusion in the Target's Statement and which will report on whether the Offer is fair and reasonable to Austereo Shareholders.

Listing Rules means the official listing rules of ASX.

Offer means the offer to be made by Bidder to all Austereo Shareholders to acquire all the Austereo Shares under the Bid.

Offer Period means the period during which the Offer will remain open for acceptance.

Prescribed Occurrence means any of the following events:

- (a) Austereo converts all or any of its shares into a larger or smaller number of shares;
- (b) Austereo or a Subsidiary of Austereo resolves to reduce its capital in any way;
- (c) Austereo or a Subsidiary of Austereo:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (d) Austereo or a Subsidiary of Austereo issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) Austereo or a Subsidiary of Austereo issues, or agrees to issue, convertible notes;
- (f) Austereo or a Subsidiary of Austereo disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Austereo or a Subsidiary of Austereo charges, or agrees to charge the whole, or a substantial part, of its business or property;
- (h) Austereo or a Subsidiary of Austereo resolves to be wound up;
- (i) a liquidator or provisional liquidator of Austereo or of a Subsidiary of Austereo is appointed;
- (j) a court makes an order for the winding up of Austereo or of a Subsidiary of Austereo;
- (k) an administrator of Austereo or of a Subsidiary of Austereo is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Austereo or a Subsidiary of Austereo executes a deed of company arrangement;
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Austereo or of a Subsidiary of Austereo; or
- (n) revocation, termination or suspension of, or ACMA publicly proposes, or proposes in writing, to revoke or terminate or suspend, any of the licences or permits held by Austereo or a wholly owned Subsidiary of Austereo under the BSA or the Radio Communications Act 1992 (Cth)) which has or could reasonably be expected to have a materially adverse

effect on the operations financial or trading position, profitability or prospects of the Austereo Group or the SCM Group.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act as if sections 609(6) and 609(7) were omitted.

Representatives means, in relation to a party, that party's directors, officers, employees, agents or advisers (including without limitation lawyers, accountants, consultants, bankers, financial advisers and any representatives of those advisers).

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from Austereo Shares directly or indirectly on or after the Announcement Date (including all rights to receive dividends, bonuses or other share of Austereo's profits or capital as well as all rights to receive or apply for shares, stock units, note, bonds, options or other securities and all other distributions or entitlements declared, paid, issued or made by Austereo or any of its Subsidiaries), but excludes the Dividend.

SCM Bid Announcement means an announcement in the form of Schedule 3.

SCM Confidentiality Agreements means the deed between VRL and SCM dated 15 December 2010.

SCM Group means SCM and its Subsidiaries.

SCM Shares means fully paid ordinary shares in the capital of SCM.

Scrip Consideration has the meaning given to it by clause 3.1(a)(i) as increased in accordance with clause 3.1(a).

Subsidiary has the meaning given to that term in section 9 of the Corporations Act.

Superior Proposal means an Alternative Proposal which in the determination of the Austereo Board acting in good faith:

- (a) is reasonably capable of being completed, taking into account both the nature of the Alternative Proposal, the form of consideration proposed and the person or persons making it; and
- (b) in order to satisfy the Austereo Directors' fiduciary or statutory duties would, if completed substantially in accordance with its terms, result in a transaction more favourable to Austereo Shareholders (as a whole) than the Offer, taking into account all the terms of the Alternative Proposal and the timing of completion of the proposal.

Target's Statement means the target's statement to be prepared by Austereo in response to the Bid.

Third Party means a person other than a member of the SCM Group.

Timetable means the indicative timetable set out in Schedule 4 or such other timetable as may be agreed in writing by the parties.

Unconditional means that the Offer and any contracts resulting from the acceptance of the Offer are not subject to any of the Conditions or any other defeating condition.

VRL means Village Roadshow Limited ACN 010 672 054.

1.2 Interpretation

In this document headings and words in bold are for convenience only and do not affect the interpretation of this document and, unless the contrary intention appears:

- For personal use only
- (a) a word importing the singular includes the plural and vice versa, and a word indicating a gender includes every other gender;
 - (b) the word 'including' or any other form of that word is not a word of limitation;
 - (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
 - (d) a reference to a 'person' includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
 - (e) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
 - (f) a reference to a document (including this document) is to that document as varied, novated, ratified or replaced from time to time;
 - (g) a reference to a party, clause, schedule, exhibit, attachment or annexure is a reference to a party, clause, schedule, exhibit, attachment or annexure to or of this document, and a reference to this document includes all schedules, exhibits, attachments and annexures to it;
 - (h) a reference to a statute includes any regulations or other instruments made under it and a reference to a statute or any regulation or other instrument made under it or a provision of any such statute, regulation or instrument includes consolidations, amendments, re enactments and replacements;
 - (i) all payments under this document must be paid by cheque, telegraphic transfer or other electronic means of transfer of cleared funds to an account or accounts nominated by the recipient or in such other manner that the payer and the recipient agree in writing;
 - (j) a reference to '\$' or 'dollar' or 'cents' is to Australian currency;
 - (k) a reference to a Condition being breached includes a reference to a Condition not being, or not being capable of being, satisfied;
 - (l) this document must not be construed adversely to a party just because that party prepared it or caused it to be prepared; and
 - (m) terms defined in the Corporations Act have the meaning given in the Corporations Act, unless otherwise stated.

1.3 Business Day

Except where otherwise expressly provided, where under this document the day on which any act, matter or thing is to be done is a day other than a Business Day, such act matter or thing shall be done on the immediately preceding Business Day.

1.4 Obligations on Bidder

- (a) Where an obligation is expressed to be imposed on Bidder under this document, SCM must procure that Bidder complies with that obligation.
- (b) SCM must also procure that Bidder complies with its obligations under Chapter 6 of the Corporations Act in respect of the Offer.

2. Bid Announcements and Dividend

2.1 ASX Releases

Immediately after the execution of this document:

- (a) SCM must issue the SCM Bid Announcement; and
- (b) Austereo must issue the Austereo Bid Announcement, to the ASX.

2.2 Bidder to make Offer

The Bidder must make the Offer:

- (a) which will be subject to the Conditions;
- (b) in accordance with the terms of the SCM Bid Announcement;
- (c) in accordance with the Corporations Act; and
- (d) so far as reasonably practicable, in accordance with the Timetable.

