

**Southern Cross Media Group Limited**  
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6 April 2011



## **ASX RELEASE / MEDIA RELEASE**

**Southern Cross Media Group Limited (ASX: SXL)**

### **Entitlement Offer Prospectus**

We refer to our announcement earlier this morning in relation to the accelerated renounceable entitlement offer (**Entitlement Offer**) and **attach** a copy of the prospectus in relation to the Entitlement Offer lodged with the Australian Securities and Investments Commission today.

### **Analysts and investors:**

#### **Rhys Holleran**

Chief Executive Officer  
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#### **Stephen Kelly**

Chief Financial Officer  
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PROSPECTUS  
SOUTHERN CROSS MEDIA GROUP LIMITED

**6 for 7 accelerated renounceable entitlement offer of ordinary shares in Southern Cross Media Group Limited ACN 116 024 536 (ASX:SXL) at an issue price of \$1.45 per share to raise a minimum of approximately \$471 million.**

**SOUTHERN**

**CROSS  
MEDIA**



SOUTHERN CROSS MEDIA GROUP

This document is not for release in the United States or to US persons.

**This is an important document and requires your immediate attention.**

You should read this Prospectus in its entirety. If you do not understand this Prospectus, or are in any doubt as to how to deal with it or your Entitlement or Conditional Entitlement, you should consult your stockbroker, legal adviser, financial adviser or other professional adviser.

Joint Lead Managers, Bookrunners and Underwriters



MACQUARIE



### Important information

This document is important and requires your immediate attention. The Entitlement Offer contained in this Prospectus relates to New Shares in Southern Cross Media. You should read the entire document carefully before deciding whether to invest in New Shares. In particular you should consider the risk factors outlined in Section 9.

This Prospectus is dated 6 April 2011 and a copy was lodged with ASIC on that date. This document has been prepared in accordance with section 713 of the Corporations Act. Southern Cross Media will apply within seven days of the date of this Prospectus for quotation of the New Shares on ASX.

Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is the date that is 13 months after the date of this Prospectus. No New Shares will be issued on the basis of this Prospectus after that expiry date.

### Prospectus availability

The Entitlement Offer comprises the Institutional Entitlement Offer, the Institutional Entitlement Bookbuild, the Retail Entitlement Offer and the Retail Entitlement Bookbuild. The Prospectus is available to residents of Australia and New Zealand that are registered holders of Southern Cross Media Shares as at the Record Date and Austereo Shareholders (excluding Ineligible Foreign Austereo Shareholders). The Retail Entitlement Offer is not being made to members of the public. Eligible Retail Shareholders and Austereo Shareholders (excluding Ineligible Foreign Austereo Shareholders) will be mailed a copy of the Prospectus together with a personalised Entitlement and Acceptance Form (Eligible Retail Shareholders) or personalised Conditional Entitlement and Acceptance Form (Austereo Shareholders excluding Ineligible Foreign Austereo Shareholders). A copy of this Prospectus may be viewed on Southern Cross Media's website, [www.scmediagroup.com.au](http://www.scmediagroup.com.au) from the opening of the Retail Entitlement Offer to the Entitlement Offer Closing Date.

Neither this Prospectus nor any personalised Entitlement and Acceptance Form or personalised Conditional Entitlement and Acceptance Form may be distributed to Southern Cross Media Shareholders or investors outside Australia or New Zealand (particularly the United States) or otherwise distributed outside Australia or New Zealand. If you come into possession of this Prospectus, you should observe such restrictions and should seek your own advice on such restrictions.

### Southern Cross Media information

The information on Southern Cross Media contained in this Prospectus, to the extent that it incorporates or reflects information on Austereo or the Austereo Group, has been prepared using publicly available information and with access to limited due diligence information. It has not been independently verified by Southern Cross Media. Southern Cross Media does not, except to the extent required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

As Austereo will be a wholly owned subsidiary of Southern Cross Media, references to Southern Cross Media in this Prospectus include Austereo.

### Foreign jurisdictions

The distribution of this Prospectus and the making of the Entitlement Offer may be restricted by the laws of foreign jurisdictions, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. The Entitlement Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

In particular, the New Shares have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, a US Person, except in a transaction exempt from the registration requirements of the Securities Act and applicable US state securities laws.

### Information for New Zealand investors

This Entitlement Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and its associated regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings Australia) Regulations 2008.

This Entitlement Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and its associated regulations set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

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Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Entitlement Offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

This Entitlement Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

#### Disclaimer

No person is authorised to provide any information or to make any representation in connection with the Entitlement Offer which is not contained in this Prospectus. Any information or representation in connection with the Entitlement Offer not so contained may not be relied on as having been authorised by Southern Cross Media.

