

8 March 2011

RIALTO TOWERS 525 COLLINS STREET MELBOURNE
GPO BOX 769 MELBOURNE VIC 3001 AUSTRALIA
DX 204 MELBOURNE www.minterellison.com
TELEPHONE +61 3 8608 2000 FACSIMILE +61 3 8608 1000

The Manager
Company Announcements Office
ASX Limited
Level 45
South Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir/Madam

Takeover bid by Southern Cross National Network Pty Ltd ACN 148 894 231 (Southern Cross) for Austereo Group Limited ACN 095 552 060 (Austereo)

Target's Statement

We act for Austereo.

We enclose, by way of service under section 633(1) Item 14 of the *Corporations Act 2001* (Cth), a copy of Austereo's target's statement in response to the bidder's statement lodged by Southern Cross with ASIC on 25 February 2011 and ASX on 28 February 2011.

The target's statement was lodged earlier today with ASIC and served on Southern Cross, in accordance with section 633(1) Items 11 and 13 of the *Corporations Act 2001* (Cth).

Yours faithfully

MINTER ELLISON



Bart Oude-Vrielink

Partner

Contact: Bart Oude-Vrielink Direct phone: +61 3 8608 2908 Direct fax: +61 3 8608 1151
Email: bart.oude-vrielink@minterellison.com
Our reference: SXL 30-6713399

enclosure



This document is important and requires your immediate attention

If you are in doubt as to how to deal with this document, consult your independent financial, legal, tax or other professional adviser



AUSTEREO GROUP LIMITED

ABN 58 095 552 060

TARGET'S STATEMENT

In response to the offer for all

Austereo Shares by

Southern Cross National Network Pty Ltd

ACN 148 894 231

a wholly owned subsidiary of

Southern Cross Media Group Limited

ABN 91 116 024 536

for consideration of:

- **\$2.00 cash** ; or
 - **0.95 Southern Cross Shares**
- for each **Austereo Share**.

The Austereo Directors unanimously recommend that you **accept** the Offer in the absence of a Superior Proposal

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.

DATED 8 March 2011

To **accept** the Offer, complete, sign and return the Acceptance Form enclosed with the Bidder's Statement in accordance with the instructions on the form

Financial Adviser



Legal Adviser



IMPORTANT NOTICES

TARGET'S STATEMENT

This document is a Target's Statement dated 8 March 2011 and is issued by Austereo Group Limited ABN 58 095 552 060 under Part 6.5 of the Corporations Act in response to the Bidder's Statement lodged by Southern Cross National Network Pty Ltd ACN 148 894 231 with the Australian Securities and Investments Commission (ASIC) on 25 February 2011. A copy of this Target's Statement was lodged with ASIC and given to ASX on 8 March 2011. Neither ASIC nor ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

SOUTHERN CROSS MEDIA AND VILLAGE ROADSHOW'S INFORMATION IN THIS TARGET'S STATEMENT

Except where disclosed otherwise, the information on the Bidder, Southern Cross Media and Village Roadshow in this Target's Statement has been obtained by Austereo from the Bidder's Statement and other publicly available information. Austereo and the Austereo Directors are unable to verify the accuracy or completeness of the information in relation to the Bidder, Southern Cross Media or Village Roadshow. Accordingly, Austereo does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

NO ACCOUNT OF PERSONAL CIRCUMSTANCES

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal advice. Austereo is not licensed to provide financial product advice in relation to Austereo Shares or any other financial products. This Target's Statement should not be relied on as the sole basis for any investment decision in relation to Austereo Shares. The Directors encourage you to obtain independent financial, legal, tax or other professional advice before deciding whether or not to accept the Offer.

FORWARD LOOKING STATEMENTS

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are prospective and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Austereo as well as general economic conditions and conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of Austereo and the Austereo Directors. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected.

None of Austereo, any of its officers or any person named in this Target's Statement or anyone involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any

forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Austereo has no obligation to disseminate any updates or revisions to any such statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required to do so pursuant to its statutory obligation under Division 4 of Part 6.5 of the Corporations Act to update or correct this Target's Statement (i.e. for certain matters that are material from the point of view of an Austereo Shareholder) or pursuant to its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

PRIVACY STATEMENTS

Austereo has collected your information from the Austereo Share Register for the purpose of providing you with this Target's Statement. The type of information Austereo has collected about you includes your name, contact details and information on your shareholding in Austereo. The Corporations Act requires the name and address of Shareholders to be held in a public register.

Austereo has also provided or will provide personal information about its Shareholders to the Bidder in accordance with the Corporations Act and the ASX Settlement Operating Rules. The Bidder states in the Bidder's Statement that it may disclose this information on a confidential basis to the Bidder's and Southern Cross Media's Related Bodies Corporate and external service providers, and that it may be required to be disclosed to regulators, such as ASIC.

SHAREHOLDER ENQUIRIES

Austereo Shareholders who have questions about the Offer may call the Austereo Shareholder Information Line on 1800 097 937 (toll free) (Australia) or +61 3 9415 4826 (international) from 9am to 5pm Melbourne time, Monday to Friday until the end of the Offer Period.

DEFINED TERMS

Certain terms used in this Target's Statement have defined meanings, as set out in section 11 of this Target's Statement.

NO INTERNET SITE IS PART OF THIS TARGET'S STATEMENT

No internet site is part of this Target's Statement. Austereo (www.austereo.com.au) and Southern Cross Media (www.scmmediagroup.com.au) maintain internet sites. Any references in this Target's Statement to these or other internet sites are textual references only and the information contained on such sites does not form part of this Target's Statement.

KEY DATES

Date of the Offer	28 February 2011
Offer period commences	28 February 2011
Date of this Target's Statement	8 March 2011
End of the Offer Period (unless extended or withdrawn)	6 April 2011

CONTENTS

Key dates	1
Letter from Austereo's Chairman	2
1. Summary of the Offer	5
2. Reasons to accept the Offer	7
3. Offer considerations and risks	13
4. Your choices as an Austereo Shareholder	21
5. Answers to Frequently Asked Questions	23
6. Austereo information	29
7. Southern Cross Media information	33
8. Details of the Offer and other important matters	37
9. Tax implications	43
10. Additional information	49
11. Glossary and interpretation	53
12. Authorisation	59
Schedule 1 - List of relevant Austereo and VRL ASX Announcements since 1 January 2011	61
Corporate Directory	Inside back cover

LETTER FROM AUSTEREO'S CHAIRMAN



Dear Austereo Shareholder

As you may be aware, on 31 January 2011 Austereo entered into an implementation deed with Southern Cross Media and Southern Cross Media announced its intention to make an off-market takeover offer for 100% of the Austereo Shares on issue (the Offer). You should already have received the Bidder's Statement from Southern Cross Media regarding the Offer.

Southern Cross Media is offering Austereo Shareholders the choice of \$2.00 cash per Share (Cash Consideration) or 0.95 Southern Cross Media shares per Share (Scrip Consideration), or a combination of the two. In addition, Austereo Shareholders who held their shares on the Interim Dividend Record Date will receive the \$0.05 per Share Interim Dividend declared on 9 February 2011. If Southern Cross Media achieves a Relevant Interest in 90% or more of Austereo Shares (whether acquired under the Offer or otherwise) and becomes entitled to proceed to compulsory acquisition of the Austereo Shares it does not already own, all Austereo Shareholders who accept the Offer will receive an additional \$0.10 cash per Share, resulting in a maximum cash Offer value of \$2.15 per Share (including the Interim Dividend).

Austereo's largest shareholder, Village Roadshow (52.52%), has announced that it intends to accept the Offer in respect of its entire shareholding, in the absence of a superior proposal for all Austereo Shares. Village Roadshow has also stated that if it accepts the Offer it will elect to receive the Cash Consideration.

The Austereo Directors established an Independent Board Committee to consider the Offer and co-ordinate Austereo's response to it. The Independent Board Committee comprises Mr Chris Newman (Chairman) and Mr David Mattingly, neither of whom are directors of Village Roadshow.

The Austereo Directors, including those who are members of the Independent Board Committee, unanimously recommend that Austereo Shareholders accept the Offer, in the absence of a Superior Proposal. The Austereo Directors, including those that are members of the Independent Board Committee, intend to accept the Offer in respect of the Austereo Shares that they hold or in which they have a beneficial interest, in the absence of a Superior Proposal.

As at the date of this Target's Statement, no Superior Proposal has emerged.

Level 2, 257 Clarendon Street
South Melbourne VIC 3205
Australia
Tel: +61 (0)3 9252 1019
Fax: +61 (0)3 9252 1270

The Austereo Directors recommend that Shareholders consider their personal circumstances before deciding whether or not to accept the Offer and, if they intend to accept the Offer, when to accept it and whether to receive the Cash Consideration or the Scrip Consideration. In particular, Austereo Shareholders should have regard to the terms of Southern Cross Media's Proposed Entitlement Offer to partially fund the Offer, in which Austereo Shareholders who accept the Offer and elect to receive the Scrip Consideration will have the opportunity to participate.

In deciding whether to accept the Cash Consideration or the Scrip Consideration (if you choose to accept the Offer) the Austereo Directors recommend you read the Target's Statement in its entirety, including in particular Table 1 on page 15 of the Target's Statement.

In determining their recommendation that Shareholders accept the Offer, in the absence of a Superior Proposal, the Austereo Directors had regard to factors including:

- The maximum cash Offer value of \$2.15 per Share represents a 28% premium to Austereo's three month volume weighted average price to 20 January 2011 and a 19% premium to its closing share price on that day, which was the day prior to the announcement by Village Roadshow that it was in discussions in relation to a potential transaction regarding its shareholding in Austereo;
- The Offer price is above the level at which Austereo Shares have traded for the substantial majority of the time since Austereo's initial public offering in 2001; and
- The Austereo Directors believe the EBITDA multiple of 10.2x (based on Austereo's net debt as at, and reported EBITDA for the 12 months to, 31 December 2010) implied by the maximum cash Offer value of \$2.15 per Share is reasonable in light of precedent transactions in the media sector, when adjusted for market movements following the Global Financial Crisis.

You should carefully consider the information in the Bidder's Statement and this Target's Statement before deciding whether or not to accept the Offer.

If you wish to accept the Offer you should follow the instructions in the Bidder's Statement and on the Acceptance Form. The Offer is scheduled to close at 7.00pm (Melbourne time) on 6 April 2011, unless extended or withdrawn.

If you have any questions in relation to the Offer, I encourage you to seek advice from your independent financial, legal, tax or other professional adviser, or contact the Austereo Shareholder Information Line on 1800 097 937 (toll free) (Australia) or +61 3 9415 4826 (international) from 9.00am to 5.00pm Melbourne time, Monday to Friday. The Austereo Shareholder Information Line will be open until the end of the Offer period.

I would also like to take this opportunity to thank you for your support of Austereo.

Yours sincerely



Peter Harvie
Chairman

For personal use only



1

SUMMARY OF THE OFFER

BACKGROUND TO THE OFFER

On 31 January 2011, Southern Cross Media announced its intention to make the Offer and Austereo announced that the Austereo Directors intended to unanimously recommend the Offer, in the absence of a Superior Proposal.

OFFER CONSIDERATION

Southern Cross Media is offering Austereo Shareholders a choice of either:

- \$2.00 cash for each Austereo Share (Cash Consideration); or
- 0.95 Southern Cross Media Shares for each Austereo Share (Scrip Consideration); or
- a combination of the Cash Consideration and the Scrip Consideration for their Austereo Shares.

If you accept the Offer and elect to receive the Scrip Consideration and if you become entitled to a fraction of a Southern Cross Media Share, your entitlement to Southern Cross Media Shares will be rounded up to the nearest whole number (if the fraction is 0.5 or greater) or rounded down to the nearest whole number (if the fraction is less than 0.5).

Austereo Shareholders should refer to section 4 for further information about the choices available to them in relation to the Offer.

TWO TIER OFFER CONSIDERATION STRUCTURE

If the Bidder receives acceptances in respect of 90% of Austereo Shares (or otherwise acquires a Relevant Interest in 90% or more of Austereo Shares) and is entitled to proceed to compulsory acquisition of the Austereo Shares it does not already own, then each Austereo Shareholder who accepts the Offer will receive the Additional Consideration of \$0.10 cash per Share, regardless of whether they elected to receive the Cash Consideration or the Scrip Consideration (or a combination).

WHEN YOU WILL RECEIVE YOUR CONSIDERATION IF YOU ACCEPT THE OFFER

If you accept the Offer, the consideration will generally be provided on or before the earlier of:

- 21 days after the end of the Offer Period; and
- one month after the Offer is accepted by you or the Offer becomes or is declared Unconditional (whichever is the later).

If the Offer becomes Unconditional and it is determined that holders of at least 52.52% of Austereo Shares have elected to receive the Cash Consideration, the consideration will be provided within 7 days after the Offer has been validly accepted by you and the Offer becomes or is declared Unconditional. Those circumstances would exist if Village Roadshow accepts the Offer in respect of its entire shareholding, elects to receive the Cash Consideration and has not withdrawn its acceptances at the time that the Offer becomes Unconditional.

In certain circumstances, where the Scaleback applies, the Scrip Consideration will be paid in two tranches (see section 13.13(b) of the Bidder's Statement).

If the Additional Consideration is payable, it will be provided to you at the same time as your consideration (unless such consideration has already been provided, in which case it will be provided to you immediately).

Austereo Shareholders should refer to section 13.13 of the Bidder's Statement and section 8.3 for further information about the payment terms of the Offer.

ENTITLEMENT TO INTERIM DIVIDEND

On 9 February 2011, Austereo declared the fully franked Interim Dividend of \$0.05 per Share. Neither the Cash Consideration nor the Scrip Consideration will be reduced as a result of the declaration of the Interim Dividend. Austereo Shareholders who were registered on the Share Register on the Interim Dividend Record Date will be entitled to receive the Interim Dividend whether or not they accept the Offer.

YOUR DECISION REGARDING THE OFFER

The Austereo Directors encourage you to seek advice from your independent financial, legal, tax or other professional adviser before deciding whether or not to accept the Offer.

For more information, and before deciding whether or not to accept the Offer, you should also read the Bidder's Statement and this Target's Statement in their entirety.

2

REASONS TO ACCEPT THE OFFER

2.1 DIRECTORS' RECOMMENDATION

The Austereo Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal.

The Austereo Directors established an Independent Board Committee to consider the Offer. The Independent Board Committee comprises Mr Chris Newman (Chairman) and Mr David Mattingly, neither of whom are directors of Village Roadshow. The Austereo Directors, including those that are members of the Independent Board Committee, unanimously recommend that Shareholders accept the Offer, in the absence of a Superior Proposal.

Each Austereo Director intends to accept the Offer, in the absence of a Superior Proposal, in respect of the Austereo Shares that they hold or in which they have a beneficial interest.

In considering whether or not to accept the Offer, the Austereo Directors encourage you to:

- read the Bidder's Statement and the Target's Statement in their entirety;
- ensure that you are aware of the consequences of accepting and not accepting the Offer, as explained in the Bidder's Statement and this Target's Statement;
- consider your personal circumstances, including your investment strategy, risk preferences, tax position and financial circumstances; and
- if you are unsure as to what action you should take, consult your independent financial, legal, tax or other professional adviser.