2.3 Dividend

- (a) SCM agrees and acknowledges that:
 - (i) Austereo on or before 15 February 2011 will announce the Dividend and the Dividend Record Date for determining entitlements of Austereo Shareholders to the Dividend;
 - (ii) Austereo will announce that the Dividend Record Date will be on or before 28 February 2011; and
 - (iii) neither the Cash Consideration nor the Scrip Consideration will vary as a result of the payment of the Dividend.
- (b) SCM:
 - (i) must not declare or cause the Bid to be Unconditional until a date which is after the Dividend Record Date;
 - (ii) covenants in favour of Austereo that the Offer will contain a provision to the effect that Austereo Shareholders as at the Dividend Record Date will be entitled to retain the Dividend if they accept the Offer;
 - (iii) must not vary the provision of its Offer set out in clause 2.3(b)(ii);
 - (iv) must ensure that any offer of SCM Shares by SCM to fund the Offer is structured as a rights issue to SCM shareholders; and
 - (v) must in the period commencing on the date of this deed and ending at the end of the Offer Period, for the purposes of conferring security benefits, set a record date to determine who holds or is taken to hold SCM Shares such that any Accepting Shareholder who has elected to receive the Scrip Consideration will be entitled to receive such security benefits.
- (c) In clause 2.3(b), "conferring security benefits" has the meaning given in regulation 7.11.39(2) of the Corporations Regulations.

3. Bid consideration

3.1 Scrip and Cash consideration

(a) Subject to paragraph (h), the consideration to be provided by the Bidder under the Offer is either:

- (i) 0.95 SCM Shares as increased in accordance with clause 3.1(b) (**Scrip Consideration**); or
- (ii) \$2.00 in cash (**Cash Consideration**);

for every one Austereo Share and, if at any time before the end of the Offer Period the Bidder has relevant interests in 90% or more of Austereo Shares (whether acquired under the Offer or otherwise) and becomes entitled to proceed to compulsory acquisition, the Bidder must immediately increase the Consideration by a cash payment of 10 cents for every one Austereo Share regardless of whether an Accepting Shareholder elects, or has elected, to receive the Scrip Consideration or the Cash Consideration or a mix of the Scrip Consideration and the Cash Consideration.

(b) If, at any time before the end of the Offer Period, SCM announces, determines or declares a dividend of greater than 7 cents per SCM Share then the Scrip Consideration must be increased in accordance with the following formula:

$$A = B / (C-D)$$

where:

A = new Scrip Consideration exchange ratio (rounded to two decimal places)

B = \$2.00

C = \$2.18

D = cash amount of SCM dividend announced, determined or declared per SCM Share.

(c) An Accepting Shareholder who elects to receive Scrip Consideration will not be entitled to receive any dividend declared or paid by SCM with a record date before the date of issue of the Scrip Consideration to such Accepting Shareholder.

(d) If an Accepting Shareholder would otherwise be entitled to a fraction of a SCM Share (after any scaleback in accordance with paragraph (h)), any such fractional entitlement will be rounded up to the nearest whole number of SCM Shares (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).

(e) The Offer is to be subject to a statutory condition that:

- (i) an application is to be made to ASX within seven days of the start of the Offer Period for admission to official quotation by ASX of the SCM Shares to be issued under the Offer; and
- (ii) permission for admission to official quotation by ASX of the SCM Shares to be issued under the Offers which are accepted is granted no later than seven days after the end of the Offer Period,

(and, in accordance with the Corporations Act, this condition is not to be a defeating condition and the Offer cannot be freed of such condition).

(f) Subject to paragraph (h), Accepting Shareholders may elect to receive either the:

- (i) the Scrip Consideration;

- (ii) the Cash Consideration, or
 - (iii) a mix of Scrip Consideration and Cash Consideration
- for all of their Austereo Shares.

- (g) In the absence of a valid election, Accepting Shareholders will be deemed to have elected to receive the Cash Consideration.
- (h) The Scrip Consideration will be subject to a cap of 47.5% by number of all Austereo Shares, such that if holders of more than 47.5% of Austereo Shares elect (either through their acceptance of their Offer or through any compulsory acquisition process) to accept the Scrip Consideration, the Scrip Consideration will be scaled back on a pro rata basis.

3.2 Payment of Bid consideration

Subject to the Offer being or becoming Unconditional and it being determined from the acceptances received by Bidder that holders of more than 52.5% of Austereo Shares have elected to receive the Cash Consideration, the Bidder must make an announcement that it will provide the Cash Consideration or Scrip Consideration (as applicable) to an Accepting Shareholder:

- (a) if the Offer is or was Unconditional at the time the Accepting Shareholder accepts or accepted the Offer, within 7 days of the Accepting Shareholder accepting the Offer; or
- (b) if the Offer was not Unconditional at the time the Accepting Shareholder accepted the Offer, within 7 days of the Offer becoming Unconditional.

4. Conditions and variations

4.1 Austereo obligations

Austereo must:

- (a) use best endeavours to satisfy the Conditions as soon as possible;
- (b) use best endeavours not to do (or omit to do) anything which will, or is likely to, result in any of the Conditions being breached;
- (c) if a fact, matter or circumstance occurs or arises of which Austereo is or becomes aware and which would cause any of the Conditions to be breached, immediately notify the Bidder of the fact, matter or circumstance; and
- (d) provide on a timely basis all reasonable assistance to the Bidder, and provide all information reasonably requested by the Bidder, in order to assist the Bidder to achieve the satisfaction of the Conditions as soon as possible.

4.2 SCM obligations - general

SCM and the Bidder must:

- (a) use best endeavours to satisfy the Conditions as soon as possible (provided that, subject to clauses 4.3 and 4.4, in no case will SCM be required to agree to conditions or undertakings which are unreasonable);
- (b) use best endeavours not to do (or omit to do) anything which will, or is likely to, result in any of the Conditions being breached;
- (c) if a fact, matter or circumstance occurs or arises of which SCM, or the Bidder, is or becomes aware and which would cause any of the Conditions to be breached, immediately notify Austereo of the fact, matter or circumstance; and

- (d) provide on a timely basis all reasonable assistance to Austereo, and provide all information reasonably requested by Austereo, in order to assist Austereo to achieve the satisfaction of the Conditions as soon as possible.