#### Forward looking information

This Prospectus includes information that is historical in character and forward looking statements. The forward looking statements relate to future matters and are subject to various inherent risks and uncertainties. These risks and uncertainties include the risks described in Section 9, as well as other matters not yet known to Southern Cross Media or not currently considered material by Southern Cross Media.

Actual events or results may differ materially from the events or results expressed or implied by any forward looking statements. The past performance of Southern Cross Media and the Austereo Group is no guarantee of future performance. None of Southern Cross Media, any of the directors or officers of Southern Cross Media, any other person named in this Prospectus with their consent or any person involved in the preparation of this Prospectus 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, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

The forward looking statements in the Prospectus reflect views held only as at the date of this Prospectus.

#### Non-investment advice

The information provided in this Prospectus is not financial product advice. The Prospectus does not take into account your investment objectives, financial situation or particular needs. You should consider whether such an investment is appropriate to your particular investment needs, objectives and financial circumstances and consult their legal, financial or other professional adviser before making a decision as to whether or not to accept the Entitlement Offer.

#### Privacy

When making an Application, Applicants will be required to provide personal information. Section 10.13 sets out how that information will be used and outlines other relevant information in relation to privacy.

#### Definitions and abbreviations

Defined terms and abbreviations used in this Prospectus have the meaning set out in the Glossary of this Prospectus. A reference to \$ and cents is to Australian currency, unless otherwise stated.

#### Photos

This Prospectus includes images of performers and artists associated with radio and television shows which are broadcast on Southern Cross Media platforms. The reproduction of these images does not mean that these performers and artists take any responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates.

#### Queries

If you have any questions about the Prospectus, please contact the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (or +61 3 9415 4881 for international callers) or your stockbroker, legal adviser, financial adviser or other professional adviser.

## Important dates

Announced Takeover Offer reached 90% acceptance level	Wednesday, 6 April 2011
Lodgement of this Prospectus	Wednesday, 6 April 2011
Institutional Entitlement Offer opens	Wednesday, 6 April 2011
Institutional Entitlement Offer closes	Thursday, 7 April 2011
Institutional Entitlement Bookbuild opens	Thursday, 7 April 2011
Institutional Entitlement Bookbuild closes	Friday, 8 April 2011
Retail Entitlement Offer opens	Monday, 11 April 2011
Record Date	7.00pm (Melbourne time), Monday, 11 April 2011
Prospectus despatched to Eligible Retail Shareholders and remaining Austereo Shareholders (excluding Ineligible Foreign Austereo Shareholders)	Wednesday, 13 April 2011
Settlement of the Institutional Entitlement Offer and Institutional Entitlement Bookbuild	Monday, 18 April 2011
Issue of New Shares under the Institutional Entitlement Offer and Institutional Entitlement Bookbuild, and normal trading of those shares expected to commence on ASX	Tuesday, 19 April 2011
Takeover Offer closes	Tuesday, 19 April 2011
Retail Entitlement Offer closes	5.00pm (Melbourne time), Tuesday, 3 May 2011
Despatch of payments (if any) in respect of renounced Entitlements from the Institutional Entitlement Bookbuild	Thursday, 5 May 2011
Retail Entitlement Bookbuild opens	Monday, 9 May 2011
Retail Entitlement Bookbuild closes	Tuesday, 10 May 2011
Settlement of the Retail Entitlement Offer and Retail Entitlement Bookbuild	Friday, 13 May 2011
Issue of New Shares under the Retail Entitlement Offer and Retail Entitlement Bookbuild	Monday, 16 May 2011
Normal trading of New Shares under the Retail Entitlement Offer and Retail Entitlement Bookbuild expected to commence on ASX	Tuesday, 17 May 2011
Despatch of holding statements	Wednesday, 18 May 2011
Despatch of payments (if any) in respect of renounced and ineligible Entitlements from the Retail Entitlement Bookbuild	Friday, 27 May 2011

Note: This timetable is indicative only. Southern Cross Media, in conjunction with the Joint Lead Managers and subject to the Corporations Act, the Listing Rules and other applicable laws, has the right to vary any or all of the above dates and times without notice. In particular, Southern Cross Media reserves the right to extend the Closing Date for the Retail Entitlement Offer or to accept late Applications. The commencement of quotation of New Shares is subject to confirmation from ASX.

# KEY ENTITLEMENT OFFER DATES AND INFORMATION

## Key Entitlement Offer information

Entitlement Offer Price	\$1.45 per New Share
Entitlement	6 New Shares for every 7 Existing Shares held at the Record Date
Conditional Entitlement	6 New Shares for every 7 Conditional Shares issued as Scrip Consideration under the Takeover Offer
Minimum number of New Shares available under the Entitlement Offer	325.0 million*
Minimum gross Entitlement Offer proceeds	\$471.3 million*

\* The minimum gross proceeds/number of New Shares is based on the amount to be raised in the Institutional Entitlement Offer and Institutional Entitlement Bookbuild and the amount to be raised in the Retail Entitlement Offer and the Retail Entitlement Bookbuild (other than the offer with respect to Austereo Shareholders).