If you intend to accept the Offer, the Austereo Directors encourage you to consider your personal circumstances before deciding when to accept the Offer and whether to receive the Cash Consideration or the Scrip Consideration.

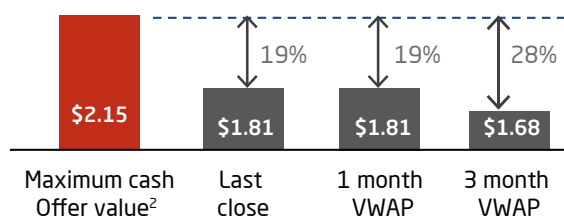
2.2 REASONS TO ACCEPT THE OFFER

The Austereo Directors' reasons for their recommendation are set out below.

- (a) **The Offer represents a material premium to the Austereo Share price prior to the announcement of a potential change of control transaction and a reasonable transaction multiple**

The maximum cash Offer value of \$2.15 per Share (based on the Cash Consideration if Southern Cross Media becomes entitled to proceed to compulsory acquisition and including Austereo's \$0.05 per Share Interim Dividend) represents a 28% premium to Austereo's three month VWAP to 20 January 2011 and a 19% premium to its closing share price on that day, which was the day prior to the announcement by Village Roadshow that it was in discussions in relation to a potential transaction regarding its shareholding in Austereo.

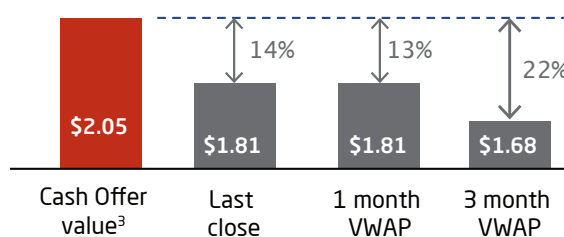
Figure 1. Premium to Austereo pre-announcement¹ Share price based on the maximum cash Offer value of \$2.15 per Share



Austereo Shareholders should note that the maximum cash Offer value of \$2.15 per Share includes:

- the \$0.05 per Share Interim Dividend. Austereo Shareholders will receive the Interim Dividend only if they are registered on the Austereo Share Register on the Interim Dividend Record Date; and
- the Additional Consideration of \$0.10 cash per Share. Southern Cross Media will only pay the Additional Consideration if it becomes entitled to proceed to compulsory acquisition of the Austereo Shares it does not already own, and the Offer becomes Unconditional.

Figure 2. Premium to Austereo pre-announcement¹ Share price based on the cash Offer value of \$2.05 per Share



1 As at 20 January 2011, which was the day prior to the announcement by VRL that it was in discussions in relation to a potential transaction regarding its shareholding in Austereo.

2 Cash Consideration of \$2.00 per Share plus Additional Consideration of \$0.10 cash per Share, payable if Southern Cross Media becomes entitled to proceed to compulsory acquisition of the Austereo Shares it does not already own, plus the Interim Dividend of \$0.05 per Share.

3 Cash Consideration of \$2.00 per Share plus the Interim Dividend of \$0.05 per Share.

- (b) The Offer price is above the level at which Austereo Shares have traded for the substantial majority of the time since Austereo's initial public offering in 2001**

Figure 3. Share price performance of Austereo since listing



Source: IRESS, as at 4 March 2011. IRESS has not consented to the use of information in this Target's Statement being included in this Target's Statement.

The Austereo Directors believe the EBITDA multiple of 10.2x (based on Austereo's net debt as at, and reported EBITDA for the 12 months to, 31 December 2010) implied by the maximum cash Offer value of \$2.15 per Share, and 9.2x implied by the Cash Consideration of \$2.00 per Share plus the \$0.05 per Share Interim Dividend, is reasonable in light of precedent transactions in the media sector, when adjusted for market movements following the Global Financial Crisis.

- (c) The Cash Consideration provides Austereo Shareholders with certainty of value and a high degree of certainty regarding timing**

The Cash Consideration allows Austereo Shareholders to realise cash for their Austereo Shares if the Offer becomes Unconditional. Under the Implementation Deed, if the Offer becomes Unconditional and acceptances for more than 52.5% of Austereo Shares have been received, Austereo Shareholders who accept the Offer will receive their elected Offer consideration within 7 days.

Refer to section 8.3 for further details regarding payment of the Offer consideration by Southern Cross Media.

- (d) The Scrip Consideration provides Austereo Shareholders with exposure to the performance of the merged Austereo / Southern Cross Media business**

The Scrip Consideration provides Austereo Shareholders with the opportunity of becoming a shareholder in a national broadcasting group that combines the Austereo and Southern Cross Media businesses.

If Southern Cross Media ultimately acquires 100% of Austereo, Shareholders who accept the Scrip Consideration will have an interest in the combined business assets of Austereo and Southern Cross Media.

If Southern Cross Media ultimately acquires more than 50.1% but less than 100% of Austereo, Shareholders who accept the Scrip Consideration will have an interest in Southern Cross Media, which will be the controlling majority shareholder of Austereo.

The extent to which synergies are realised through a combination of the two businesses will be influenced by the ultimate level of ownership of Austereo Shares achieved by Southern Cross Media.

For further details on Southern Cross Media's intentions regarding the combination of the Austereo and Southern Cross Media businesses, refer to section 6 of the Bidder's Statement.

4 Cash Consideration of \$2.00 per Share plus Additional Consideration of \$0.10 cash per Share, payable if Southern Cross Media becomes entitled to proceed to compulsory acquisition of the Austereo Shares it does not already own, plus the Interim Dividend of \$0.05 per Share.

The Scrip Consideration is subject to a cap, under which the maximum number of Austereo Shares that can accept the Scrip Consideration is 47.5% of Austereo Shares. A pro-rata scaleback will be applied if acceptances in respect of more than 47.5% of Austereo Shares elect the Scrip Consideration. If Village Roadshow accepts the Offer and elects to receive the Cash Consideration for its entire holding of Austereo Shares (as at the day before the date of this Target's Statement) then all other Austereo Shareholders may accept the Offer for the Scrip Consideration without application of the Scaleback.

Before electing the Scrip Consideration, Austereo Shareholders should consider the risks described in section 3.3 and section 10 of the Bidder's Statement.

(e) Austereo's share price may fall and its trading liquidity may reduce if Southern Cross Media becomes the controlling shareholder of Austereo but does not become entitled to proceed to compulsory acquisition

The Offer has a minimum acceptance condition of 50.1%. Austereo's largest shareholder, Village Roadshow (with a 52.52% interest in Austereo as at the day before the date of this Target's Statement) has stated that it intends to accept the Offer, in the absence of a superior proposal for all Austereo Shares. If Village Roadshow does accept the Offer, and all the other Conditions are satisfied or waived, then Southern Cross Media will become the largest and controlling shareholder of Austereo.

If Southern Cross Media does not become entitled to proceed to compulsory acquisition of the Austereo Shares it does not already own, and Austereo remains a listed entity, the price of Austereo Shares may fall below current trading levels. Austereo Shares have generally traded at higher prices since the announcement of the Offer than they traded in the period immediately prior to announcement of the Offer.

Further, if Austereo Shareholders other than Village Roadshow also accept the Offer, Austereo's free float will be reduced, which is likely to limit trading liquidity and may have an adverse effect on the price of Austereo's Shares. If this eventuates, Austereo Shareholders who have not accepted the Offer may experience additional difficulty in disposing of their Shares should they wish to do so in the future.

In the Bidder's Statement, Southern Cross Media states that if it acquires a controlling interest in Austereo, but does not become entitled to proceed to compulsory acquisition of the Austereo Shares it

does not already own, it intends to replace the majority of the existing Austereo Directors with nominees of Southern Cross Media. In addition, Southern Cross Media has stated that in these circumstances it may subsequently become entitled to exercise the general compulsory acquisition powers under Part 6A.2 of the Corporations Act, including through incremental acquisitions of Austereo Shares under the "3% creep" exception in item 9 of section 611 of the Corporations Act. If so, Southern Cross Media intends to exercise those rights.

Finally, if at some future time Austereo does not have the spread of shareholders required by the ASX Listing Rules, Southern Cross Media has stated that it will seek to have Austereo removed from the ASX.

Refer to section 6 of the Bidder's Statement for more information on Southern Cross Media's intentions.

(f) The Offer has relatively few conditions

The Offer is subject to the following conditions:

- Minimum acceptance level of 50.1% (which will be satisfied if Village Roadshow accepts the Offer for its entire interest in Austereo Shares. Village Roadshow has announced that it intends to accept the Offer, in the absence of a superior proposal for all Austereo Shares);
- Regulatory clearance and approval from the ACCC and ACMA; and
- Other conditions including there being no Prescribed Occurrences, no additional distributions, no material acquisitions or disposals and no new material talent contracts, terminations of material talent contracts (without cause) or changes to material talent contracts. Many of these other conditions are within Austereo's control.

For further information on the Conditions refer to section 8.8.

(g) No Superior Proposal has emerged

As at the date of this Target's Statement, the Austereo Directors are not aware of any Superior Proposal for all Austereo Shares and, for the reasons noted below, the Austereo Directors consider that the probability of a Superior Proposal emerging is low:

- Since the announcement by Village Roadshow on 21 January 2011 that it was in discussions in relation to a potential transaction regarding its shareholding in Austereo, and since the announcement of the Offer on 31 January 2011, no Superior Proposal has been received by Austereo; and

- Village Roadshow, which has an interest in 52.52% of Austereo Shares, announced on 31 January 2011 that it intends to accept the Offer, in the absence of a superior proposal for all Austereo Shares and has granted Southern Cross Media a call option in respect of a 14.9% shareholding in Austereo.

(h) The Offer is supported by Austereo's major shareholder

On 31 January 2011, Austereo's major shareholder, Village Roadshow, which as at the day before the date of this Target's Statement had a relevant interest in 52.52% of Austereo Shares, announced its intention to accept the Offer, in the absence of superior proposal. Village Roadshow also announced that if it accepts the Offer it intends to elect to receive the Cash Consideration in respect of all of its Austereo Shares.

Village Roadshow has granted Southern Cross Media a call option in respect of a 14.9% shareholding in Austereo, which 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 Village Roadshow and with a cash alternative of at least \$2.15 per Austereo Share less the Interim Dividend) is made and becomes Unconditional (other than in respect of a minimum acceptance condition). Refer to section 10.5 for further information on the call option.

2.3 OFFER CONSIDERATIONS AND RISKS

The Directors strongly advise that Austereo Shareholders consider the information in this section in conjunction with the considerations and risks associated with the Offer detailed in section 3 and section 10 of the Bidder's Statement.

For personal use only

Target's

3

OFFER CONSIDERATIONS AND
RISKS

Before deciding whether or not to accept the Offer you should read the Bidder's Statement and this Target's Statement in their entirety, including this section on risks of the Offer and section 10 of the Bidder's Statement which outlines the risks that Austereo Shareholders will assume if they elect to receive the Scrip Consideration and acquire Southern Cross Media Shares.

3.1 POSSIBLE REASONS NOT TO ACCEPT THE OFFER

(a) You may disagree with the recommendations of the Austereo Directors

You may disagree with the recommendations of the Austereo Directors to accept the Offer, in the absence of a Superior Proposal.

(b) You may wish to remain an Austereo Shareholder

If you accept the Offer and the Offer becomes Unconditional you will no longer be entitled to participate in the future financial performance of Austereo or exercise the rights (including voting rights) of being an Austereo Shareholder.

(c) The tax consequences of acceptance of the Offer may not be favourable given your financial position

Acceptance of the Offer may result in taxation consequences (potentially including capital gains tax) for Austereo Shareholders, which will arise earlier than may otherwise have been the case. In addition, Austereo Shareholders who accept the Offer and elect to receive the Scrip Consideration will be at risk of not receiving capital gains tax rollover relief if Southern Cross Media does not acquire at least 80% of Austereo Shares.

Section 9 provides a general outline of the likely taxation consequences of the Offer.

(d) You may consider that there is the potential for a Superior Proposal to be made for Austereo Shares

You may believe that a Superior Proposal for all Austereo Shares could emerge in the foreseeable future.

3.2 RISKS ASSOCIATED WITH ACCEPTING THE OFFER

(a) Additional Consideration of \$0.10 cash per Austereo Share will only be paid under certain circumstances

Austereo Shareholders who accept the Offer will receive the Additional Consideration of \$0.10 cash per Share only if Southern Cross Media becomes entitled to proceed to compulsory acquisition of the Austereo Shares it does not already own and the Offer becomes Unconditional. If this does not occur, but the Offer does become Unconditional, Austereo Shareholders who accept the Offer will only receive \$2.00 cash or 0.95 Southern Cross Media Shares (as per their election) for each of the Austereo Shares for which they accept the Offer, plus the Austereo \$0.05 per Share Interim Dividend if they were registered as an Austereo Shareholder as at the Interim Dividend Record Date.

(b) You will only receive the Cash Consideration or Scrip Consideration (as per your election) if all the Conditions are satisfied or waived

The Offer is subject to the Conditions, as set out in section 8.8. All Conditions must be satisfied or waived by Southern Cross Media before Austereo Shareholders who accept the Offer receive the Cash Consideration or Scrip Consideration (or a combination). If you accept the Offer and any Condition is not satisfied or waived at the end of the Offer Period, Southern Cross Media will not acquire your Shares and you will not receive either the Cash Consideration or the Scrip Consideration (or any combination). In the meantime, Austereo Shareholders who accept the Offer will be unable to trade their Austereo Shares, or withdraw their acceptance (other than in accordance with their statutory rights).

(c) If a Superior Proposal is announced you will not be able to withdraw your acceptance of the Offer

If a Superior Proposal is announced, Austereo Shareholders who accept the Offer will not be able to withdraw their acceptance of the Offer and accept a Superior Proposal unless:

- (a) the Offer is still subject to a Condition; and
- (b) the Offer is varied in a way that postpones, for more than one month, the time when Southern Cross Media needs to meet its obligations under the Offer, or the Offer lapses while still subject to a Condition or is withdrawn.

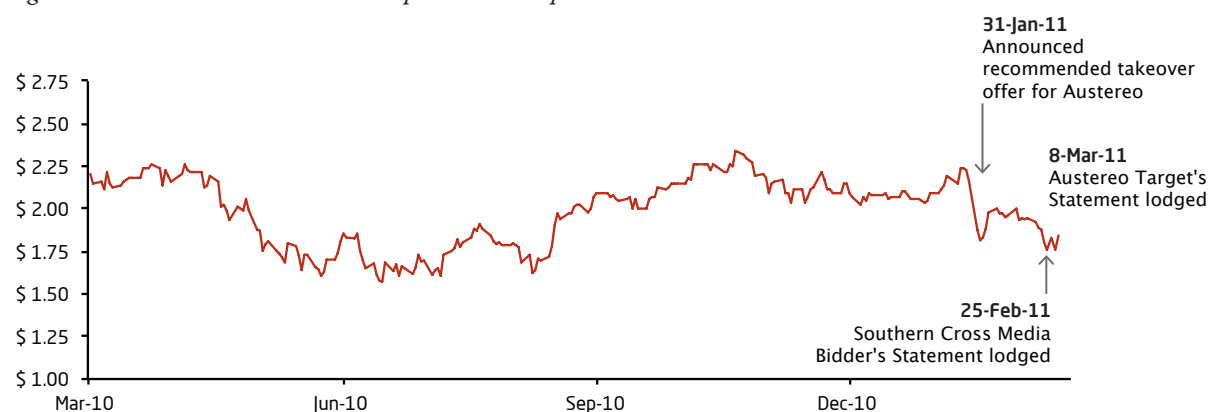
At the date of this Target's Statement, Austereo is not aware of any Superior Proposal.