4.3 ACCC

- (a) SCM must use its best endeavours to satisfy the Condition in paragraph 2 of Schedule 1 provided that (other than any divestments which SCM is required to make pursuant to clause 4.4(d)) in no case will SCM be required to agree to divestments of assets which contribute EBITDA of more than \$2 million per annum to Austereo or SCM.
- (b) Without limitation to SCM's obligation in clause 4.3(a):
- (i) SCM must prepare and file a confidential application to satisfy the condition set out in paragraph 2 of Schedule 1 with the ACCC, together with all necessary and appropriate information, as soon as practicable after signing this deed.
- (ii) SCM must:
- (A) engage in prior consultation with Austereo as to the content of any written or oral communication with the ACCC;
- (B) promptly provide Austereo with a final draft of all substantive submissions, notifications, filings and other material communications to the ACCC in connection with the Bid (ACCC Filings) at such time as will allow Austereo (or its advisers) a reasonable opportunity to provide any comments it may have and for SCM to take account of those comments on the relevant draft documents prior to their submission to the ACCC;
- (C) promptly provide to Austereo copies of all ACCC Filings in the form submitted or sent except that it may exclude any confidential information it owns which is commercially sensitive; and
- (D) promptly provide copies of any expert or third party reports commissioned or obtained by SCM in connection with its application to the ACCC for the purposes of satisfying the Condition in paragraph 2 of Schedule 1.
- (iii) SCM agrees to:
- (A) give Austereo reasonable notice of any meetings or material phone calls proposed to be held between the ACCC and SCM, or its advisers; and
- (B) promptly provide an accurate summary of any meetings or material oral communication between SCM and the ACCC to which a representative of Austereo is not present and provide copies of any written communication received by SCM from the ACCC.
- (iv) SCM agrees to offer to the ACCC any undertakings and to offer to agree to such conditions that are reasonably likely to facilitate SCM satisfying the Condition in paragraph 2 of Schedule 1 provided that (other than any divestments which SCM is required to make pursuant to clause 4.4(d)) in no case will SCM be required to agree to divestments of assets which contribute EBITDA of more than \$2 million per annum to Austereo or SCM.
- (c) Austereo will treat all correspondence received under this clause (in draft or final) as confidential to SCM.

4.4 ACMA

- (a) SCM must make a confidential application to ACMA for Approval in accordance with requirements of the BSA as soon as practicable after signing this deed and take all necessary and appropriate steps to obtain that approval.
- (b) SCM must:
- (i) engage in prior consultation with Austereo as to any written or oral communication with ACMA;
 - (ii) promptly provide Austereo with a final draft of the section 67 application (**s67 Application**) and all applications, notifications and other communications to ACMA (**ACMA Filings**) at such time as will allow Austereo (or its advisers) a reasonable opportunity to provide any comments it may have and for SCM to have regard to those comments prior to the lodgement of the relevant draft document to ACMA;
 - (iii) promptly provide to Austereo copies of all ACMA Filings in the form submitted or sent, and any other information that is requested by the ACMA in connection with Bid, in the form provided to the ACMA except that it may exclude any confidential information it owns which is commercially sensitive;
 - (iv) promptly provide copies of any expert or third party reports commissioned or obtained by SCM in connection with its application for Approval; and
 - (v) if any material change is proposed to be made to the s67 Application after it is lodged, SCM will consult with Austereo before making such change.
- (c) SCM agrees to:
- (i) give Austereo reasonable notice of any meetings or material phone calls proposed to be held between ACMA and SCM, or its advisers;
 - (ii) allow Austereo and any of its advisers to participate in the meetings or material telephone calls and to make oral submissions at Austereo's request and subject to ACMA's agreement; and
 - (iii) promptly provide an accurate summary of any oral communication between SCM and ACMA to which a representative of Austereo is not present and provide copies of any written communication received by SCM from ACMA.
- (d) SCM agrees to offer to ACMA any undertakings and to offer to agree to such conditions that are reasonably likely to facilitate SCM obtaining approval from ACMA in a timely manner including the divestment of radio stations.
- (e) Austereo will treat all correspondence received under this clause (in draft or final) as confidential to SCM.

4.5 Declaring free or unconditional

Subject to clause 2.3 and the Corporations Act, the Bidder may at any time in its absolute discretion (but is not obliged to) declare the Bid to be free from any Condition or waive any such Condition, or declare the Bid Unconditional, on such terms (if any) as it may determine.

4.6 Variations

Subject to clause 2.3, the Bidder may vary the terms and conditions of the Offer, or extend the Offer, in any manner which is permitted by the Corporations Act.

4.7 Conduct of business by Austereo

Until the end of the day which is three Business Days after the end of the Offer Period, Austereo must conduct, and must procure that each of its Subsidiaries conducts, its business in the ordinary course in all material respects, consistent with past practice.

5. Bidder's Statement

5.1 Lodgement with ASIC and despatch

The Bidder must:

- (a) subject to clause 5.1(b), use its reasonable endeavours to lodge with ASIC, and serve on Austereo, a copy of the Bidder's Statement in accordance with the Timetable;
- (b) prepare the Bidder's Statement in compliance with the Corporations Act;
- (c) send the Bidder's Statement and Offer (with an initial Offer Period of not more than 8 weeks subject to the right of extension in accordance with the Corporations Act) to each Austereo Shareholder pursuant to item 6 of the table in section 633(1) of the Corporations Act and must use its reasonable endeavours to send these documents to each Austereo Shareholder as soon as reasonably practicable after it is lodged with ASIC; and
- (d) make an application for admission to quotation on ASX of the Scrip Consideration within 7 days after the start of the bid period in respect of the Offer in accordance with section 625(3) of the Corporations Act and use reasonable endeavours to ensure that the admission to quotation is granted no later than 7 days after the end of the bid period.

5.2 Austereo assistance

Austereo:

- (a) must provide on a timely basis any assistance and information reasonably requested by the Bidder to enable the Bidder to prepare and finalise the Bidder's Statement; and
- (b) confirms that the Austereo Directors have agreed that for purposes of item 6 of the table in section 633(1) of the Corporations Act, the Bidder may send the Bidder's Statement and Offer to Austereo Shareholders on the same date on which the Bidder sends a copy of the Bidder's Statement to Austereo in accordance with item 3 of the table in section 633(1) of the Corporations Act (or such later date as Bidder chooses).

5.3 Bidder's undertaking

Bidder undertakes to Austereo to comply with Rule 14.13.3 of the ASX Settlement Operating Rules in respect of any HIN or SRN of any Austereo Shareholder disclosed by Austereo to the Bidder as provided in clause 6.1(d).

6. Target's Statement

6.1 Preparation and contents

Austereo must:

- (a) subject to clause 6.1(b):
 - (i) use reasonable endeavours to lodge with ASIC, and serve on the Bidder, a copy of the Target's Statement in accordance with the Timetable; and
 - (ii) use reasonable endeavours to send the Target's Statement to Austereo Shareholders in accordance with the Timetable and item 12 of the table in section 633(1) of the Corporations Act;

- (b) prepare the Target's Statement in compliance with the Corporations Act;
- (c) ensure that the Target's Statement contains prominent statements (including on the front cover) to the effect that:
- (i) the Austereo Directors unanimously recommend that Austereo Shareholders accept the Offer in the absence of a Superior Proposal; and
 - (ii) each of the Austereo Directors intends to accept the Offer in respect of the Austereo Shares held by them or in which they otherwise have a beneficial interest, in the absence of a Superior Proposal; and
- (d) give Bidder all information about the Austereo Share Register as required by section 641(1) of the Corporations Act and Rule 14.13.1 of the ASX Settlement Operating Rules, correct as at the time requested by Bidder and in the form reasonably requested by Bidder, by the close of business on the second day after it is requested by Bidder.

6.2 Bidder assistance

Bidder must provide on a timely basis any assistance and information reasonably requested by Austereo to enable Austereo to prepare and finalise the Target's Statement.