The minimum gross proceeds/number of shares assumes:

- (a) remaining Austereo Shareholders who have not accepted the Takeover Offer do not accept the Takeover Offer and are thus not able to elect Scrip Consideration on or prior to the Takeover Offer Close Date; and
- (b) Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date do not have their Conditional Entitlements taken up.

Up to 16.8 million additional New Shares (raising \$24.4 million) may be issued under the Entitlement Offer if:

- (a) all remaining Austereo Shareholders who have not accepted the Takeover Offer:
  - i. accept the Takeover Offer on or prior to the Takeover Offer Close Date;
  - ii. elect to take the maximum Scrip Consideration offered to them; and
  - iii. their Conditional Entitlements are taken up; and
- (b) Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date:
  - i. elected to take the maximum Scrip Consideration offered to them; and
  - ii. have their Conditional Entitlements taken up.

## Summary of pro-forma historical LTM December 2010

(All figures in millions, except per Share information)	Pro-forma historical LTM December 2010
Revenue (excluding synergies)	696
EBITDA (excluding synergies)	230
PBIT (excluding synergies)	201
Pro-forma NPAT (excluding synergies)	100
Pro-forma earnings per Share (cps) (including synergies of \$12 million–15 million)*	15.4–15.7

\* Further information on Synergies is described in Section 6.2.

## Earnings per share

The Acquisition is expected to be EPS accretive on the achievement of full synergies. Southern Cross Media expects to achieve full synergies by the end of FY2013.

Dear Investor,

## SOUTHERN CROSS MEDIA ENTITLEMENT OFFER

### Invitation to participate in the Entitlement Offer

On behalf of the Southern Cross Media Board, I am pleased to invite you to participate in a 6 for 7 accelerated renounceable entitlement offer of fully paid ordinary shares in Southern Cross Media in accordance with this Prospectus (**Entitlement Offer**). The Entitlement Offer is being conducted at an issue price of \$1.45 per New Share (**Entitlement Offer Price**).

On 31 January 2011, Southern Cross Media announced that a wholly owned subsidiary of Southern Cross Media would make an off-market takeover offer for all of the shares in Austereo (the **Takeover Offer**). Southern Cross Media also announced that the Takeover Offer would be funded by a combination of new senior debt facilities of up to \$755 million and an Equity Bridge Facility.

The net proceeds of the Entitlement Offer will be used to repay the Equity Bridge Facility which is being drawn on to partially fund the consideration and related transaction costs payable by a wholly owned subsidiary of Southern Cross Media under the Takeover Offer. Any net amount raised under the Entitlement Offer in excess of the amount required to repay the Equity Bridge Facility will be used to pay down debt.

The Entitlement Offer provides:

1. each Eligible Retail Shareholder and each Eligible Institutional Shareholder with the opportunity to subscribe for 6 New Shares for every 7 Existing Shares they hold at 7.00pm (Melbourne time) on the Record Date at the Entitlement Offer Price (your **Entitlement**); and
2. each Relevant Austereo Shareholder with the opportunity to subscribe for 6 New Shares at the Entitlement Offer Price for every 7 Conditional Shares issued to them as Scrip Consideration under the Takeover Offer (your **Conditional Entitlement**).

Austereo Shareholders who do not accept the Takeover Offer on or prior to the Takeover Offer Close Date and whose Austereo Shares are subsequently compulsorily acquired, will not be entitled to participate in the Entitlement Offer.

### Status of the Takeover Offer

The Takeover Offer was declared unconditional on 29 March 2011.

As at the date of this Prospectus, Southern Cross Media has a Relevant Interest in more than 94% of Austereo Shares as a result of acceptances under the Takeover Offer. This includes the acceptance by Village Roadshow Limited in respect of its entire 52.52% holding in Austereo.

Accordingly, a wholly owned subsidiary of Southern Cross Media is now entitled to proceed to compulsory acquisition in respect of any Austereo Shares which it has not acquired under the Takeover Offer, which it intends to do. This will result in it acquiring 100% of Austereo Shares and will allow for the operations of Austereo to be merged with Southern Cross Media.

### Creating one of Australia's leading media companies

Austereo is a leading Australian commercial radio broadcaster. The combination of Southern Cross Media and Austereo will create one of Australia's leading media companies with a national footprint across both metropolitan and regional radio markets, as well as an integrated regional television offering. Specifically, following the Acquisition, Southern Cross Media will:

- be a leading Australian broadcasting group with potential audience reach of over 95% of Australians;
- deliver a national advertising sales proposition to advertisers across both regional and metropolitan radio markets;
- own top performing radio stations coupled with market leading brands and talent;
- combine complementary content across national radio, regional free-to-air television and online platforms;
- increase earnings through an expanded integrated media offering; and
- benefit from \$12 million to \$15 million of expected annual synergies and operational improvements (further details on these synergies and the assumptions made to obtain these estimates are set out in Section 6.2).