3.3 ADDITIONAL RISKS ASSOCIATED WITH ACCEPTING THE SCRIP CONSIDERATION

(a) The value of the Scrip Consideration is variable

Austereo Shareholders who accept the Offer and elect to receive the Scrip Consideration will receive 0.95 Southern Cross Media Shares for each Austereo Share for which they accept the Offer if the Offer becomes Unconditional. The future trading price of Southern Cross Media Shares is uncertain and will be influenced by a wide range of economic, market and company-specific factors, many of which are not controllable by Southern Cross Media.

Figure 4. Southern Cross Media share price since corporatisation on 18 March 2010



Source: IRESS, as at 4 March 2011

The following table illustrates the implied value of the Scrip Consideration at various Southern Cross Media Share prices. Austereo Shareholders should note that this table is illustrative only and there is no assurance that Southern Cross Media Shares will trade within this range, or any other range.

Table 1. Implied total Offer value at various Southern Cross Media Share prices

Southern Cross Media Share price	\$1.70	\$1.80	\$1.90	\$2.00	\$2.10	\$2.20
Scrip Consideration share exchange ratio ⁵	0.95	0.95	0.95	0.95	0.95	0.95
Implied Offer value of Scrip Consideration	\$ 1.62	\$ 1.71	\$ 1.81	\$ 1.90	\$ 2.00	\$ 2.09
Austereo Interim Dividend	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Additional Consideration ⁶	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10
Total Offer value	\$ 1.77	\$ 1.86	\$ 1.96	\$ 2.05	\$ 2.15	\$ 2.24

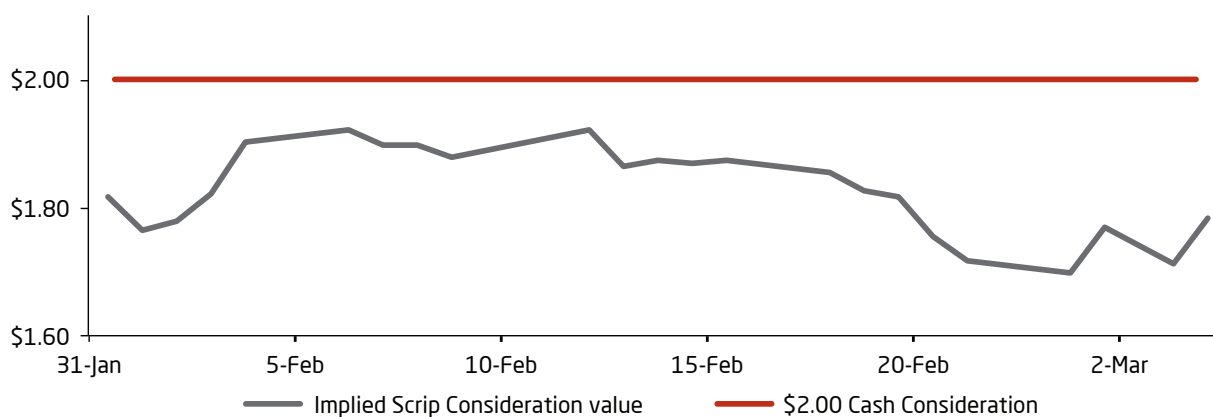
⁵ The Scrip Consideration share exchange ratio is based on the five day volume weighted average price of Southern Cross Media Shares to 28 January 2011 (\$2.18) adjusted for the \$0.07 per share dividend declared by Southern Cross Media on 22 February 2011. To the extent Southern Cross Media declares an additional dividend during the Offer Period the Scrip Consideration will be increased accordingly. Refer to section 8.2 for further details.

⁶ Payable in cash if Southern Cross Media becomes entitled to proceed to compulsory acquisition of the Austereo Shares it does not already own.

3 OFFER CONSIDERATIONS AND RISKS

The following graph illustrates the implied value of the Scrip Consideration, 0.95 Southern Cross Media Shares, since announcement of the Offer. Shareholders should note that prior to 8 March 2011 the price of Southern Cross Media Shares reflects an entitlement to the Southern Cross Media interim dividend declared on 22 February 2011, which Shareholders who accept the Offer and elect to receive the Scrip Consideration will not receive. Austereo Shareholders should be aware that on the basis of the closing price of Southern Cross Media Shares each day between the announcement and the day before the date of this Target's Statement, the implied value of the Scrip Consideration has been below the Cash Consideration.

Figure 5. Implied value of the Scrip Consideration since announcement



Note: The "Implied Scrip Consideration Value" in Figure 5 represents the exchange ratio of 0.95 multiplied by the Southern Cross Media share price over time since 31 January 2011. The Southern Cross Media share price used in this calculation includes an entitlement to receive the \$0.07 per share dividend declared on 22 February 2011. Note, Austereo Shareholders who accept the Offer are not eligible for this dividend.

If the Scrip Consideration is elected in respect of more than 47.5% of Austereo Shares, a Scaleback will apply, as detailed in section 13 of the Bidder's Statement. If the Scaleback applies, Shareholders who elect to receive the Scrip Consideration will instead receive Cash Consideration for a component of their Austereo Shares, influencing the total value received through acceptance of the Offer. As Village Roadshow has announced its intention to elect to receive the Cash Consideration, it is not expected that the Scaleback will apply.

(b) Southern Cross Media may not become entitled to proceed to compulsory acquisition

If the Offer becomes Unconditional but Southern Cross Media does not become entitled to proceed to compulsory acquisition of the Austereo Shares it does not already own, then Austereo Shareholders who accept the Scrip Consideration will become shareholders in Southern Cross Media, which will own a controlling interest in, but not 100% of, Austereo.

The extent to which Southern Cross Media is able to realise its expected synergy benefits and act in accordance with its intentions regarding Austereo, in addition to the liquidity of Austereo shares, will be influenced by the level of acceptances ultimately received.

Waivers have been received from Austereo's existing lenders to allow Austereo to retain its existing external debt in the event of a change of control where Southern Cross Media becomes a controller, assuming that Southern Cross Media acquires less than 90% of the Austereo Shares.

Refer to section 2.2(e), the additional risks in this section and section 10.7(c) of the Bidder's Statement for further information.

(c) The terms of the Southern Cross Media Proposed Entitlement Offer are not yet known

Southern Cross Media has stated that it intends to undertake the Proposed Entitlement Offer to partially fund the acquisition of Austereo Shares and that the entitlement offer is expected to occur as soon as practicable after the close of the Offer.

Southern Cross Media has stated that the size of the Proposed Entitlement Offer is not expected to exceed \$495 million, although the final amount raised by the Proposed Entitlement Offer is not yet known as it will depend on the level of acceptances of the Offer and the extent to which these acceptances include elections to receive the Scrip Consideration.

Southern Cross Media has stated that the Proposed Entitlement Offer will be most likely structured as an accelerated renounceable entitlement offer that will be offered to Australian and New Zealand resident shareholders and to institutional investors operating in a jurisdiction to which Southern Cross Media extends the entitlement offer (at its discretion).

It is likely Southern Cross Media Shares issued through the Proposed Entitlement Offer will be issued at a lower price than the trading price of Southern Cross Media Shares immediately prior to the finalisation of the terms of the Proposed Entitlement Offer. At this time it is not possible to determine the market reaction to the Proposed Entitlement Offer or what price Southern Cross Media Shares will trade at following the Proposed Entitlement Offer.

(d) Austereo Shareholders who accept the Scrip Consideration will need to participate in the Proposed Entitlement Offer to avoid dilution of their shareholding in Southern Cross Media

Austereo Shareholders who accept the Offer and elect to receive the Scrip Consideration will be entitled to participate in the Proposed Entitlement Offer. Participation in the Proposed Entitlement Offer will be voluntary. However, Austereo Shareholders who elect the Scrip Consideration should be aware that if they do not participate in the Proposed Entitlement Offer their proportionate shareholding in Southern Cross Media will reduce. Any participation in the Proposed Entitlement Offer will require additional cash commitment, however, as the details of the Proposed Entitlement Offer have not yet been finalised (and likely will not be finalised until late in or after the end of the Offer Period) the amount of additional cash commitment to avoid dilution is not yet known.

For further information on the Proposed Entitlement Offer, refer to section 8 of the Bidder's Statement.

(e) There are risks associated with the realisation of synergy benefits by Southern Cross Media, as a result of the acquisition of Austereo

As outlined in section 7.4 of the Bidder's Statement, Southern Cross Media is expecting the combination of Austereo and Southern Cross Media's businesses to generate financial synergies if Southern Cross Media acquires 100% of Austereo Shares. However, even if Southern Cross Media does acquire 100% of Austereo Shares, the realisation and timing of the expected synergy benefits are uncertain. As noted in 3.3(b) above, there is no certainty that Southern Cross Media will ultimately acquire 100% of Austereo Shares. If Southern Cross Media does not ultimately acquire 100% of Austereo Shares, it expects to realise fewer synergies than if it did acquire 100% of Austereo Shares.

(f) Capital gains tax rollover relief will only be available if Southern Cross Media acquires at least 80% of Austereo Shares

Austereo Shareholders who accept the Offer and elect to receive the Scrip Consideration will not receive capital gains tax rollover relief if Southern Cross Media does not acquire at least 80% of Austereo Shares.

Section 11 of the Bidder's Statement and section 9 provide a general outline of the likely taxation consequences of the Offer.

(g) General investment risks associated with Southern Cross Media Shares

If you accept the Offer and elect to receive the Scrip Consideration and the Offer becomes Unconditional, then you will become a shareholder in Southern Cross Media (which, at the end of the Offer Period, may own 100% or a controlling interest in Austereo) and have exposure to the benefits and risks of that shareholding. Some of the risk factors associated with an investment in a combined Southern Cross Media/Austereo business are outlined below.

Additional risks not currently known to Austereo may also have a material adverse effect on the businesses of Southern Cross Media and/or Austereo when it is partially or wholly owned by Southern Cross Media and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Southern Cross Media.

Many of these factors are also relevant to your current shareholding in Austereo.

Advertising market conditions

Southern Cross Media's radio and television revenues are dependent upon the performance of the general advertising market in Australia, which is influenced by the level of economic growth across Australia and in regional markets where Southern Cross Media operates. Austereo's revenues are dependent upon the performance of the metropolitan advertising market and general economic conditions in Australia. If there is a general weakening in the Australian economy or conditions within the advertising markets in Australia, Southern Cross Media's financial performance may be adversely impacted.

Competition in the media sector

The media sector in Australia can be highly competitive across a range of sectors and products. Southern Cross Media will face competition from both existing media groups and other potential new media companies utilising existing and new technologies, including online and other distribution platforms. The actions of an existing competitor, the entry of new competitors or the issue of new broadcasting licences in either a media sector in which Southern Cross Media operates, or more generally, may have an adverse effect on Southern Cross Media's operating and/or financial performance.

Competition from other forms of media

Southern Cross Media will be subject to competition from other forms of media in Australia. Southern Cross Media competes for audience share and advertising revenues with other media such as newspapers, magazines, television, outdoor advertising, direct mail, cinema and the internet. The costs of advertising through alternative forms of media might decline and the ease and cost of producing advertising for alternative forms of media might improve. Similarly, alternative forms of media could improve their ability to target specific audiences and become more attractive advertising mediums for advertisers relative to radio and/or television. Any of these circumstances could result in reduced competitiveness for radio or television relative to other forms of media. If this occurs Southern Cross Media's operating and/or financial performance may be adversely affected. In responding to these circumstances, Southern Cross Media may increase its talent and/or promotional expenditure or reduce its advertising rates, either of which may also adversely affect its financial performance.

Loss of radio and/or television licences

A loss of one or more radio or television broadcasting licences could have a material adverse effect on Southern Cross Media's business and prospects.

Technology risk

The media sector is subject to rapid and significant change in technology and the impact of this change on Southern Cross Media and its business may not be able to be predicted accurately. The cost of implementing emerging prospective future technologies could be significant. The development or prospective development of new technology, or use, or prospective use, of existing technology may have a material adverse effect on the operating or financial performance of Southern Cross Media.

Additionally, failure of any technology system relied upon by Southern Cross Media's broadcasting businesses could result in business interruption, the loss of customers and revenue, reputation damage and the weakening of Southern Cross Media's competitive position, any of which could adversely affect Southern Cross Media's operating and/or financial performance.

Loss of key personnel

Austereo's operations depend on the continued performance, efforts, abilities and expertise of its key personnel, including talent. There is no guarantee that Austereo under the control of Southern Cross Media will be able to retain these personnel or that Southern Cross Media will be able to prevent them from competing with its operations in the event of their departure.

Section 6 of the Bidder's Statement contains information regarding the intentions of Southern Cross Media for Austereo's business.

Relationships with suppliers and customers

Austereo has developed strong relationships with its clients and suppliers. There is a risk that the acquisition of Austereo by Southern Cross Media may have an adverse impact on the quality of those relationships and impact the operating and financial performance of Southern Cross Media.

National Broadband Network

The Australian Federal Government has established NBNCo Limited to build and operate a high speed broadband network to connect to 90% of all Australian homes, schools and workplaces. The national broadband network could result in changes to consumer viewing and entertainment consumption habits which could have an adverse impact on the operating and financial performance of Southern Cross Media.

Enforcement of legal rights

Southern Cross Media has entered into contracts which are important to the operation of its businesses. Any failure by counterparties to perform those agreements may have a material adverse effect on Southern Cross Media and there is no assurance that Southern Cross Media would be successful in enforcing any of its contractual rights through legal action or the cost of such action.

Current and future financing arrangements

Southern Cross Media has debt facilities in place, including those to fund the Offer. No assurance can be given that any refinancing required from time to time will be available at all or on terms favourable to Southern Cross Media. If Southern Cross Media is unable to secure refinancing or refinancing on favourable terms, this may have a material adverse effect on Southern Cross Media.

Southern Cross Media's ability to service its debt will depend on its future performance and cash flows, which will be affected by many factors, many of which are beyond Southern Cross Media's control. Any inability of the Southern Cross Media to service its existing debt may have a material adverse effect on Southern Cross Media.

Refer to section 8 of the Bidder's Statement for more information on the bank facilities of Southern Cross Media.

Future earnings prospects and increased gearing

Southern Cross Media provided limited earnings guidance with its first half earnings result on 22 February 2011. In particular, no specific guidance was provided on its expectation for full year earnings or the final dividend payable for the year ending 30 June 2011.

As part of the acquisition of Austereo, Southern Cross Media will borrow up to \$755 million in new senior debt facilities which will result in its gearing increasing to a level in excess of its current gearing position.

There is a risk that the acquisition of Austereo by Southern Cross Media may have an adverse impact on its future earnings profile and its increased level of gearing, both of which may influence its ability to pay dividends.

Refer to section 7 of the Bidder's Statement for the financial effect of the acquisition and 8.2(a) of the Bidder's Statement for further information on Southern Cross Media's sources of funding.

Acquisition and divestment activities

From time to time Southern Cross Media may evaluate acquisition and divestment opportunities. Any acquisition or divestment could lead to a change in the sources of Southern Cross Media's earnings and could increase the volatility of its earnings. Integration of new businesses into Southern Cross Media may be costly, may not generate expected financial performance and may occupy a significant amount of management's time.