6.3 Target assistance

Target must provide on a timely basis any assistance and information reasonably requested by Bidder to enable Bidder to prepare and finalise the Bidder's Statement.

7. Recommendation

7.1 Austereo Directors' recommendation

Unless a Superior Proposal is made which the Austereo Directors recommend to Austereo Shareholders, the Austereo Directors must, and Austereo must procure the Austereo Directors to, unanimously recommend that Austereo Shareholders accept the Offers made under the Bid .

7.2 Austereo Directors' intentions

Unless a Superior Proposal is made which the Austereo Directors recommend to Austereo Shareholders, Austereo must use all reasonable endeavours to procure that each Austereo Director announces their intention to accept the Offers made under the Bid in respect of each Austereo Share held by them or in which they otherwise have a beneficial interest.

8. Notification of approaches

- (a) Subject to clause 8(b), Austereo must inform SCM and Bidder in writing of any written proposal made to Austereo with respect to any Alternative Proposal.
- (b) Austereo's obligations under clause 8(a) do not apply to the extent such action would in an Austereo Director's reasonable opinion be likely to constitute a breach of an Austereo Director's fiduciary or statutory duties (or could reasonably lead to a contravention of law).

9. Independent Expert Report

Despite clauses 6.1(c), 7.1 and 7.2, if Austereo engages an Independent Expert the Austereo Board or any director of Austereo can change their recommendation or the statement of their intention to accept the Offer for their own Austereo Shares (or both) if the Independent Expert's Report does not contain Favourable Conclusions.

10. Liability of Austereo directors, officers and employees

- (a) SCM and the Bidder each release their rights against, and will not make any claim against any past or present director, officer or employee of the Austereo Group in relation to information provided to it or in relation to their execution or delivery of this deed except to the extent the past or present director, officer or employee has acted in bad faith or fraudulently or has intentionally engaged in misleading or deceptive conduct.
- (b) Austereo holds the benefit of the releases in clause 10(a) as trustee for its past or present directors, officers and employees.

11. Termination

11.1 Termination by SCM

SCM may terminate this document at any time by notice in writing to Austereo if:

- (a) Austereo is in breach of any clause of this document (including any representation or warranty), which breach is material in the context of the Bid;
- (b) SCM has given notice to Austereo setting out details of the material breach and stating an intention to terminate this document; and
- (c) the material breach has not been remedied by Austereo within 5 Business Days from the time such notice is given.

11.2 Termination by Austereo

Austereo may terminate this document at any time by notice in writing to SCM if:

- (a) SCM is in breach of any clause of this document (including any representation or warranty), which breach is material in the context of the Bid;
- (b) Austereo has given notice to SCM setting out details of the material breach and stating an intention to terminate this document; and
- (c) the material breach has not been remedied by SCM within 5 Business Days from the time such notice is given.

11.3 Termination by either party

Either Austereo or SCM may terminate this document at any time by notice in writing to the other party if:

- (a) Bidder withdraws the Offer for any reason including due to non-satisfaction of a Condition;
- (b) a Superior Proposal is made and the Austereo Directors recommend that Superior Proposal to Austereo; or
- (c) if Austereo appoints an Independent Expert, the Independent Expert's Report does not contain Favourable Conclusions.

11.4 Automatic termination

This document automatically terminates on the End Date.

11.5 Effect of termination

Termination of this document will not affect:

- (a) clauses 1, 12, 13, 15, 17, 18 and this clause 11, which will survive termination; and

- (b) any liability of a party arising under or for any breach of this document prior to its termination,

but in all other respects, all future obligations of the parties under this deed will immediately terminate and be of no further force or effect, including any further obligations in respect of the Bid.

12. Confidentiality

12.1 Confidentiality agreements

- (a) SCM agrees that:
- (i) it continues to be bound by the SCM Confidentiality Agreement after the date of this document; and
 - (ii) the existence and content of this document:
 - (A) constitute Confidential Information for the purposes of the SCM Confidentiality Agreement; and
 - (B) may be disclosed only as permitted by this clause 12.
- (b) Austereo agrees that:
- (i) it continues to be bound by the Austereo Confidentiality Agreement after the date of this document; and
 - (ii) the existence and content of this document constitute confidential information and may be disclosed only as permitted by this clause 12.

12.2 Exceptions

Notwithstanding any provision of the Confidentiality Agreements, a party may disclose the existence or contents of this document:

- (a) in the SCM Bid Announcement or Austereo Bid Announcement;
- (b) if disclosure is made by way of a written announcement the terms of which have been agreed in writing by the parties prior to the making of the announcement; or
- (c) to the extent required by law, the rules of a recognised stock or securities exchange or guidance published by the Takeovers Panel (provided the disclosing party consults with the other party as to the form and content of any proposed disclosure and uses its best endeavours to minimise the extent of such disclosure).

12.3 Disclosure in the Bidder's Statement or Target's Statement

For the avoidance of doubt, disclosure of the existence or contents of this document in the Bidder's Statement or Target's Statement is subject to the requirements of clause 12.2(c).

13. Representations and warranties

13.1 Austereo representations and warranties

Austereo makes the following warranties to Bidder:

- (a) it is a corporation validly existing under the laws of Australia;
- (b) the execution and delivery of this document has been properly authorised by all necessary corporate action of Austereo;

- For personal use only
- (c) Austereo has full corporate power and lawful authority to execute and deliver this document and to consummate and perform or cause to be performed by its obligations under this document;
 - (d) this document does not conflict with or result in the breach of or default under any provision of Austereo's constitution or any material term of any agreement, or any writ, order or injunction, judgement, law, rule or regulation to which it is party or a subject or by which it is bound; and
 - (e) Austereo's issued securities as at the date of this document are 344,783,708 Austereo Shares and neither it nor any of its Subsidiaries is under any obligation to issue any shares or securities convertible into shares to any person and, except as specified above, no option exists nor is Austereo or any of its Subsidiaries subject to any accrual or contingent obligation to issue or convert securities.

13.2 Bidder representations and warranties

Bidder makes the following warranties to Austereo.

- (a) it is a corporation validly existing under the laws of Australia;
- (b) the execution and delivery of this document has been properly authorised by all necessary corporate action of Bidder;
- (c) Bidder has full corporate power and lawful authority to execute and deliver this document and to consummate and perform or cause to be performed by its obligations under this document;
- (d) this document does not conflict with or result in the breach of or default under any provision of Bidder's constitution or any material term of any agreement or any writ, order or injunction, judgement, law, rule or regulation to which it is party or a subject or by which it is bound; and
- (e) the SCM Group has sufficient committed financing available to it to fund the Offer to acquire all Austereo Shares under the Bid.