(h) General share investment risks

There are a number of risks associated with holding an investment in shares, including Southern Cross Media Shares. Austereo Shareholders are subject to some of these general risks as a result of their holding in Austereo Shares. Some of the more important general risks that may relate to Southern Cross Media Shares are set out below.

Uncertainty of future financial performance and share price

There is no guarantee of profitability, dividends, return of capital or the price at which Southern Cross Media Shares will trade. Historical share price performance of Southern Cross Media Shares should not be taken as a guide to future share price performance of Southern Cross Media Shares as the price of shares can and does fluctuate for a range of reasons.

General economic conditions

The performance of Southern Cross Media, and the price at which Southern Cross Media Shares trade, may be influenced by a range of factors including:

- i. changes in government policy and/or taxation;
- ii. movements in the local and international equity and bond markets and general investor sentiment in those markets;
- iii. recommendations by brokers and equity market analysts;
- iv. changes in exchange, inflation and interest rates;
- v. general economic conditions and outlook;
- vi. availability of a skilled workforce;
- vii. changes in government, fiscal, monetary and regulatory policies;
- viii. costs of production;
- ix. global geo-political events and hostilities, wars, natural disasters and acts of terrorism; and
- x. announcement of new technologies.

Regardless of Southern Cross Media's operating performance, some of these factors could affect Southern Cross Media's revenues, operating costs, profit margins and share price. A number of these factors are beyond the control of Southern Cross Media and their potential impact on the price of Southern Cross Media Shares cannot be predicted.

For further information the risks of investing in Southern Cross Media Shares, refer to section 10 of the Bidder's Statement.

4

YOUR CHOICES AS AN AUSTERO SHAREHOLDER

4

YOUR CHOICES AS AN AUSTEREO SHAREHOLDER

The Austereo Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal.

You have the following three choices available to you:

(a) Accept the Offer

You may elect to accept the Offer in respect of all of your Austereo Shares.

If you elect to accept the Offer, you are required to choose a consideration alternative:

- \$2.00 cash (Cash Consideration); or
- 0.95 Southern Cross Media Shares (Scrip Consideration).

Alternatively, you may choose a mix of the Cash Consideration and the Scrip Consideration in respect of the Austereo Shares for which you accept the Offer.

If you accept the Offer but do not specify which of the consideration alternatives you wish to receive, you will receive the Cash Consideration for each Austereo Share for which you accept the Offer.

The Bidder's Statement contains details of how to accept the Offer and encloses the Acceptance Form which you must complete and return if you wish to accept the Offer.

There may be tax consequences for you if you accept the Offer. Refer to section 9 for a general outline of the tax implications of accepting the Offer for Australian Shareholders.

(b) Sell your Austereo Shares on ASX

You may sell your Austereo Shares on ASX for cash provided you have not already accepted the Offer.

The most recent price for Austereo Shares may be obtained from the ASX website at www.asx.com.au (ASX code: AEO). As at:

- 28 January 2011, being the last trading date prior to the announcement of the Offer, the Austereo Share price closed at \$1.89; and
- 4 March 2011, the Austereo Share price closed at \$2.07.

The Cash Consideration offered by the Bidder is \$2.00 cash per Share.

If you wish to sell your Austereo Shares on ASX you should contact your broker for information on how to effect that sale.

There may be tax consequences for you if you sell your Austereo Shares on ASX.

(c) Do nothing in respect of the Offer

If you do not wish to accept the Offer, or sell your Austereo Shares on ASX, you should do nothing.

If you decide to do nothing, you should be aware of the rights of the Bidder to compulsorily acquire your Austereo Shares in certain circumstances. For information on compulsory acquisition, refer to section 8.15.

5

ANSWERS TO FREQUENTLY
ASKED QUESTIONS

ANSWERS TO FREQUENTLY ASKED QUESTIONS

This section contains some frequently asked questions about the Offer. It is not intended to address all relevant issues for Austereo Shareholders. This section should be read in conjunction with the remainder of this Target's Statement.

QUESTION	ANSWER
The Offer	
What is being offered to me?	<p>Southern Cross Media is offering Austereo Shareholders a choice of either:</p> <ul style="list-style-type: none"> • \$2.00 cash for each Austereo Share (Cash Consideration); or • 0.95 Southern Cross Media Shares (Scrip Consideration), <p>for each Austereo Share. You may choose either the Cash Consideration or the Scrip Consideration or you may choose a combination of the Cash Consideration and the Scrip Consideration in respect of the Austereo Shares for which you accept the Offer.</p> <p>If you are entitled to a fraction of a Southern Cross Media Share upon acceptance of the Offer, your entitlement to Southern Cross Media Shares will be rounded up to the nearest whole number (if the fraction is 0.5 or greater) or rounded down to the nearest whole number (if the fraction is less than 0.5).</p>
What do the Austereo Independent Directors recommend?	<p>The Austereo Directors, including the Austereo Independent Directors, unanimously recommend that you accept the Offer, in the absence of a Superior Proposal, for the reasons explained in section 2 of this Target's Statement.</p>
When will the Offer consideration be increased by \$0.10 per Share?	<p>Austereo Shareholders who accept the Offer will receive the Additional Consideration if Southern Cross Media becomes entitled to proceed to compulsory acquisition of the Austereo Shares it does not already own and the Offer becomes Unconditional.</p>
When will I receive payment if I accept the Offer?	<p>If you accept the Offer, the consideration will generally be provided on or before the earlier of:</p> <ul style="list-style-type: none"> • 21 days after the end of the Offer Period; and • one month after the Offer is accepted by you or the Offer becomes or is declared Unconditional (whichever is the later). <p>If the Offer becomes Unconditional and it is determined that holders of at least 52.52% of Austereo Shares have elected to receive the Cash Consideration, the consideration will be provided within 7 days after the Offer has been validly accepted by you and the Offer becomes or is declared Unconditional. Those circumstances would exist if Village Roadshow accepts the Offer in respect of its entire shareholding, elects to receive the Cash Consideration and has not withdrawn its acceptances at the time that the Offer becomes Unconditional.</p> <p>In certain circumstances, where the Scaleback applies, the Scrip Consideration will be paid in two tranches (see section 13.13(b) of the Bidder's Statement).</p> <p>If the Additional Consideration is payable, it will be provided to you at the same time as your consideration (unless such consideration has already been provided, in which case it will be provided to you immediately).</p>
What happens if I accept the Offer and a Superior Proposal is made after I accept?	<p>Once you accept the Offer for your Austereo Shares, you will not be permitted to deal in your Austereo Shares in any way, subject to limited statutory rights to withdraw your acceptance.</p> <p>Accordingly, if you accept the Offer, you may be unable to accept a Superior Proposal if one arises after that time.</p>
What happens if the Bidder improves the consideration under the Offer?	<p>If the Bidder improves the Offer consideration, all Austereo Shareholders who accept the Offer will be entitled to the improved consideration (whether they accepted the Offer before or after the consideration is improved).</p>

QUESTION	ANSWER
Interim Dividend	
Am I entitled to retain the Interim Dividend declared on 9 February 2011?	<p>Austereo Shareholders who were on the Austereo Share Register on the Interim Dividend Record Date will be entitled to the Interim Dividend irrespective of whether or not they accept the Offer.</p> <p>The Offer consideration will not be reduced by the amount of the Interim Dividend.</p>
Why is the Interim Dividend included in the calculation of premiums and EBITDA multiple in section 2?	Under the terms of the Offer, Shareholders who hold Austereo Shares on the Interim Dividend Record Date and accept the Offer will retain the \$0.05 per Share Interim Dividend.
If I elect to receive the Scrip Consideration, am I eligible for Southern Cross Media's interim dividend?	No. Only holders of Southern Cross Media Shares who are registered on Southern Cross Media's record date for its interim dividend of 11 March 2011 are eligible to receive the Southern Cross Media interim dividend.
Options	
What choices do I have as a Shareholder?	<p>As an Austereo Shareholder you can:</p> <ul style="list-style-type: none"> • accept the Offer for all the Austereo Shares you hold. All Austereo Directors recommend that you accept the Offer, in the absence of a Superior Proposal; • sell your Austereo Shares on ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or • do nothing, effectively rejecting the Offer. If you decide to do nothing, you should be aware of the Bidder's right to compulsorily acquire your Shares in certain circumstances. For more information on compulsory acquisition refer to section 8.15. <p>For more information about your choices, refer to section 4.</p>
Can I receive both cash and scrip in Southern Cross Media?	<p>Yes. There are two types of consideration being offered by the Bidder:</p> <ul style="list-style-type: none"> • the Cash Consideration; or • the Scrip Consideration. <p>You may choose either the Cash Consideration or the Scrip Consideration or a combination of both.</p> <p>If you accept the Scrip Consideration and the Offer becomes Unconditional, you will cease to be a Shareholder of Austereo but you will become a shareholder of Southern Cross Media.</p> <p>If you accept the Cash Consideration and the Offer becomes Unconditional, you will cease to be a Shareholder of Austereo and you will not become a shareholder of Southern Cross Media. Instead, you will receive cash for your Austereo Shares.</p> <p>It is possible for you to become a shareholder of Southern Cross Media now or in the future by purchasing shares in Southern Cross Media, including on ASX. You should contact your broker for information on how to purchase shares on ASX.</p>

ANSWERS TO FREQUENTLY ASKED QUESTIONS

QUESTION	ANSWER
How to respond to the Offer	
How do I accept the Offer?	<p>You should follow the instructions set out in the Bidder's Statement and the accompanying documents sent to you by the Bidder.</p> <p>Carefully read the instructions so that your Acceptance Form is accurately completed.</p>
How do I reject the Offer?	<p>To reject the Offer, you should do nothing.</p> <p>If you decide to do nothing, you should be aware of the rights of the Bidder to compulsorily acquire your Shares in certain circumstances. Refer to section 8.15 for more information on compulsory acquisition.</p>
If I accept the Offer now, can I withdraw my acceptance later?	<p>You may only withdraw your acceptance if the Bidder varies the Offer in a way that postpones the time the Bidder is required to satisfy its obligations by more than one month and the Offer is still subject to one or more Conditions. This will occur if the Bidder extends the Offer Period by more than one month while the Offer is still subject to any Condition.</p>
Can I accept the Offer for only some of my Shares?	<p>Unless you hold the Shares as trustee or nominee for, or otherwise on account of, more than one person, you cannot accept the Offer for only some of your Austereo Shares. Refer to section 13.6 of the Bidder's Statement for more information about who can accept the Offer.</p>
When do I have to make a decision?	<p>If you wish to accept the Offer, you must do so before the scheduled closing date of the Offer, which at the date of this Target's Statement is 7.00 pm (Melbourne time) on 6 April 2011.</p> <p>The Bidder may extend the Offer Period. If the Bidder extends the Offer Period, you will be notified.</p>
Will I be forced to sell my Shares?	<p>You cannot be forced to sell your Shares unless the Bidder and its Associates achieve a Relevant Interest in 90% or more of all Austereo Shares.</p> <p>If this occurs (and subject to some other legal requirements), the Bidder will be entitled to proceed to compulsorily acquire those Shares held by Austereo Shareholders who did not accept the Offer. If the Bidder does compulsorily acquire the outstanding Shares you may elect to receive the same consideration for your Shares that you would have received under the Offer, but it will take longer for you to receive the Offer consideration. If any Austereo Shareholder whose Shares are compulsorily acquired does not make an election, the Bidder has advised that they will receive the Cash Consideration.</p> <p>Any Austereo Shareholder who elects to receive the Scrip Consideration through the compulsory acquisition process is not expected to be entitled to participate in the Proposed Entitlement Offer.</p> <p>For more information about compulsory acquisition refer to section 8.15.</p>
What are the tax implications of accepting the Offer?	<p>A general outline of the tax implications of accepting the Offer is set out in section 9.</p> <p>Austereo Shareholders are encouraged to seek professional advice as to the taxation implications applicable to their particular circumstances.</p>

QUESTION	ANSWER
Offer conditions	
Is the Offer subject to any conditions?	Yes. Refer to section 8.8.
What happens if I accept the Offer and the Conditions are not satisfied or waived?	<p>If the Conditions are not satisfied or waived by the end of the Offer Period, your acceptance of the Offer will be void and cannot be enforced.</p> <p>If this occurs, you will not receive any consideration for your Austereo Shares and you will be free to deal with your Austereo Shares at your discretion.</p>
How will I know when the Offer is Unconditional?	<p>The Bidder is required to inform Austereo and Austereo Shareholders as soon as any Conditions are satisfied or waived.</p> <p>Notices from the Bidder will be available on the ASX website at www.asx.com.au (ASX code: AEO or SXL).</p>
The Proposed Entitlement Offer	
When is the Proposed Entitlement Offer expected to take place?	Southern Cross Media has stated that it intends to launch the Proposed Entitlement Offer as soon as practicable after the close of the Offer, or where the Additional Consideration becomes payable. However, Southern Cross Media is not obliged to do so and may alter its intention with respect to timing of the Proposed Entitlement Offer.
If I elect to receive the Scrip Consideration do I have to participate in the Proposed Entitlement Offer?	No. You will have the choice of whether or not to participate in the Proposed Entitlement Offer. However, if you do not participate in the Proposed Entitlement Offer your proportionate holding in Southern Cross Media will be reduced.
Austereo and the Offer	
How will I know how many Austereo Shares have been accepted into the Offer?	The Bidder is required to notify ASX during the Offer Period every time there is a movement of 1% or more in its Relevant Interest in Austereo Shares. The Bidder is required to notify ASX by 9.30am on the business day following such movement. You can monitor the Bidder's announcements on the ASX website (www.asx.com.au) to determine its Relevant Interest in Austereo Shares (ASX code: AEO or SXL).
Will Austereo remain listed on ASX?	<p>That depends on the outcome of the Offer.</p> <p>If the Bidder and its Associates have a Relevant Interest in 90% or more of the Austereo Shares before or at the end of the Offer Period and the Bidder proceeds to compulsory acquisition of the remaining Austereo Shares under the Corporations Act, Austereo will apply for termination of the official quotation of Austereo Shares on ASX and removal from the official list of ASX (on a date to be determined by the Bidder).</p> <p>If the Offer becomes Unconditional, but the Bidder and its Associates do not acquire a Relevant Interest in 90% or more of the Austereo Shares before the end of the Offer Period, it may still proceed to procure an application to remove Austereo from the official list of ASX. Refer to section 6 of the Bidder's Statement for information about Southern Cross Media's intentions for Austereo if it acquires less than 90% of Austereo Shares.</p>

ANSWERS TO FREQUENTLY ASKED QUESTIONS

QUESTION	ANSWER
Village Roadshow and the Offer	
Will Village Roadshow accept the Offer?	<p>Village Roadshow is the major Shareholder of Austereo, and, as at the date prior to this Target's Statement, held approximately 52.52% of all Austereo Shares. In an ASX announcement on 31 January 2011, Village Roadshow stated that it intended to accept the Offer in absence of a superior proposal for all Austereo Shares and that if Village Roadshow accepted the Offer, it would elect to receive the Cash Consideration in relation to its entire holding.</p> <p>Village Roadshow has granted Southern Cross Media a call option over approximately 14.9% of Austereo Shares.</p>
The Bidder and Austereo	
What are the Bidder's intentions for running the business of Austereo if their Offer is successful? Will the Austereo brand continue?	<p>Refer to section 6 of the Bidder's Statement where the Bidder has outlined its intentions regarding the continuation of the Austereo business and any changes that it intends to make to the business, as well as its intentions regarding the future employment of the present employees of Austereo, if the Offer is successful.</p>
General	
Who is the Bidder and what is the Bidder's Statement?	<p>The Bidder is Southern Cross National Network Pty Ltd ACN 148 894 231, a wholly-owned subsidiary of Southern Cross Media.</p> <p>Summary information about Southern Cross Media is contained in section 7. Further information about Southern Cross Media can be obtained from section 2 of the Bidder's Statement, on Southern Cross Media's website at www.scmmediagroup.com.au or by contacting your independent financial, legal, tax or other professional adviser.</p> <p>The Bidder's Statement contains information on the Offer. The law requires the Bidder to send the Bidder's Statement to you.</p>
What is a Target's Statement?	<p>This document is Austereo's Target's Statement. Austereo is required, by law, to produce the Target's Statement in response to the Offer. The Target's Statement contains information to help you decide whether or not to accept the Offer for your Shares.</p>
What if I have further questions?	<p>You may call the Austereo Shareholder Information Line on 1800 097 937 (toll free) (Australia) or +61 3 9415 4826 (international) from 9.00am to 5.00pm Melbourne time, Monday to Friday. The Austereo Shareholder Information Line will be open until the end of the Offer Period.</p>

6

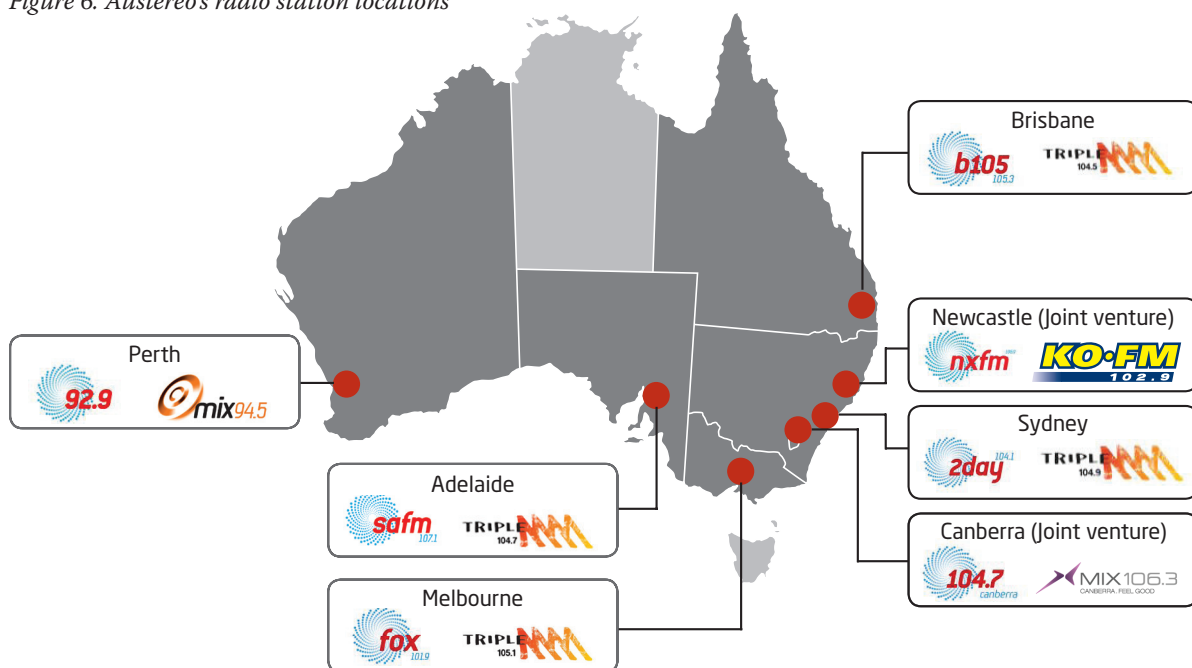
AUSTereo INFORMATION

6.1 OVERVIEW

Austereo is an Australian commercial FM radio broadcaster with a range of market leading brands across the Today and Triple M networks. Austereo listed on the ASX in 2001 (ASX code: AEO) and, as at 4 March 2011, had a market capitalisation of approximately \$714 million. In FY2010, Austereo generated revenue of \$263.6 million and EBITDA of \$88.6 million.

Austereo operates two FM networks: Today and Triple M, with stations in all mainland Australian state capital cities and joint ventures in Newcastle and Canberra, as well as digital radio brands including Radar Radio, The Main Stage and Barry.

Figure 6. Austereo's radio station locations



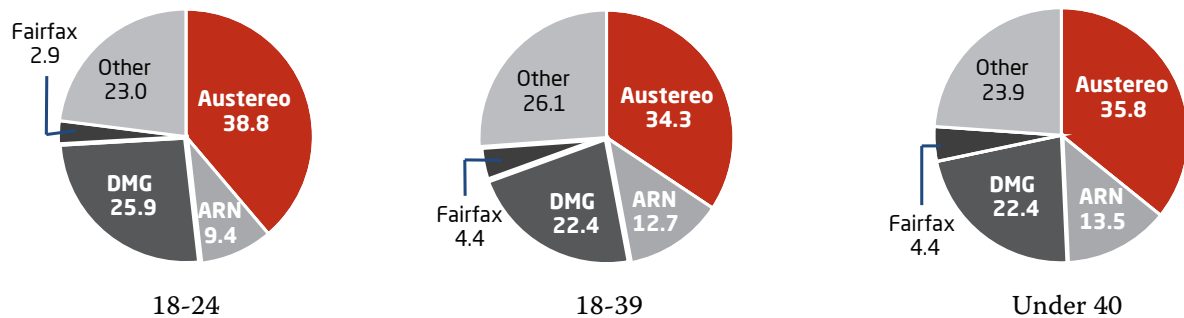
Austereo is currently simulcasting its established FM brands and specific short and long term digital brands, while holding additional digital spectrum that provides the opportunity for new formats to launch in the future.

Austereo also consults to a radio group in Malaysia (AMP Radio Networks).

In December 2008, Austereo launched Australia's first commercial digital radio station, Radar Radio. Radar plays new music from established artists and up and coming musicians.

In 2010, Austereo achieved the leading audience and revenue share in the industry and the Today Network exceeded its performance in the previous year. Austereo led ratings for key demographics in the latest Nielsen Media Research survey.

Figure 7. Metropolitan radio market share by age demographic (%), Survey #8, 2010



Austereo's business strategy is based on four key principles:

- investment in creativity and innovation, including the areas of talent discovery and development, technology, and training in sales, cross platform opportunities and management;
- a cross platform strategy to build audience and enhance opportunity for advertisers;
- investment in strategic marketing, tactics and client relationships to build brand value; and
- development of digital channels and focus in leading content offerings and digital spectrum ownership.

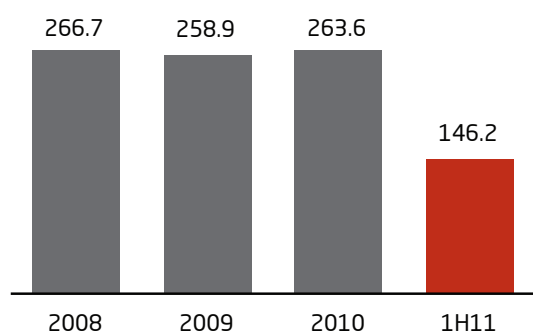
6.2 AUSTEREO HISTORICAL FINANCIAL INFORMATION

On 9 February 2011, Austereo announced its results for the six month period ended on 31 December 2010 and released its audit-reviewed half year financial report and accounts for the same period (Austereo Half Year Results). The Austereo Half Year Results are available on Austereo's website at www.austereo.com.au and on the ASX website at www.asx.com.au (ASX code: AEO).

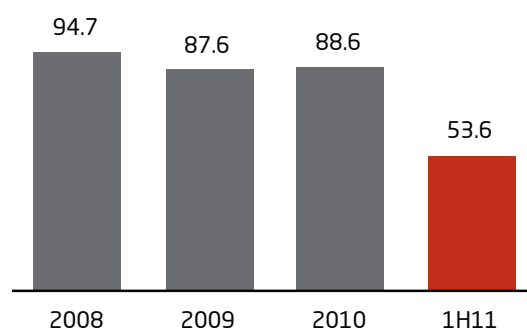
6 AUSTEREO INFORMATION

Set out below is a summary of Austereo's financial performance for FY2008, FY2009, FY2010 and the six months ended 31 December 2010.

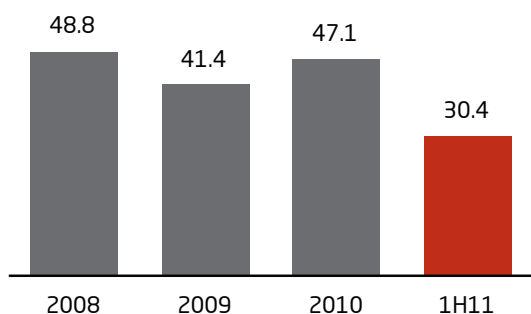
Revenue (\$m)



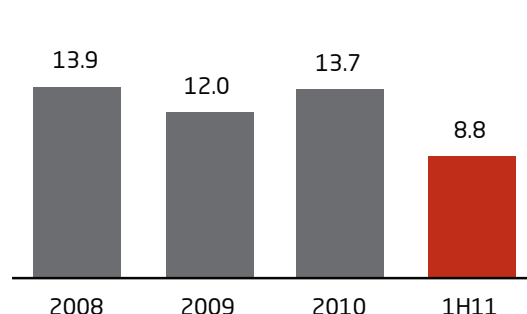
EBITDA (\$m)



Net profit after tax (\$m)



EPS (cps)



Historically, Austereo's level of earnings in the first half period (June to December) is higher than the earnings in the second half period. In the first half of 2010, Austereo generated approximately 50% of full year 2010 revenue, 56% of EBITDA and 59% of net profit after tax.

7

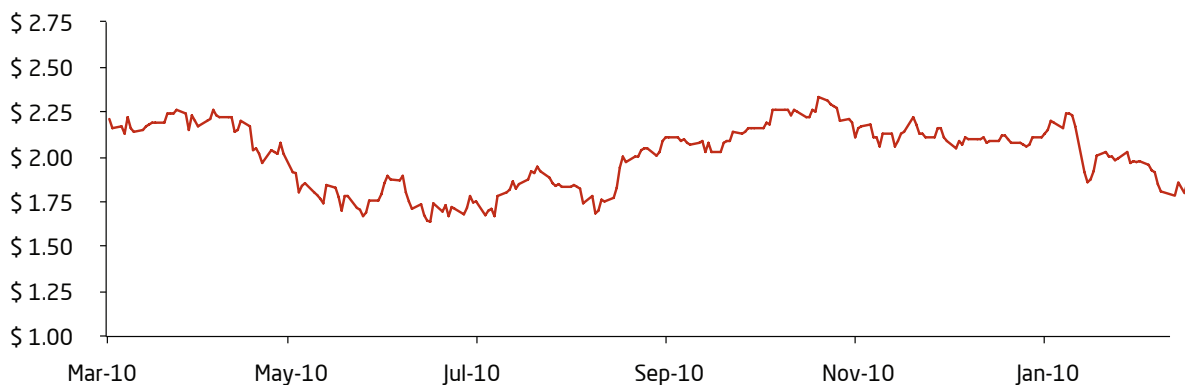
SOUTHERN CROSS MEDIA INFORMATION

7.1 OVERVIEW

Southern Cross Media is an Australian regional radio and free-to-air television broadcaster. Its largest shareholder is Macquarie Diversified Asset Advisory Pty Ltd, a subsidiary of Macquarie Group Limited (ASX code: MQG), which has a relevant interest of 26.61% of Southern Cross Media Shares.

On 28 October 2009, Macquarie Media Group (a triple stapled listed entity comprising Macquarie Media Group Limited, Macquarie Media International Limited and Macquarie Media Trust) announced a series of restructuring initiatives. These initiatives included a capital raising, a proposal to internalise the management of Macquarie Media Group and a proposal to simplify the group structure by converting it from a triple stapled structure to a single holding company. These restructuring initiatives ultimately resulted in the creation of Southern Cross Media Group Limited on 18 March 2010.

Figure 8. Share price performance of Southern Cross Media since corporatisation on 18 March 2010

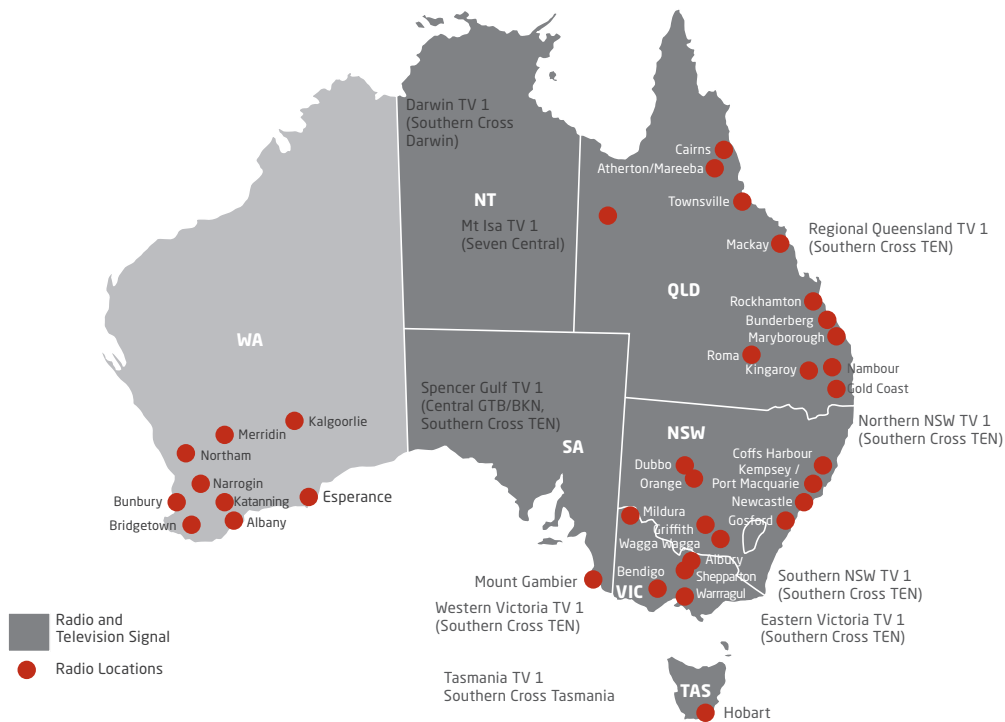


Source: IRESS, as at 4 March 2011.

As at 4 March 2011, Southern Cross Media's market capitalisation was approximately \$710 million.

As set out in section 8 of the Bidder's Statement, Southern Cross Media intends to partially fund the Offer through the Proposed Entitlement Offer. The size, structure and pricing of the Proposed Entitlement Offer is not yet known, and may not be known until late in, or after, the end of the Offer Period. Austereo Shareholders who accept the Offer and elect to receive the Scrip Consideration will have the right, but not the obligation, to participate in the Proposed Entitlement Offer.