13.3 Reliance by parties

Each party (representor) acknowledges that in entering into this document the other party has relied on the representations provided by the representor under this clause 13. The representations provided by the representor are not extinguished or affected by any investigation made by or on behalf of the other party into the affairs or business of the representor or its Subsidiaries.

13.4 Survival of representations

The representations provided by each party under this clause 13:

- (a) are severable;
- (b) survive the termination of this document; and
- (c) are given with the intent that liability under them is not confined to breaches of them discovered prior to the date of termination of this document.

14. Payments

14.1 Direction

Any reference in this deed to a payment to any party includes payment to another person at the direction of that party.

14.2 Method of payment

Payment of any amount due under this deed by any party must be made by the paying party to the recipient party by:

- (a) electronic funds transfer to an account with an Australian bank specified by the recipient party to the paying party at least 3 Business Days before the due date for payment and confirmed by the paying party to the recipient party by notice; or
- (b) otherwise, unendorsed bank cheque drawn on an Australian bank or other immediately available funds.

14.3 No deduction

Any payment to be made under this deed must be made free and clear of any deduction or withholding, except where that deduction or withholding is required or compelled by law.

15. Notices

15.1 How notice to be given

Each communication (including each notice, consent, approval, request and demand) under or in connection with this deed:

- (a) may be given by personal service, post or facsimile;
- (b) must be in writing;
- (c) must be addressed as per the notice details under the heading 'Parties' in this document (or as otherwise notified by that party to each other party from time to time);
- (d) (in the case of personal service, post or facsimile) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;
- (e) must be delivered by hand or posted by prepaid post to the address, sent by fax to the number, of the addressee, in accordance with clause 15.1(c).

15.2 When notice taken to be received

Each communication (including each notice, consent, approval, request and demand) under or in connection with this deed is taken to be received by the addressee:

- (a) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
- (b) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;
- (c) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent; and
- (d) (in the case of delivery by hand) on delivery;

but if the communication would otherwise be taken to be received on a day that is not a working day or after 5.00 pm, it is taken to be received at 9.00 am on the next working day ('working day' meaning a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally, in the place to which the communication is posted, sent or delivered).

16. Entire agreement

This deed and the Confidentiality Agreements constitute the entire agreement between the parties in relation to its subject matter and supersedes all previous agreements and understandings between the parties in relation to its subject matter.

17. General

17.1 Amendments

This deed may only be varied by a document signed by or on behalf of each party.

17.2 Assignment

A party cannot assign or otherwise transfer any of its rights under this deed without the prior consent of each other party.

17.3 Consents

Unless this deed expressly provides otherwise, a consent under this deed may be given or withheld in the absolute discretion of the party entitled to give the consent and to be effective must be given in writing.

17.4 Costs

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with negotiating, preparing, executing and performing this deed.

17.5 Counterparts

This deed may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes an original of this deed, and all together constitute one deed.

17.6 Further acts and documents

Each party must promptly do all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by another party to give effect to this deed.

17.7 No merger

A party's rights and obligations do not merge on completion of any transaction under this deed.

17.8 Severance

If any provision or part of a provision of this deed is held or found to be void, invalid or otherwise unenforceable (whether in respect of a particular party or generally), it will be deemed to be severed to the extent that it is void or to the extent of violability, invalidity or unenforceability, but the remainder of that provision will remain in full force and effect.

17.9 Stamp duties

Bidder:

- (a) must pay all stamp duties and any related fines and penalties in respect of this deed, the performance of this deed and each transaction effected by or made under this deed;
- (b) must pay to Austereo on demand the amount of any Indemnified Loss suffered or incurred by Austereo arising out of or in connection with any failure to comply with clause 17.9(a); and
- (c) is authorised to apply for and retain the proceeds of any refund due in respect of stamp duty paid under this clause.

17.10 Waivers

Without limiting any other provision of this deed, the parties agree that:

- (a) failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, a right, power or remedy provided by law or under this deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed;
- (b) a waiver given by a party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party; and
- (c) no waiver of a breach of a term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.

18. Governing law and jurisdiction

18.1 Governing law

This deed is governed by the law applying in Victoria.

18.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non exclusive jurisdiction of the courts of Victoria, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this deed; and
- (b) waives any objection it may have now or in the future to the venue of any proceedings, and any claim it may have now or in the future that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 18.2(a).

Schedule 1 - Conditions

The Offer will be subject to defeating conditions substantially as set out below and no other defeating conditions.

1. Minimum acceptance

At the end of the Offer Period, the Bidder and its Associates together have a Relevant Interest in at least 50.1% (by number) of the Austereo Shares.

2. ACCC

Before the end of the Offer Period:

- (a) the ACCC indicates in writing to the Bidder or by public statement that it does not propose to intervene in the acquisition of Austereo Shares by the Bidder pursuant to section 50 of the CCA; or
- (b) the ACCC indicates in writing to Bidder or by public statement that it does not propose to intervene in the acquisition of Austereo Shares by the Bidder pursuant to section 50 of the CCA, subject to the provision of written undertakings to the ACCC which are acceptable to the Bidder and SCM (acting reasonably).

3. ACMA

The Bidder has obtained Approval from the ACMA in relation to the acquisition of the Austereo Shares contemplated by the Offer.

4. Prescribed Occurrences

Before the end of the Offer Period, no Prescribed Occurrence happens.

5. No further dividends, distributions or redemptions

Between the Announcement Date and the end of the Offer Period no member of the Austereo Group announces an intention to pay, declares or pays a dividend or any other form of distribution of profits or capital other than:

- (a) the Dividend;
- (b) the declaration and/or payment by any Subsidiary of Austereo of a dividend where the only recipient of that dividend is Austereo or a wholly-owned Subsidiary of Austereo; or
- (c) a dividend or other distribution to be made by Austereo which is approved in writing by SCM.

6. No material acquisitions, disposals or new commitments

Between the Announcement Date and the end of the Offer Period, (other than disclosed in writing to SCM or the Bidder prior to the Announcement Date) neither Austereo nor any of its Subsidiaries:

- (a) acquires, offers to acquire, agrees to acquire or announces a bid or tenders for, one or more companies, businesses or assets (or any legal, beneficial or economic interest or

right in one or more companies, businesses, property or assets) the total consideration for which, or the value of which, in aggregate, exceeds \$5 million or makes an announcement in relation to such an acquisition, offer, agreement, bid or tender;

- (b) disposes of, offers to dispose of, or agrees to dispose of one or more companies, businesses, properties or assets or any legal, beneficial or economic interest or right in anyone or more companies, businesses, properties or assets for an amount, or in respect of which the book value (as recorded in Austereo's statement of financial position as at 30 June 2010) is, in aggregate, greater than \$5 million or makes any announcement in relation to such a disposition, offer or agreement;
- (c) enters into, or offers to enter into, any agreement, joint venture, partnership, management agreement, arrangement or commitment which would require expenditure other than in the ordinary course of business, or the foregoing of revenue, by Austereo and/or its Subsidiaries of an amount or value which, in aggregate, exceeds \$2 million per annum (in respect of each separate agreement, joint venture, partnership, management agreement, arrangement or commitment) or makes an announcement in relation to such an entry, offer or agreement;
- (d) enters into any talent contract with a person not currently employed by or contracted to a member of the Austereo Group for a total remuneration of \$1 million or more per person per annum;
- (e) terminates without cause any talent contract with a person currently employed by or contracted to a member of the Austereo Group with a total remuneration of \$1 million or more per person per annum; or
- (f) in respect of any talent contract with a person currently employed by or contracted to a member of the Austereo Group, increasing the amount of remuneration of the person by \$750,000 or more per annum.

This condition does not apply to any transaction or arrangement or proposed transaction or arrangement publicly announced by Austereo before the Announcement Date.

7. Other events

Between the Announcement Date and the end of the Offer Period:

- (a) Austereo does not write down the value of the Austereo Group's assets (as stated in Austereo's annual report for the year ended 30 June 2010 (**Annual Report**)); and
- (b) Austereo does not change its accounting policies as stated in the Annual Report, that (individually or in aggregate) has or could reasonably be expected to have a materially adverse effect on the assets, liabilities (whether actual or contingent), financial or trading position, profitability (before or after tax) or prospects of the Austereo Group.

Schedule 2 - Austereo Bid Announcement

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Schedule 3 - SCM Bid Announcement

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Schedule 4 Timetable

Announcement Date	31 January 2011
Announcement of Dividend	on or before 15 February 2011
Last date for Dividend Record Date	28 February 2011
Lodgement of Bidder's Statement	28 February 2011
Dispatch of Bidder's Statement and commencement of Offer Period	3 March 2011
Lodgement and dispatch of Target's Statement	10 March 2011



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31 January 2011

Village Roadshow Limited
ACN 010 672 054
Level 1, 500 Chapel Street
SOUTH YARRA VIC 3141
**Attention: Directors of
Village Roadshow Limited**

Dear Directors of Village Roadshow Limited

Pre-Bid Agreement – Austereo Group Limited (Austereo)

Southern Cross Media Group Limited (**SCM**) or its wholly-owned subsidiary proposes to make an off-market bid under Chapter 6 of the Corporations Act to acquire all of the Austereo Shares. The material terms and conditions of the Offer are set out in Annexure 1.

Village Roadshow Limited (**Shareholder**) is the registered holder of 181,093,856 Austereo Shares, representing approximately 52.5% of the issued capital of Austereo. For the avoidance of doubt, and without limiting clause 8, this agreement does not create any obligations with respect to any Austereo Shares or interests in Austereo Shares that the Shareholder has or may have at any time other than the Call Option Shares.

In consideration of the payment by SCM of A\$100 to the Shareholder (receipt of which is acknowledged on execution of this agreement) and the various promises in this agreement, the parties agree as set out below.

Capitalised terms in this agreement have the meaning given in clause 22.2.

1. Grant of Call Option

The Shareholder hereby grants SCM an irrevocable option to purchase all (but not some) of the Call Option Shares from the Shareholder for the Exercise Price per Call Option Share free of Encumbrances and otherwise on the terms set out in this agreement.

2. Exercise of Call Option

2.1 SCM may exercise the Call Option once by giving to the Shareholder a duly completed Exercise Notice during the period (**Call Option Period**):

(a) commencing on the day being the earliest of:



- (i) the day on which all of the conditions to the Offer (other than the minimum acceptance condition) have been fulfilled or the Offer has been declared by SCM (or its wholly-owned subsidiary) to be free of all such conditions (including or excluding the minimum acceptance condition); and
- (ii) the first day on which a Competing Bid is capable of acceptance by the Shareholder for its Austereo Shares other than the Call Option Shares; and

(b) ending on the End Date.

2.2 SCM agrees that it will not exercise the Call Option at any time during the Call Option Period which would result in SCM or its Nominee becoming the registered holder of the Call Option Shares prior to the record date for any interim dividend declared to be paid by Austereo.

2.3 SCM may exercise the Call Option and create a contract for the sale and purchase of the Call Option Shares between the Shareholder and:

- (a) itself; or
- (b) by duly completing the relevant part of the Exercise Notice, a Nominee.

2.4 If SCM does not exercise the Call Option during the Call Option Period in accordance with clause 2.1 then the Call Option will automatically lapse at 7pm on the End Date.

2.5 If the Call Option lapses then, without prejudice to the rights of the parties already existing under this agreement:

- (a) the Shareholder may sell, transfer or otherwise dispose of the Call Option Shares (including by accepting a Competing Bid); and
- (b) this agreement automatically terminates.

3. Shareholder may accept the Offer

Without limiting clause 5.1(b) and regardless of whether SCM exercises the Call Option by giving an Exercise Notice, the Shareholder may accept the Offer for all of the Call Option Shares and if the Shareholder does so then it must elect to receive cash consideration in respect of the Call Option Shares.

4. Completion of the acquisition of the Call Option Shares

4.1 Unless the Shareholder has accepted the Offer for the Call Option Shares in accordance with clause 3, completion of the sale and purchase of the Call Option Shares must occur at the Melbourne office of Allens Arthur Robinson at 4.00pm on the Business Day being two Business Days after SCM gives an Exercise Notice to the Shareholder under clause 2.1.

4.2 At completion of the sale and purchase of the Call Option Shares:

- (a) the Shareholder must transfer the Call Option Shares to SCM free of all Encumbrances and, to that end, must deliver to SCM or the Nominee (as applicable) all relevant CHESS details for the Call Option Shares to be delivered by the Shareholder to SCM including:
 - (i) if the Call Option Shares are on an Issuer Sponsored Sub-Register, a copy of the Shareholder's holding statement showing the holding of those shares and its SRN; or
 - (ii) if the Call Option Shares are on a CHESS Sub-Register, the Shareholder's HIN and the Shareholder's written instructions to its Sponsoring Participant to deliver those shares to SCM or the Nominee (as applicable),



and do anything else reasonably required by SCM to effect the transfer to SCM or the Nominee (as applicable) of the legal and beneficial ownership of the Call Option Shares (including directing any nominee, custodian or other registered holder in relation to the Call Option Shares) and delivering all documents (including a document which is, or documents which are, a sufficient transfer of the Call Option Shares under Part 7.11 of the Corporations Act and the Corporations Regulations); and

- (b) SCM (or the Nominee) must pay to the Shareholder, by electronic funds transfer to an account nominated by the Shareholder, an amount equal to the Exercise Price multiplied by the number of Call Option Shares.

4.3 The Call Option will lapse and this agreement will terminate at 7pm on the End Date if it has not been exercised before then.