Figure 9. Southern Cross Media's operating locations

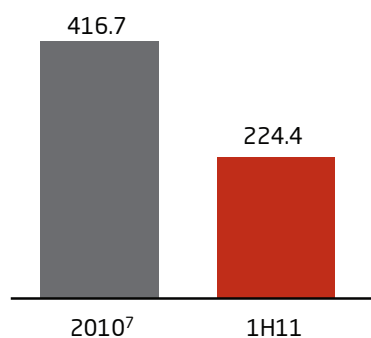


7.2 SUMMARY OF SOUTHERN CROSS MEDIA'S FINANCIAL PERFORMANCE

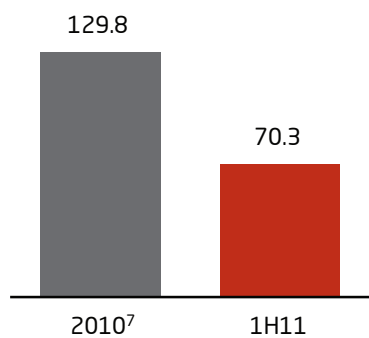
On 22 February 2011, Southern Cross Media announced its results for the six month period ended on 31 December 2010 and released its audit-reviewed half year financial report and accounts for the same period (Southern Cross Media Half Year Report). Southern Cross Media's results announcement and the Southern Cross Media Half Year Report are available on Southern Cross Media's website at www.scmmedia.com.au and on the ASX website at www.asx.com.au (ASX code: SXL).

Set out below is a summary of Southern Cross Media's financial performance for FY2010 and the six months ended 31 December 2010.

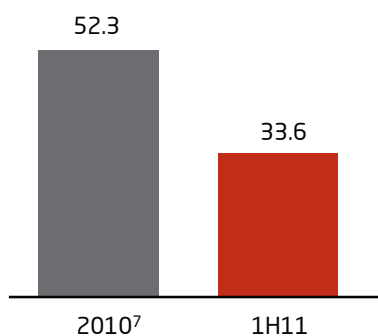
Revenue (\$m)



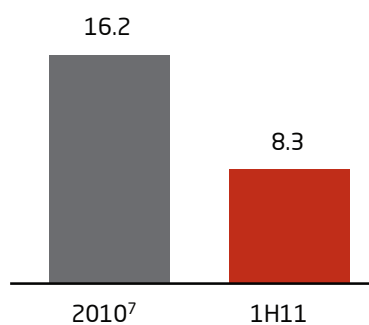
EBITDA (\$m)



Net profit after tax (\$m)



EPS (cps)



7.3 DETAILED INFORMATION ON SOUTHERN CROSS MEDIA

This section contains a brief summary of Southern Cross Media's business. Refer to section 2 of the Bidder's Statement for detailed information on Southern Cross Media.

7 Pro forma consolidated earnings for the 12 month period to 30 June 2010 excluding non-recurring items.

8

DETAILS OF THE OFFER AND
OTHER IMPORTANT MATTERS

8 DETAILS OF THE OFFER AND OTHER IMPORTANT MATTERS

8.1 OVERVIEW

For a summary of the Offer, please refer to section 1 of the Bidder's Statement and section 1 of this Target's Statement.

8.2 ADJUSTMENT TO SCRIP CONSIDERATION

On 22 February 2011, Southern Cross Media declared an interim dividend of \$0.07 per share. If at any time before the end of the Offer Period, Southern Cross Media announces, determines or declares another dividend 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 Southern Cross Media dividend announced, determined or declared per Southern Cross Media Share.

8.3 PAYMENT TERMS

Section 13.13 of the Bidder's Statement sets out the timing of payment of the Offer consideration to Austereo Shareholders who accept the Offer.

If you accept the Offer, the consideration will generally be provided on or before the earlier of:

- 21 days after the end of the Offer Period; and
- one month after the Offer is accepted by you or the Offer becomes or is declared Unconditional (whichever is the later).

If the Offer becomes Unconditional and it is determined that holders of at least 52.52% of Austereo Shares have elected to receive the Cash Consideration, the consideration will be provided within 7 days after the Offer has been validly accepted by you and the Offer becomes or is declared Unconditional. Those circumstances would exist if Village Roadshow accepts in respect of its entire shareholding, elects to receive the Cash Consideration and has not withdrawn its acceptances at the time that the Offer becomes Unconditional.

In certain circumstances, where the Scaleback applies, the Scrip Consideration will be paid in two tranches (see section 13.13(b) of the Bidder's Statement).

If the Additional Consideration is payable, it will be provided to you at the same time as your consideration (unless such consideration has already been provided, in which case it will be provided to you immediately).

8.4 RISK IN INVESTING IN SOUTHERN CROSS MEDIA SHARES

The risks identified in section 3 and section 10 of the Bidder's Statement should be considered prior to electing to receive the Scrip Consideration.

8.5 ALTERNATIVE OFFERS

Austereo Shareholders should note that the absence of a Superior Proposal is a condition of the Austereo Directors' recommendation of the Offer. Should such a proposal arise, the Austereo Directors will reconsider their recommendation of the Offer and inform you accordingly.

As at the date of this Target's Statement, no Superior Proposal has been put to Austereo or is currently under consideration by Austereo.

8.6 OFFER PERIOD AND VALID ACCEPTANCE OF THE OFFER

The Offer is open for acceptance from 28 February 2011 to 7.00 pm (Melbourne time) on 6 April 2011, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act. If you decide to accept the Offer, then, to be valid, your acceptance must be received by the Bidder before the end of the Offer Period.

Instructions on how to accept the Offer are set out in the Bidder's Statement and on the Acceptance Form which was enclosed with the Bidder's Statement. If you wish to accept the Offer, follow the instructions carefully to ensure that your acceptance is valid.

Austereo Shareholders who accept the Offer give up certain rights to sell or otherwise deal with their Austereo Shares, even before the Conditions have been satisfied or waived. In particular, Shareholders who accept the Offer may lose the opportunity to benefit from any Superior Proposal, if one arises. Austereo is not currently aware of any Superior Proposal for your Austereo Shares.

8.7 DIVIDENDS OR OTHER RIGHTS IN RELATION TO AUSTEREO SHARES

Other than the \$0.05 per Share Interim Dividend declared by Austereo on 9 February 2011, Southern Cross Media is entitled to any dividends declared or paid (or the value of any other Rights that might arise) after the Announcement Date in respect of Austereo Shares acquired under the Offer. If any such entitlement is payable to an Austereo Shareholder, Southern Cross Media reserves the right to deduct the value of the entitlement from the consideration payable to that Austereo Shareholder on acceptance of the Offer.

Further information about the treatment of Rights under the Offer is set out in section 13.11 of the Bidder's Statement.

8.8 OFFER CONDITIONS

The Offer and any contract arising from acceptance of the Offer are subject to the fulfilment of the following Conditions:

- (a) **(Minimum Acceptance Condition)** At the end of the Offer Period, Bidder and its Associates together have a Relevant Interest in at least 50.1% (by number) of the Austereo Shares.
 - (b) **(ACCC)** Before the end of the Offer Period:
 - (i) 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 Bidder pursuant to section 50 of the CCA; or
 - (ii) 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 Bidder pursuant to section 50 of the CCA, subject to the provision of written undertakings to the ACCC which are acceptable to Bidder and Southern Cross Media (acting reasonably).
 - (c) **(ACMA)** Bidder has obtained Approval from the ACMA in relation to the acquisition of the Austereo Shares contemplated by the Offer.
 - (d) **(No prescribed occurrences)** Before the end of the Offer Period, no Prescribed Occurrence (including any 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 Southern Cross Media Group) happens.
 - (e) **(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:
 - (i) the Interim Dividend;
 - (ii) 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
- (iii) a dividend or other distribution to be made by Austereo which is approved in writing by Southern Cross Media.
 - (f) **(No material acquisitions, disposals or new commitments)** Between the Announcement Date and the end of the Offer Period (other than as disclosed in writing to Southern Cross Media or Bidder prior to the Announcement Date) neither Austereo nor any of its Subsidiaries:
 - (i) 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;
 - (ii) 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 any one 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;
 - (iii) 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;
 - (iv) 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;

DETAILS OF THE OFFER AND OTHER IMPORTANT MATTERS

- (v) 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
- (vi) 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.

- (g) **(Other events)** Between the Announcement Date and the end of the Offer Period:

- (i) 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
- (ii) 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.

8.9 CONSEQUENCE OF CONDITIONS NOT BEING SATISFIED

Even if the Conditions are not satisfied, they may be waived by the Bidder.

If any Condition is not satisfied, the Bidder will have the option as to whether to proceed with the acquisition of Austereo Shares under its Offer (i.e. by waiving the Condition) or to allow the Offer to lapse with an unsatisfied Condition.

In general, the Bidder will not have to decide whether to proceed with the acquisition of Austereo Shares under its Offer until the date that it is required to provide notice of the status of Conditions which, as outlined in section 8.10, can be postponed if the Offer Period is extended.

8.10 NOTICE OF STATUS OF CONDITIONS

Section 13.17 of the Bidder's Statement states that the Bidder will give a notice of the status of the Conditions on 29 March 2011. The Bidder will give this notice to Austereo by making an announcement on ASX at www.asx.com.au (ASX code: AEO or SXL).

The Corporations Act requires that such notice state:

- whether the Offer is free from Conditions;
- whether the Conditions have been fulfilled as at the date of the notice; and
- the voting power of the Bidder in Austereo.

If the Offer Period is extended before the date the notice is required to be given, the date that the Bidder must give its notice is taken to be postponed for the same period. In this case, the Bidder is required, as soon as reasonably practicable after the extension, to notify Austereo and ASX of the new date for giving the notice.

8.11 EXTENSION OF THE OFFER PERIOD

The Bidder may extend the Offer Period in accordance with the Corporations Act. If the Bidder extends the Offer Period, you will receive notice of the extension, unless, at the date the notice is given to Austereo the Offer has become Unconditional.

8.12 EFFECT OF ACCEPTING THE OFFER AND WITHDRAWAL RIGHTS

Accepting the Offer would (subject to the withdrawal rights discussed below):

- prevent you from accepting any higher takeover bid that may be made by a third party or any alternative transaction proposal that may be recommended by the Austereo Directors;
- relinquish control of your Austereo Shares to the Bidder with no guarantee of payment unless or until the Offer becomes Unconditional – and as the Offer Period could be extended by the Bidder, this could result in delays in payment; and
- if any Condition is not satisfied, give the Bidder the option to keep your Austereo Shares (i.e. by waiving the relevant Conditions) or return your Austereo Shares.

If you accept the Offer, you will have a right to withdraw your acceptance in some circumstances. Those withdrawal rights comprise general statutory withdrawal rights under the Corporations Act. In summary:

- you may withdraw your acceptance of the Offer if the Bidder varies the Offer in a way that postpones, for more than one month, the time when the Bidder needs to meet its obligations under the Offer and the Offer is still subject to one or more Conditions. This will occur if the Bidder extends the Offer Period by more than one month while the Offer is still subject to any Condition; and

- in those circumstances, you will have a period of one month after the date that notice of the extension is given to Austereo to withdraw your acceptance if you wish to do so. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you may receive further statutory withdrawal rights.

If you become entitled to withdraw your acceptance, you will be sent a notice from the Bidder, explaining your rights in this regard.

8.13 LAPSE OF THE OFFER

The Offer will lapse if the Conditions are not satisfied or waived by the end of the Offer Period. In that event, all contracts resulting from acceptances of the Offer, and all acceptances that have not resulted in binding contracts, will be void and you will be free to deal with your Austereo Shares at your discretion.

8.14 FOREIGN HOLDERS OF AUSTEREO SHARES

If you are (or are acting as a nominee or trustee on behalf of) a citizen or a resident of a jurisdiction other than Australia (and its external territories) or New Zealand (Permitted Jurisdictions), or your address as shown in the Share Register is a place outside the Permitted Jurisdictions (or you are acting on behalf of such a person), then you are considered a Foreign Shareholder.

If you are a Foreign Shareholder, you are an Ineligible Foreign Shareholder unless Southern Cross Media determines that:

- it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with Southern Cross Media Shares on acceptance of the Offer; and
- it is not unlawful for you to accept the Offer by the law of the relevant place outside the Permitted Jurisdictions.

If you are an Ineligible Foreign Shareholder, you will not be entitled to receive the Southern Cross Media Shares by reason of your acceptance of the Offer.

This means that if you accept the Offer and elect to receive the Scrip Consideration, you will not be issued with Southern Cross Media Shares. Rather, the nominee sale procedure set out in section 13.12(c) of the Bidder's Statement will apply.

Refer to section 13.12 of the Bidder's Statement for further details of treatment of Foreign Shareholders who elect to receive the Scrip Consideration.

8.15 COMPULSORY ACQUISITION

The Bidder has stated in section 6.2 of the Bidder's Statement that if it becomes entitled to do so under the Corporations Act, it will proceed with compulsory acquisition of any outstanding Austereo Shares in accordance with the provisions of the Corporations Act (summarised below).

(a) Compulsory acquisition post takeover bid

Part 6A.1 of the Corporations Act provides for the compulsory acquisition of outstanding shares following a successful off-market takeover bid.

To be entitled to compulsorily acquire all Austereo Shares, the Bidder (together with its Associates) must, during or at the end of the Offer Period:

- have a Relevant Interest in at least 90% (by number) of Austereo Shares; and
- have acquired at least 75% (by number) of Austereo Shares for which it has made an Offer.

If these thresholds are met, the Bidder will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Austereo Shareholders who have not accepted the Offer. It may choose to commence compulsory acquisition as soon as the relevant thresholds are satisfied rather than wait until the end of the Offer Period.

Austereo Shareholders have statutory rights to challenge compulsory acquisition, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for their Austereo Shares. If compulsory acquisition occurs, Austereo Shareholders who have their Shares compulsorily acquired are not likely to be provided their consideration until at least one month after the compulsory acquisition notices are sent to them.

The compulsory acquisition notice will contain a statement by the Bidder stating which consideration alternative the Austereo Shareholders who have not accepted the Offer will receive if they do not elect to receive either the Cash Consideration or Scrip Consideration. The Bidder has indicated that Austereo Shareholders who do not make an election will receive the Cash Consideration.

Sections 1 and 6.2 of the Bidder's Statement contain further information about compulsory acquisition.

(b) General compulsory acquisition

Part 6A.2 of the Corporations Act sets out another procedure for the Bidder to compulsorily acquire Austereo Shares and Austereo Options. This procedure may be applicable if the Bidder acquires a full beneficial interest in at least 90% by value of all Austereo securities and its voting power in Austereo is at least 90%.

If this occurs the Bidder would have a period of six months to exercise its general compulsory acquisition rights, which requires the acquisition to take place at a specified price. The price offered by the Bidder under this procedure would need to be considered by an independent expert, who would be asked to determine whether, in its opinion, the terms proposed for the compulsory acquisition offer fair value for the outstanding Shares.

If Shareholders holding more than 10% of Austereo Shares object to the acquisition, the Bidder would need to approach the court for orders to the effect that the compulsory acquisition should proceed.

8.16 NOTIFICATION OF APPROACHES

Under the Implementation Deed, Austereo must inform Southern Cross Media and the Bidder in writing of any written proposal made to Austereo with respect to any Alternative Proposal.