5. Restriction on dealing in Call Option Shares

5.1 The Shareholder undertakes that it will not, from the date of this agreement until 7pm on the End Date (other than with the written consent of SCM) sell, transfer, Encumber or otherwise dispose of any of the Call Option Shares other than:

- (a) pursuant to the Call Option; or
- (b) by accepting the Offer.

5.2 Nothing in this agreement restricts the Shareholder's ability to exercise voting rights attaching to any Call Option Shares in the Shareholder's absolute discretion before the Call Option is completed in respect of the Call Option Shares.

6. Announcement of Offer

SCM must announce the Offer on terms and conditions no less favourable to offerees than those set out in Annexure 1 immediately upon execution of this agreement (**Announcement**).

7. The Offer

7.1 The material terms and conditions of the Offer are set out in Annexure 1.

7.2 SCM may, subject to the Corporations Act:

- (a) vary the terms and conditions of the Offer in any manner permitted by law; and
- (b) vary or waive any condition in the Offer, declare the Offer unconditional or extend it at any time.

7.3 SCM must dispatch Offers to Austereo Shareholders within 2 months after the date of the Announcement in accordance with section 631 of the Corporations Act (or any such later date as is permitted by ASIC or the Takeovers Panel).

8. Voting or acceptance in relation to the Austereo Shares other than the Call Option Shares

The parties agree that nothing in this agreement restricts, or will be taken to restrict, the ability of the Shareholder to:

- (a) sell, dispose of, Encumber, or otherwise deal with, or enter into negotiations in relation to, its Austereo Shares other than the Call Option Shares, or agree to do any of those things, prior to or after the exercise of the Call Option; or



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- (b) exercise the votes attaching to its Austereo Shares other than the Call Option Shares in the Shareholder's absolute discretion, including to vote for or against any resolution proposed by or in relation to Austereo (for example, any resolution in relation to the Offer, any Competing Bid or any other proposed takeover bid or scheme), prior to or after the exercise of the Call Option.

9. Warranties

9.1 The Shareholder represents and warrants to SCM that:

- (a) the Shareholder is the registered holder and beneficial owner of all of the Call Option Shares and the Call Option Shares are fully paid;
- (b) as at the date of this agreement, the Shareholder is the registered holder and beneficial owner of 181,093,856 Austereo Shares and such shares are fully paid;
- (c) it is entitled to, and at completion under clause 4.1 or on acceptance of the Offer in respect of the Call Option Shares (whichever may be applicable) will be entitled to, sell and transfer full ownership in the Call Option Shares and at completion under clause 4.1 or on acceptance of the Offer in respect of the Call Option Shares (whichever may be applicable) there will be no Encumbrances or other third party interests over or affecting the Call Option Shares;
- (d) it has the power and lawful authority to enter into and perform this agreement and this agreement constitutes a legal, valid and binding obligation on the Shareholder, enforceable in accordance with its terms;
- (e) no approvals are required to be obtained by virtue of a law, rule or regulation or the rules of any stock exchange applicable to it or its constitution or of any relevant governmental or regulatory authority, in order to permit it to undertake its obligations under this agreement;
- (f) the entry into and the performance by it of this agreement does not and will not violate, breach or result in a contravention of its constitution or other constituent documents;
- (g) the right of SCM to exercise the Call Option is not affected by any illegality, irregularity or defect in or in respect of the issue of the Call Option Shares or by any circumstances within the knowledge, power or control of the Shareholder rendering unenforceable, void, unlawful or invalid a transfer of any Call Option Share by the Shareholder to SCM (or any Nominee); and
- (h) the right of SCM, or if a Nominee has been nominated, the Nominee, to buy the Call Option Shares and receive a transfer of the Call Option Shares is not affected by any circumstances within the knowledge, power or control of the Shareholder rendering unenforceable, void, unlawful or invalid a transfer of any Call Option Share by the Shareholder to SCM (or any Nominee).

9.2 SCM represents and warrants to the Shareholder that:

- (a) it has the power and lawful authority to enter into and perform this agreement and this agreement constitutes a legal, valid and binding obligation on SCM, enforceable in accordance with its terms; and
- (b) no approvals are required to be obtained by virtue of a law, rule or regulation or the rules of any stock exchange applicable to it or its constitution or of any relevant governmental or regulatory authority, in order to permit it to undertake its obligations under this agreement.



9.3 This clause 9 survives termination or expiry of this agreement and the representations and warranties given in this clause 9 are repeated at completion of the sale and purchase of the Call Option Shares.

10. Termination

10.1 A party may terminate this agreement (without affecting accrued rights or liabilities) immediately if any of the following applies:

- (a) SCM (or its wholly-owned subsidiary) does not issue an announcement of an Offer on terms and conditions no less favourable to offerees than those set out in Annexure 1 immediately upon execution of this agreement; or
- (b) SCM (or its wholly-owned subsidiary) does not dispatch Offers to Austereo Shareholders within two months after the date of the Announcement in accordance with section 631 of the Corporations Act (or any later period permitted by ASIC or the Takeovers Panel).

10.2 The Shareholder may terminate this agreement (without affecting accrued rights or liabilities) immediately if:

- (a) having issued the Exercise Notice, SCM (or its Nominee) does not complete the purchase of the Call Option Shares in accordance with clause 4; or
- (b) the Shareholder accepts the Offer for the number of Austereo Shares equal to or greater than the number of Call Option Shares.

10.3 SCM may terminate this agreement (without affecting accrued rights or liabilities) at any time and in its absolute discretion by notice in writing to the Shareholder.

10.4 Clause 14 survives the termination of this agreement.

11. Notices

11.1 A notice, demand, consent, approval or communication under this agreement (**Notice**) must be:

- (a) In writing, in English and signed by a person duly authorised by the sender; and
- (b) Hand delivered or sent by prepaid post or facsimile to the recipient's address for Notices specified below, as varied by any Notice given by the recipient to the sender:

SCM

Address: Level 2, 70 Park Street, South Melbourne VIC 3205, Australia
Facsimile: +61 3 9922 2199
Attention: Stephen Kelly

Shareholder

Address: Level 1, 500 Chapel Street, South Yarra VIC 3141, Australia
Facsimile: +61 3 9660 1763
Attention: Simon Phillipson

11.2 A Notice given in accordance with clause 11.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) If hand delivered, on delivery;
- (b) If sent by prepaid post, on the second Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);



(c) If sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight Business Hours after the transmission, the recipient informs the sender that it has not received the entire Notice,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

12. Equitable remedies

The parties acknowledge that monetary damages alone would not be adequate compensation for a breach by the Shareholder of its obligations under this agreement and that an equitable remedy (such as specific performance or injunctive relief) for that breach or any suspected breach is an appropriate remedy.

13. Further assurance

The Shareholder must do all things necessary or desirable to give effect to this agreement.

14. Governing Law

This agreement is governed by the laws of Victoria, Australia, and the parties irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of Victoria, Australia.