Austereo does not need to notify Southern Cross Media of approaches if that notification 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).

8.17 INTENTIONS OF THE BIDDER

The intentions of the Bidder (as at the date of the Bidder's Statement) in relation to Austereo, its business, assets and employees are set out in section 6 of the Bidder's Statement. The statements set out in section 6 of the Bidder's Statement are statements of the Bidder's intentions current at the date of the Bidder's Statement only, which may vary as new information becomes available or circumstances change.

9

TAX IMPLICATIONS

9.1 INTRODUCTION

The information in this section is only a general summary of the Australian tax consequences for Austereo Shareholders who accept the Offer. This information is relevant only to those Austereo Shareholders who hold their Austereo Shares on capital account. This information relates only to Austereo Shares and not to other rights held over Austereo Shares. Stamp duty and GST information is set out in sections 9.5 and 9.6.

Certain Austereo Shareholders (such as those engaged in a business of trading or investment, those who acquired their Austereo Shares for the purpose of resale at a profit or those that are banks, insurance companies, tax exempt organisations, superannuation funds, persons who are temporary residents for Australian tax purposes or persons who acquire their Austereo Shares in respect of their employment with Austereo) will or may be subject to different tax consequences specific to their circumstances.

The information in this section is based upon taxation law and practice in effect as at the date of this Target's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Austereo Shareholder. Austereo Shareholders should seek independent professional advice regarding the taxation consequences of accepting the Offer or otherwise disposing of their Austereo Shares.

9.2 TAX CONSEQUENCES OF DISPOSAL OF AUSTEREO SHARES BY AUSTRALIAN RESIDENTS

(a) General capital gains tax considerations

Acceptance of the Offer will result in the disposal of Austereo Shares by Austereo Shareholders. This disposal will constitute a Capital Gains Tax (CGT) event. The effective date of disposal for CGT purposes will be the earlier of the time at which the Austereo Shareholder accepted the Offer or the time at which the Offer becomes Unconditional. If the Offer does not become Unconditional, then no CGT event will occur.

The disposal of Austereo Shares may result in a capital gain or capital loss.

A capital gain will arise if the capital proceeds exceed the cost base of the Austereo Shares. A capital loss will arise if the capital proceeds are less than the reduced cost base of such Shares.

The capital proceeds received by an Austereo Shareholder who accepts the Offer (or has their Austereo Shares otherwise acquired under the Offer) will be equal to:

- the amount of cash received (if the Austereo Shareholder elects to receive the Cash Consideration); or
- the market value of the Southern Cross Media Shares received (if the Austereo Shareholder elects to receive the Scrip Consideration), which would be determined at the time of the disposal of the Austereo Shares; or
- a combination of the Cash Consideration and the Scrip Consideration.

If the Additional Consideration of \$0.10 cash per Share is paid, this amount will be added to the capital proceeds received by Austereo Shareholders.

The cost base or reduced cost base of Austereo Shares should broadly equal the money that an Austereo Shareholder has paid or was required to pay to acquire its Austereo Shares, plus certain other amounts associated with the acquisition of the Austereo Shares and disposal to Southern Cross Media, such as brokerage or stamp duty.

Net capital gain

Subject to the CGT reductions and exemptions discussed below, capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether the taxpayer has a net capital gain or loss for that period. Any net capital gain, after applying carried forward capital losses, is included in the taxpayer's assessable income and is subject to income tax.

Capital losses

Capital losses may only be offset against capital gains realised in the same income year. A net capital loss for an income year can be carried forward to be offset against capital gains in future income years.

(b) Circumstances in which capital gains may be reduced or disregarded

Austereo Shareholders who accept the Offer may be able to reduce or disregard a capital gain in the circumstances set out below. Austereo Shareholders who elect to receive the Scrip Consideration may be able to disregard a capital gain to the extent that it is attributable to the acquisition of Southern Cross Media Shares where they elect scrip for scrip roll-over relief to apply. For further information, refer to section 9.2(c).

Pre-CGT Shareholders

If an Austereo Shareholder acquired (or is deemed to have acquired) their Austereo Shares prior to 20 September 1985, the Shareholder is exempt from any CGT consequences from the disposal of those Shares.

Indexation

If an Austereo Shareholder acquired (or is deemed to have acquired) their Austereo Shares at or before 11.45 am on 21 September 1999, the cost base of their Austereo Shares may be indexed for inflation, by reference to changes in the Consumer Price Index from the calendar quarter in which the Austereo Shares were acquired (or deemed to be acquired) until the calendar quarter ended 30 September 1999. Indexation adjustments are taken into account only for the purposes of calculating a capital gain, not a capital loss.

An Austereo Shareholder who is an individual, complying superannuation entity or a trust and has held their Austereo Shares for at least 12 months will have the option of applying either the indexation method or the CGT discount (refer below) to calculate the capital gain arising from the disposal of Austereo Shares, but cannot apply both.

Whether any Austereo Shareholder should use the indexation method or the CGT discount will depend upon their particular circumstances. Austereo Shareholders should consult their own tax advisors in relation to this matter.

CGT discount

Austereo Shareholders who make a capital gain as a result of accepting the Offer and who are not eligible or do not choose scrip for scrip roll-over relief to apply (refer to section 9.2(c)) and do not choose to apply the indexation method referred to above may be eligible for the CGT discount.

Broadly, the CGT discount can reduce an eligible taxpayer's capital gain if the taxpayer has held the relevant asset (in this case, Austereo Shares) for at least 12 months prior to disposal. The CGT discount applies after an eligible taxpayer has applied capital losses against their capital gains for the income year.

The size and availability of the applicable CGT discount is determined by the legal status of the Austereo Shareholder:

- (i) Individuals: subject to CGT on 50% of any capital gain;
- (ii) Complying superannuation entities: subject to CGT on two-thirds of any capital gain;

- (iii) Companies: (other than in a capacity as trustee) are not entitled to the CGT discount; and

- (iv) Trustees: where beneficiaries are presently entitled to the income of the trust, the net capital gain for the trust is determined with the benefit of the 50% CGT discount if the Shares have been held for at least 12 months (refer above). Upon distribution by the trustee, the net capital gain would be grossed up to 100% in the hands of beneficiaries.

Beneficiaries that are individuals or complying superannuation funds should be entitled to the CGT discount (at 50% for individuals and 33 1/3% for superannuation funds) in respect of the disposal of the Austereo Shares by the trust. They will include the discounted gain in their assessable income, which may be offset by any current year or carry forward losses of the beneficiary.

Beneficiaries that are companies are not entitled to the CGT discount. They will include the grossed up capital gain in their assessable income, which may be offset by any current year or carry forward losses of the company.

Where no beneficiaries are presently entitled to the net income of a trust that is an Austereo Shareholder, the full amount of any capital gain in respect of the disposal of Austereo Shares will be included in the assessable income of the trustee.

Austereo Shareholders that are trustees should obtain specific tax advice as to whether they are entitled to obtain the benefit of the CGT discount and in relation to the tax consequences of distributions attributable to discounted capital gains.

(c) Scrip for scrip roll-over relief in respect of the Scrip consideration

Austereo Shareholders who elect to receive, either in whole or in part, the Scrip Consideration may be able to disregard some of their capital gain where scrip for scrip roll-over relief is available.

Scrip for scrip roll-over relief will be available to Austereo Shareholders who acquired their Austereo Shares on or after 20 September 1985 and derive a capital gain as a result of acceptance of the Offer and elect to receive the Scrip Consideration.

Scrip for scrip roll-over relief does not apply where Austereo Shareholders derive a capital loss as a result of acceptance of the Offer.

Scrip for scrip roll-over relief is available if certain conditions are satisfied. As relevant, these conditions will be satisfied in respect of the Scrip Consideration as follows:

- Austereo Shareholders will exchange their Austereo Shares for Southern Cross Media Shares;
- the exchange of Austereo Shares for Southern Cross Media Shares is in consequence of a single arrangement, being the Offer;
- the takeover bid is not in contravention of paragraphs 612(a) to (g) of the Corporations Act; and
- the replacement shares that Austereo Shareholders receive are shares in Southern Cross Media, the ultimate 100% parent company of the Bidder.

In addition to the conditions above, for scrip for scrip roll-over relief to apply to those who elect to receive Scrip Consideration, the following additional conditions must be satisfied:

- the Offer must result in the Bidder becoming the owner of 80% or more of the voting shares in Austereo. It is a Condition that the Bidder (and its Associates) obtain a Relevant Interest in at least 50.1% (by number) of Austereo Shares; and
- no other CGT roll-over relief must be available to the Austereo Shareholder.

In relation to the first additional condition, each Austereo Shareholder should confirm with their tax advisor that no other roll-over applies to them.

In relation to the second additional condition, it is possible that the Bidder may have a Relevant Interest in less than 80% of Austereo Shares at the conclusion of the Offer. In this case, those Austereo Shareholders who have accepted the Offer and elected to receive the Scrip Consideration will not be entitled to scrip for scrip roll-over relief. In these circumstances, Austereo Shareholders who elected to receive the Scrip Consideration may be subject to CGT, notwithstanding they would not have received any cash proceeds from the sale of their Austereo Shares to the Bidder.

All Austereo Shareholders should seek independent professional advice regarding whether scrip for scrip roll-over relief can be obtained.

Additional Consideration

An Austereo Shareholder will not be entitled to receive roll-over relief in respect of the Additional Consideration of \$0.10 cash per Share.

Combination of Cash Consideration and Scrip Consideration

Scrip for scrip roll-over relief will be available to the extent of any Scrip Consideration received, provided that the conditions noted above are satisfied.

Roll-over relief will not be available for any capital gain realised in respect of the exchange of Austereo Shares for cash (including any Additional Consideration).

Allocation of cost base

To determine the capital gain that is not the subject of scrip for scrip roll-over relief, the Austereo Shareholder's cost base that is reasonably attributable to the Cash Consideration (plus the Additional Consideration if applicable) may be calculated for each Austereo Share by multiplying the existing cost base in each Austereo Share by the fraction of the total value of the consideration provided in respect of each Austereo Share disposed of to the Bidder that is ineligible for roll over relief such as Cash Consideration and Additional Consideration (Ineligible Proceeds).

Choosing scrip for scrip roll-over relief

If the Bidder acquires at least 80% of Austereo Shares, in order to access scrip for scrip roll-over relief, eligible Austereo Shareholders must elect for the roll-over relief to apply. Austereo Shareholders can elect roll-over relief by excluding the relevant portion of the capital gain for which they receive Scrip Consideration from their tax returns for the income year in which the CGT event occurs for which they receive the Scrip Consideration.

Cost base of Southern Cross Media Shares acquired through the Scrip Consideration

For Austereo Shareholders who obtain scrip for scrip roll-over relief, their cost base in the Austereo Shares disposed of, less the cost base attributable to the Ineligible Proceeds (which will include the Additional Consideration (if any)), will be applied proportionately over their replacement Southern Cross Media Shares in order to determine the cost base in those Southern Cross Media Shares.

The cost base of the replacement Southern Cross Media Shares will be relevant for any CGT event in relation to their Southern Cross Media Shares in the future. For the purposes of determining eligibility for cost base indexation or the CGT discount on a sale of the replacement Southern Cross Media Shares, an Austereo Shareholder will be treated as having acquired the Southern Cross Media Shares at the time the Austereo Shareholder acquired the relevant Austereo Shares.

Dividends received in relation to Southern Cross Media Shares acquired through the Scrip Consideration

Southern Cross Media may declare dividends on Southern Cross Media Shares in the future. Austereo Shareholders who elect to receive the Scrip Consideration may receive such dividends. In order for Austereo Shareholders to benefit from any franking credits attached to any dividends paid to holders of Southern Cross Media Shares, the shareholders must satisfy the 'holding period rule'.

Broadly, the holding period rule provides that Southern Cross Media Shares must be held at risk for a continuous period of at least 45 days (not including the date of acquisition or disposal) from the date that the Southern Cross Media Shares are acquired, otherwise the shareholder is not entitled to the benefit of any franking credits attached to such dividends.

9.3 TAXATION CONSEQUENCES OF DISPOSAL OF AUSTEREO SHARES BY NON-RESIDENTS

Generally, an Austereo Shareholder who is not a resident for Australian tax purposes and who holds their Austereo Shares on capital account will not be subject to CGT on the disposal of their Austereo Shares as Austereo is not, broadly, a company with its value predominantly reflected in Australian real property.

9.4 SUBSEQUENT DISPOSAL OF SOUTHERN CROSS MEDIA SHARES

The income tax consequences for the current Austereo Shareholders on the subsequent disposal of Southern Cross Media Shares received under the Scrip Consideration will depend on whether the Austereo Shareholders obtain CGT roll over relief.

To the extent that CGT roll over relief is obtained, the cost base of the Southern Cross Media Shares issued to the current Austereo Shareholders will be equal to that portion of the total existing cost base of the Austereo Shares, less the portion allocated to the Ineligible Proceeds, spread on a reasonable basis to the Southern Cross Media Shares.

For the purposes of determining whether the CGT discount will be available on any subsequent disposal, the date of acquisition of the Southern Cross Media Shares will be the same as the original ownership time in the Austereo Shares.

To the extent that CGT roll over relief is not obtained, the cost base of the Southern Cross Media Shares issued to the current Austereo Shareholders will be equal to the market value of the Austereo Shares sold by the Austereo Shareholder as part of the Offer, worked out at the time of the CGT event. For the purposes of determining whether the CGT discount will be available on any subsequent disposal, the date of acquisition of the Southern Cross Media Shares will be the date those shares were acquired following the Offer becoming Unconditional.

9.5 STAMP DUTY

The issue of Southern Cross Media Shares to Austereo Shareholders arising from their acceptance of the Offer and election to receive the Scrip Consideration, should not attract any share transfer or landholder duty.

9.6 GST

No GST will be payable by Austereo Shareholders in respect of their acceptance of the Offer, regardless of whether the Cash Consideration or Scrip Consideration is elected.

Austereo Shareholders may be charged GST on third party costs (such as advisor fees) they incur and which relate to their participation in the Offer. Austereo Shareholders may be entitled to input tax credits for such costs, but should seek independent advice in relation to their specific circumstances.

For personal use only

10

ADDITIONAL INFORMATION

10 ADDITIONAL INFORMATION

10.1 ASX ANNOUNCEMENTS

Austereo is a “disclosing entity” under the Corporations Act and therefore has continuous disclosure obligations under that legislation and also under the ASX Listing Rules. It is required to immediately disclose to the market, through ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of Austereo’s Shares.

Austereo is in compliance with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. Austereo’s announcements are available free of charge from the ASX website at www.asx.com.au (ASX code: AEO).

The most recent financial information regarding Austereo is the Austereo Half Year Results for the period ended 31 December 2010, released to ASX on 9 February 2011. A copy of this document is also available free of charge from Austereo on request and is also available on Austereo’s website at www.austereo.com.au.

10.2 ISSUED CAPITAL

As at 4 March 2011, Austereo’s issued share capital was 344,783,708 fully paid ordinary shares.

10.3 SUBSTANTIAL HOLDERS

As at 4 March 2011, the top 10 holders of Austereo Shares are as follows:

Substantial holder	No of Shares in which the holder has a Relevant Interest	%
Village Roadshow Limited	181,093,856	52.52
JP Morgan Nominees Australia Limited (Cash Income A/C)	26,674,423	7.74
HSBC Custody Nominees (Australia) Limited	21,740,952	6.31
National Nominees Limited	21,347,328	6.19
Pan Australian Nominees Pty Limited	17,006,769	4.93
J P Morgan Nominees Australia Limited	13,069,419	3.79
Citicorp Nominees Pty Limited	11,481,693	3.33
HSBC Custody Nominees (Australia) Limited - A/C 2	8,912,124	2.58
CS Fourth Nominees Pty Ltd	8,275,857	2.40
RBC Dexia Investor Services Australia Nominees Pty Limited (Pipooled A/C)	6,083,155	1.76

10.4 AUSTEREO DIRECTORS’ INTERESTS IN AUSTEREO SHARES

As at 4 March 2011, the Austereo Directors have the following interests in Austereo Shares:

Director	No of Shares held or in which the Director has a beneficial interest	%
Peter M. Harvie	1,030,001	0.30
Guy C. Dobson	Nil	Nil
John R. Kirby	Nil	Nil
Robert G. Kirby	Nil	Nil
Graham W. Burke	Nil	Nil
Peter E. Foo	37,522	0.01
R. David Mattingly	109,460	0.03
Christopher J. Newman	Nil	Nil

10.5 VILLAGE ROADSHOW CALL OPTION

Village Roadshow has granted Southern Cross Media a call option over approximately 14.9% of Austereo Shares. The call option permits Southern Cross Media to acquire Austereo Shares, under certain circumstances, for \$2.00 cash per Share. The call option may only be exercised after the Interim Dividend Record Date. 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 Village Roadshow and with a cash alternative of at least \$2.15 per Austereo Share less the Interim Dividend) is made and becomes Unconditional (other than in respect of a minimum acceptance condition).

A copy of the call option documentation is available free of charge from the ASX website at www.asx.com.au (ASX code: VRL).

10.6 MATERIAL CHANGE IN FINANCIAL POSITION OF AUSTEREO

There has been no material change to the financial position of Austereo since the release of the Austereo Half Year Results on 9 February 2011.

10.7 INTERESTS AND DEALINGS IN SOUTHERN CROSS MEDIA SECURITIES BY AUSTEREO DIRECTORS

As at 4 March 2011, no Austereo Director had a Relevant Interest in any securities of Southern Cross Media. There have been no acquisitions or disposals of Southern Cross Media securities by Austereo Directors in the four months ending on the day immediately before the day on which the Bidder's Statement was served on Austereo.

10.8 BENEFITS AND AGREEMENTS

(a) Directorships

As at the date of this Target's Statement, no Director of Austereo is a director of Southern Cross Media.

(b) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else from a board or managerial or executive office of Austereo or Related Body Corporate of Austereo.

(c) Agreements connected with or conditional on the Offer

There are no agreements between any Austereo Director and any other person in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a holder of Austereo Shares.

(d) Benefits from the Offer

No Austereo Director has agreed to receive, or is entitled to receive, any benefit from Village Roadshow which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Austereo Shares.

10.9 SOUTHERN CROSS MEDIA DISCLOSURE MATTERS

In the Bidder's Statement, Southern Cross Media disclosed the following matters in relation to ASIC:

(a) ASIC enquiry regarding segment reporting

On page 22 of its Bidder's Statement, the Bidder notes that Southern Cross Media received a notice from ASIC requesting information regarding Southern Cross Media's segment reporting due to ASIC identifying a preliminary area of concern as to whether Southern Cross Media has complied with the segment reporting accounting standard in relation to the Southern Cross Media's 2010 Financial Report. The Bidder's Statement notes that Southern Cross Media considers that it has complied in full with the requirements of AASB 8 in relation to its 2010 Financial Report and that its auditors provided an unqualified audit opinion in relation to the 2010 Financial Report. Southern Cross Media also reconfirmed the approach taken in relation to the 2010 Financial Report and prepared the half year results for the period ended 31 December 2010 on a consistent basis.

The Bidder's Statement also states that the matter is ongoing and Southern Cross Media will continue to co-operate with ASIC's requests.

For further information the ASIC enquiry involving Southern Cross Media refer to section 2.11 of the Bidder's Statement.

(b) ASIC Relief

On page 68 of its Bidder's Statement, the Bidder notes that ASIC has granted the Bidder a modification of section 620 of the Corporations Act to allow the Bidder to pay the Scrip Consideration in two tranches (with the second tranche up to two weeks later than the Standard Payment Date) to permit the operation of the Scaleback.

10 ADDITIONAL INFORMATION

10.10 CONSENTS

Minter Ellison has consented to being named in this Target's Statement as the legal advisor to Austereo and has not withdrawn that consent at the date of this Target's Statement. Minter Ellison takes no responsibility for any part of this Target's Statement other than any reference to its name and should not be regarded as having made any statement in this Target's Statement, nor having authorised the issue of it.

Goldman Sachs has consented to being named in this Target's Statement as the financial advisor to Austereo and has not withdrawn that consent at the date of this Target's Statement. Goldman Sachs takes no responsibility for any part of this Target's Statement other than any reference to its name and should not be regarded as having made any statement in this Target's Statement, nor having authorised the issue of it.

As permitted by ASIC Class Orders 01/1543 and 07/429, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by the Bidder, Southern Cross Media or Village Roadshow with ASIC or given to ASX and trading data on ASX. Pursuant to these class orders, the consent of the Bidder, Southern Cross Media, Village Roadshow or ASX (respectively) is not required for the inclusion of such statements or data in this Target's Statement. Any Austereo Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Austereo Shareholder Information Line on 1800 097 937 (toll free) (Australia) or +61 3 9415 4826 (international) from 9am to 5pm Melbourne time, Monday to Friday until the end of the Offer Period.

In addition, as permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or published book, journal or comparable publication.

10.11 EARLY DISPATCH OF TAKEOVER DOCUMENTS

The Austereo Directors have agreed that Southern Cross Media may send the Bidder's Statement to Austereo Shareholders earlier than would otherwise be permitted under the Corporations Act.

10.12 NO OTHER MATERIAL INFORMATION

This Target's Statement is required to include all the information that Austereo Shareholders and their professional advisers would reasonably require to make an informed assessment whether or not to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in the Target's Statement; and
- only if the information is known to any Austereo Director.

The Directors are of the opinion that the only information that Austereo Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in releases by Austereo, Southern Cross Media and Village Roadshow to ASX before the date of this Target's Statement; and
- the information contained in this Target's Statement.

The Austereo Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless expressly indicated otherwise in this Target's Statement). However, the Austereo Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

11

GLOSSARY AND INTERPRETATION

11 GLOSSARY AND INTERPRETATION

11.1 GLOSSARY

Term	Meaning
ACCC	Australian Competition and Consumer Commission
Acceptance Form	the form enclosed with the Bidder's Statement which Shareholders must complete and return to the Bidder in order to accept the Offer
ACMA	Australian Communications and Media Authority
Additional Consideration	\$0.10 cash for each Austereo Share
Alternative Proposal	an offer or proposal publicly announced by a Third Party or received by Austereo in respect of an actual or potential: <ul style="list-style-type: none"> (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 Offer
Announcement Date	31 January 2011
Approval	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 Southern Cross Media (acting reasonably)
ASIC	Australian Securities and Investments Commission
ASIC Act	Australian Securities and Investments Commission Act 2001 (Cth)
Associate	has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time)
ASX	ASX Limited ABN 98 008 624 691 or the financial market which it operates, as the context requires
ASX Listing Rules	the listing rules of ASX, as amended or replaced from time to time
ASX Settlement	ASX Settlement Pty Ltd ABN 49 008 504 532, the body which administers the CHES system in Australia
ASX Settlement Operating Rules	the operating rules of ASX Settlement
Austereo or Company	Austereo Group Limited ABN 58 095 552 060 of Level 2, 257 Clarendon Street, South Melbourne, Victoria, Australia 3025
Austereo Board or Board	the board of directors of Austereo
Austereo Director or Director	a director of Austereo
Austereo Group	Austereo and its Subsidiaries
Austereo Independent Directors	Chris J Newman and David Mattingly

Term	Meaning
Austereo Shares or Shares	fully paid ordinary shares in Austereo
Austereo Shareholder or Shareholder	a person who is registered in the Share Register as a holder of Austereo Shares
Austereo Share Register or Share Register	the register of Shareholders of Austereo maintained by or on behalf of Austereo in accordance with the Corporations Act
Bidder	Southern Cross National Network Pty Ltd ACN 148 894 231
Bidder's Statement	the bidder's statement by Southern Cross Media dated 25 February 2011 and lodged with ASIC on that date
BSA	the Broadcasting Services Act 1992 (Cth)
Cash Consideration	\$2.00 cash for each Austereo Share
CCA	the Competition and Consumer Act 2010 (Cth)
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for electronic share transfers in Australia
Conditions	the conditions of the Offer set out in section 8.8
Corporations Act	Corporations Act 2001 (Cth)
EBITDA	earnings before interest, taxes, depreciation, and amortisation
EPS	earnings per share
Foreign Shareholder	has the meaning given to that term in section 8.14
FY	financial year ended 30 June in the year stated
Global Financial Crisis	the global financial crisis of 2007-2010
GST	goods and services tax
Implementation Deed	the implementation deed between Austereo, Southern Cross Media and the Bidder dated 31 January 2011
Independent Board Committee	means the committee comprising the Austereo Independent Directors
Ineligible Foreign Shareholder	has the meaning given to that term in section 8.14
Interim Dividend	the interim dividend of \$0.05 per Share declared by Austereo on 9 February 2011
Interim Dividend Record Date	7.00pm (Melbourne time) on 25 February 2011
Offer	the off-market takeover offer for all Austereo Shares by the Bidder for the consideration of either: (a) Cash Consideration of \$2.00 cash for each Austereo Share; or (b) Scrip Consideration of 0.95 Southern Cross Media Shares for each Austereo Share; or (c) a combination of the Cash Consideration and the Scrip Consideration for Shareholders' Austereo Shares
Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 13.2 of the Bidder's Statement

11 GLOSSARY AND INTERPRETATION

Term	Meaning
Prescribed Occurrence	<p>any of the following events:</p> <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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 Southern Cross Media Group
Proposed Entitlement Offer	the proposed entitlement offer by Southern Cross Media to partially fund the Offer
Related Bodies Corporate	has the meaning given to that term in the Corporations Act
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act
Rights	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 Interim Dividend
Scaleback	the process by which the number of Southern Cross Media Shares issued to Austereo Shareholders who elect to receive the Scrip Consideration is to be reduced to ensure total elections in respect of the Scrip Consideration do not exceed 47.5% of all Austereo Shares. Refer to section 13.4 of the Bidder's Statement for further information.
Scrip Consideration	0.95 Southern Cross Media Shares for each Austereo Share

Term	Meaning
Southern Cross Media	Southern Cross Media Group Limited ABN 91 116 024 532
Southern Cross Media Group	Southern Cross Media and all its Related Bodies Corporate
Southern Cross National Network	Southern Cross National Network Pty Ltd ACN 148 894 231, a wholly owned subsidiary of Southern Cross Media
Southern Cross Media Shares	fully paid ordinary shares in Southern Cross Media
Standard Payment Date	the date which is the earlier of: (a) 21 days after the end of the Offer Period; and (b) one month after the first day on which both of the following apply: (i) the Offer has been validly accepted by you; and (ii) the contract resulting from your acceptance of the Offer has become Unconditional, except where sections 13.12, 13.13(c) or 13.13(d) of the Bidder's Statement apply
Subsidiary	has the meaning given to that term in section 9 of the Corporations Act
Superior Proposal	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	this document, being the statement of Austereo under Part 6.5 Division 3 of the Corporations Act
Third Party	any entity that is not Southern Cross Media, or a Related Body Corporate or Associate of Southern Cross Media
Unconditional	that the Offers and any contracts resulting from acceptance of the Offers are no longer subject to fulfilment of any of the Conditions
VRL or Village Roadshow	Village Roadshow Limited ABN 43 010 672 054
VWAP	volume weighted average price

11 GLOSSARY AND INTERPRETATION

11.2 INTERPRETATION

In this Target's Statement, unless the context otherwise requires:

- (a) the singular includes the plural and vice versa and words importing one gender include other genders;
- (b) terms defined in the Corporations Act as at the date of this Target's Statement have the meanings given to them in the Corporations Act 2001 (Cth) at that date;
- (c) a reference to dollars, A\$, AUD, \$ and cents is a reference to Australian currency;
- (d) a reference to a statute of any parliament or any section, provision or schedule of a statute of any parliament includes a reference to any statutory amendment, variation or consolidation of the statute, section, provision or schedule and includes all statutory instruments issued under the statute, section, provision or schedule;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (f) reference to a paragraph, clause, schedule or annexure is a reference to a part of this Target's Statement and a reference to this Target's Statement includes any schedules and annexures;
- (g) a reference to time is a reference to time in Melbourne, Victoria; and
- (h) headings and bold type are used for reference only.

12

AUTHORISATION

12 AUTHORISATION

This Target's Statement has been approved by a resolution passed by the Directors of Austereo.

All Directors voted in favour of that resolution.

Signed for and on behalf of Austereo:



Kathy Gramp
Company Secretary

Date: 8 March 2011

SCHEDULE 1 - LIST OF RELEVANT
AUSTERO AND VRL ASX
ANNOUNCEMENTS SINCE
1 JANUARY 2011

SCHEDULE 1 - LIST OF RELEVANT AUSTEREO AND VRL ASX ANNOUNCEMENTS SINCE 1 JANUARY 2011

Austereo	
9 February 2011	Half Year results presentation
9 February 2011	Half Year Results
8 February 2011	Shareholder Information Line opens
31 January 2011	VRL: Takeover Offer for Austereo
31 January 2011	SXL: SCMG Offer Presentation
31 January 2011	Takeover offer from Southern Cross Media
31 January 2011	SXL: SCMG Recommended Offer for Austereo Group
21 January 2011	VRL Shareholding in Austereo
Village Roadshow	
21 February 2011	Notice of General Meeting Sent to Shareholders
18 February 2011	General Meeting of Shareholders
15 February 2011	Commentary on Half Year Results
15 February 2011	Half Yearly Report and Accounts
31 January 2011	Takeover Offer for Austereo
31 January 2011	SXL: SCMG Offer Presentation
31 January 2011	SXL: SCMG Recommended Offer for Austereo Group
21 January 2011	VRL Shareholding in Austereo

For personal use only

This page is intentionally left blank

This page is intentionally left blank

CORPORATE DIRECTORY

REGISTERED OFFICE

Level 2
257 Clarendon Street
South Melbourne VIC 3205

SHAREHOLDER INFORMATION LINE

1800 097 937 (toll free) (Australia) or +61 3 9415 4826 (international)

DIRECTORS OF AUSTEREO GROUP

Mr Peter Harvie
Mr Guy Dobson
Mr John Kirby
Mr Robert Kirby
Mr Graham Burke
Mr David Mattingly
Mr Christopher Newman
Mr Peter Foo

COMPANY SECRETARY OF AUSTEREO GROUP

Kathryn J. Gramp
Philip S. Leggo

SHARE REGISTRY

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

FINANCIAL ADVISER

Goldman Sachs & Partners Australia Limited
101 Collins Street
Melbourne VIC 3000

LEGAL ADVISER

Minter Ellison
525 Collins Street
Melbourne VIC 3000

For personal use only