15. Severability

A term or part of a term of this agreement that is illegal or unenforceable or which the Takeovers Panel decides constitutes unacceptable circumstances may be severed from this agreement and the remaining terms or parts of the term of this agreement continue in force.

16. Counterparts

This agreement may be executed in counterparts including by facsimile.

17. Authority

Each person signing this agreement on behalf of a party warrants the authority to do so.

18. Relationship of parties

This agreement is not intended to create a partnership, joint venture or agency relationship between the parties.

19. Waiver and exercise of rights

(a) A single or partial exercise or waiver by a party of a right relating to this agreement does not prevent any other exercise of that right or the exercise of any other right.

(b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

20. Rights cumulative

Except as expressly stated otherwise in this agreement, the rights of a party under this agreement are cumulative and are in addition to any other rights of that party.

21. Entire understanding

This document contains the entire understanding between the parties as to the subject matter of this document.



22. Interpretation and Defined Terms

22.1 In this agreement headings are for convenience only and do not affect interpretation and unless the context indicates a contrary intention:

- (a) words importing the singular include the plural (and vice versa);
- (b) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has corresponding meaning;
- (c) a reference to A\$, \$A, dollar or \$ is to Australian currency;
- (d) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (e) where the day on or by which any sum is payable or any act, matter or thing is to be done is a day other than a Business Day, that sum will be paid or the act, matter or thing will be done on the next succeeding Business Day; and
- (f) a reference to time is to Melbourne time.

22.2 In this agreement:

Announcement is defined in clause 6.

Austereo Share means a fully paid ordinary share in the capital of Austereo.

ASIC means Australian Securities & Investments Commission.

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532.

ASX Settlement Operating Rules means the settlement operating rules of ASX Settlement which govern the administration of CHESS.

Business Day means a day on which banks are open for business in Melbourne, excluding Saturday, Sunday or public holidays.

Business Hours means from 9.00am to 5.00pm on a Business Day.

Call Option means the call option granted by the Shareholder in relation to the Call Option Shares under clause 1.

Call Option Period is defined in clause 2.1.

Call Option Shares means 51,372,772 Austereo Shares, representing no more than 14.9% of the Austereo Shares on issue.

CHESS has the meaning given in the ASX Settlement Operating Rules.

CHESS Sub-Register has the meaning given in the ASX Settlement Operating Rules.

Competing Bid means a takeover bid under Chapter 6 of the Corporations Act for Austereo by a Third Person involving offers for all of the Austereo Shares which are or have become unconditional (or which would become unconditional if the Shareholder accepted the offer in respect of its Austereo Shares other than the Call Option Shares) and:



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- (a) which if completed substantially in accordance with the terms announced, would mean that a Third Person acquires a relevant interest in more than 50% of Austereo's issued ordinary share capital; and
- (b) for which the offer price includes a cash alternative of at least A\$2.15 per Austereo Share (less the cash paid per share under any interim dividend paid by Austereo).

Control has the meaning given under section 50AA of the Corporations Act. **Controlled** has the same meaning.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Encumbrance means a restriction against transfer or an interest or power:

- (a) reserved in or over an interest in any asset including, but not limited to, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to, any agreement to grant or create any of the above, and **Encumber** is to be construed accordingly.

End Date means the earliest of:

- (a) the date of termination of this agreement;
- (b) the day SCM (or its wholly-owned subsidiary) becomes the registered holder of all the Call Option Shares;
- (c) provided the Offer is unconditional, the day being four Business Days prior to the last day of the Offer Period (provided that, if the Offer is extended not less than four Business Days prior to the last day of the Offer Period, the relevant day is the day which is four Business Days prior to the end of the extended Offer Period);
- (d) if one Competing Bid exists, the day being four Business Days prior to the last day on which the Competing Bid can be accepted (provided that, if the Competing Bid is extended not less than four Business Days prior to that last day, the relevant day is the day which is four Business Days prior to the end of the extended offer period);
- (e) if more than one Competing Bid exists, the day being four Business Days prior to the last day for the Competing Bid which is scheduled to close first (provided that, if a Competing Bid is extended not less than four Business Days prior to its last day, the relevant last day in relation to that Competing Bid is the day which is four Business Days prior to the end of the extended offer period);
- (f) the date that the Offer is withdrawn; and
- (g) the date being six months from the date of this agreement.

Exercise Notice means a notice substantially in the form set out in Annexure 2.

Exercise Price means A\$2.00 per Call Option Share or any higher amount notified by SCM in its absolute discretion.

HIN has the meaning given in the ASX Settlement Operating Rules.



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Nominee means a wholly-owned subsidiary nominated by SCM as purchaser of the Call Option Shares.

Offer means the offer to acquire Austereo Shares to be made by SCM or its wholly-owned subsidiary under an off-market bid, the material terms and conditions of which are set out in Annexure 1 as may be varied in accordance with the Corporations Act from time to time.

Offer Period means the period during which the Offer is open for acceptance.

Related Entity means in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

Related Parties means in relation to a party, its Related Entities, directors, officers, advisers and agents.

relevant interest has the same meaning as in the Corporations Act.

SRN has the meaning given in the ASX Settlement Operating Rules.

Third Person means any person other than SCM or its Related Entities.

23. Acceptance

Please indicate your acceptance of these terms by signing this letter where indicated below.

Yours faithfully

Name:

Title:

Please indicate your acceptance of these terms by signing on the following page.



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Annexure 1 – SCM's proposed announcement of Offer

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Annexure 2 – Exercise Notice

[insert date]

To: Shareholder [insert details]

1. General

Any term used in this Exercise Notice which is defined in the pre-bid agreement dated 31 January 2011 between Southern Cross Media Group Limited (**SCM**) and Village Roadshow Limited (**Shareholder**) (**Pre-Bid Agreement**) has the same meaning as in the Pre-Bid Agreement.

2. Exercise by SCM

Under clause 2 of the Pre-Bid Agreement, SCM gives notice that it exercises the Call Option and requires the Shareholder to sell all Call Option Shares to SCM in accordance with the terms of the Pre-Bid Agreement.

3. [Exercise by Nominee]

SCM nominates [*] as Nominee under clause 2.2 of the Pre-Bid Agreement to purchase the Call Option Shares. Under clause 2.2 of the Pre-Bid Agreement, SCM gives notice that it exercises the Call Option and requires the Shareholder to sell all Call Option Shares to [*].

The Nominee:

- a) acknowledges that it has read the Pre-Bid Agreement referred to above and agrees to be bound by its terms and conditions; and
- b) accepts its nomination as Nominee.]

4. Completion

In accordance with clause 4.1, the completion date is at 4pm on [*] at the address set out below:

Allens Arthur Robison
530 Collins Street
Melbourne Vic 3000

.....

Signed by [*]

[insert position]

[insert entity]

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