The Acquisition is expected to be EPS accretive on the achievement of full synergies. Southern Cross Media expects to achieve full synergies by the end of FY2013.

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# LETTER FROM THE CHAIRMAN

## Entitlement Offer

The Entitlement Offer comprises an institutional component and a retail component.

The Institutional Entitlement Offer and associated Institutional Entitlement Bookbuild will be conducted from Wednesday, 6 April 2011 to Friday, 8 April 2011 and are fully underwritten by the Joint Lead Managers.

The Retail Entitlement Offer will be conducted between Monday, 11 April 2011 and Tuesday, 3 May 2011 and the Retail Entitlement Bookbuild will be conducted on Monday, 9 May 2011. The Retail Entitlement Offer and associated Retail Entitlement Bookbuild is fully underwritten (other than the offer to Austereo Shareholders) by the Joint Lead Managers.

The Entitlement Offer Price represents:

- a discount of 16.2% to the closing price of \$1.73 of Southern Cross Media Shares on ASX on 5 April 2011 (the day before the Institutional Entitlement Offer opened); and
- a 9.4% discount to the theoretical ex-entitlement price of \$1.60.<sup>1</sup>

## Actions required to take up your Entitlement or your Conditional Entitlement

Section 3 of this Prospectus summarises the options available to you.

If you are an Eligible Retail Shareholder or a Relevant Austereo Shareholder and wish to take up your Entitlement or your Conditional Entitlement (as applicable), either in whole or in part, you will need to complete your personalised Entitlement and Acceptance Form or personalised Conditional Entitlement and Acceptance Form which accompanies this Prospectus, or make payment by BPAY<sup>®2</sup>. The closing date for receipt of Entitlement and Acceptance Forms/Conditional Entitlement and Acceptance Forms and Application Monies is 5.00pm (Melbourne time) on Tuesday, 3 May 2011.

If you are an Eligible Institutional Shareholder and wish to take up your Entitlement either in whole or in part you must follow the instructions given to you by the Joint Lead Managers.

If you are a Relevant Austereo Shareholder, your ability to take up your Conditional Entitlement will depend on you accepting the Takeover Offer on or prior to the Takeover Offer Close Date. The number of New Shares you are entitled to receive will depend upon the extent to which you elect to receive Scrip Consideration under the Takeover Offer.

If you are an Eligible Retail Shareholder or a Relevant Austereo Shareholder and you do not take up all or part of your Entitlement or Conditional Entitlement (as applicable) or are ineligible to participate, New Shares attributable to Entitlements and Conditional Entitlements which you did not take up or which would have been offered to you had you been eligible to participate will be offered to Institutional Investors in the Retail Entitlement Bookbuild.

If you are an Eligible Retail Shareholder or Relevant Austereo Shareholder, for each New Share you do not subscribe for under the Entitlement Offer you will be paid the excess (if any) in the event the Clearing Price achieved through the Retail Entitlement Bookbuild is greater than the Entitlement Offer Price per New Share. If you are an Ineligible Shareholder you will be paid the excess (if any), in the event the Clearing Price achieved in the Retail Entitlement Bookbuild is greater than the Entitlement Offer Price (less applicable withholding tax). Foreign Ineligible Austereo Shareholders will be paid in accordance with the nominee sale process set out in Section 2.12.

## Further Information

Further details regarding the Entitlement Offer and the risks associated with investing in the Entitlement Offer are set out in this Prospectus which you should read carefully and in its entirety.

If you have any additional enquiries about this Entitlement Offer, please contact the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (or +61 3 9415 4881 for international callers) or your stockbroker, legal, financial or other professional adviser.

Yours sincerely



Max Moore-Wilton  
Chairman



## Notes:

1. The theoretical ex-entitlement price is the theoretical price at which Southern Cross Media shares should trade immediately after the ex-date for the Entitlement Offer. The theoretical ex-entitlement price is a theoretical calculation only and the actual price at which Southern Cross Media shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-entitlement price. The calculation excludes Southern Cross Media Shares that may be issued in connection with remaining Austereo Shareholders that have not accepted the Takeover Offer and Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date.
2. BPAY<sup>®</sup> Registered to BPAY Pty Ltd  
ABN 69 079 137 518.



only

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**UNIQUE  
NATIONAL  
MEDIA  
PLATFORM**

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UNIQUE

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## A leading Australian broadcasting group with potential audience reach of over 95% of Australians

## Australia-wide sales proposition

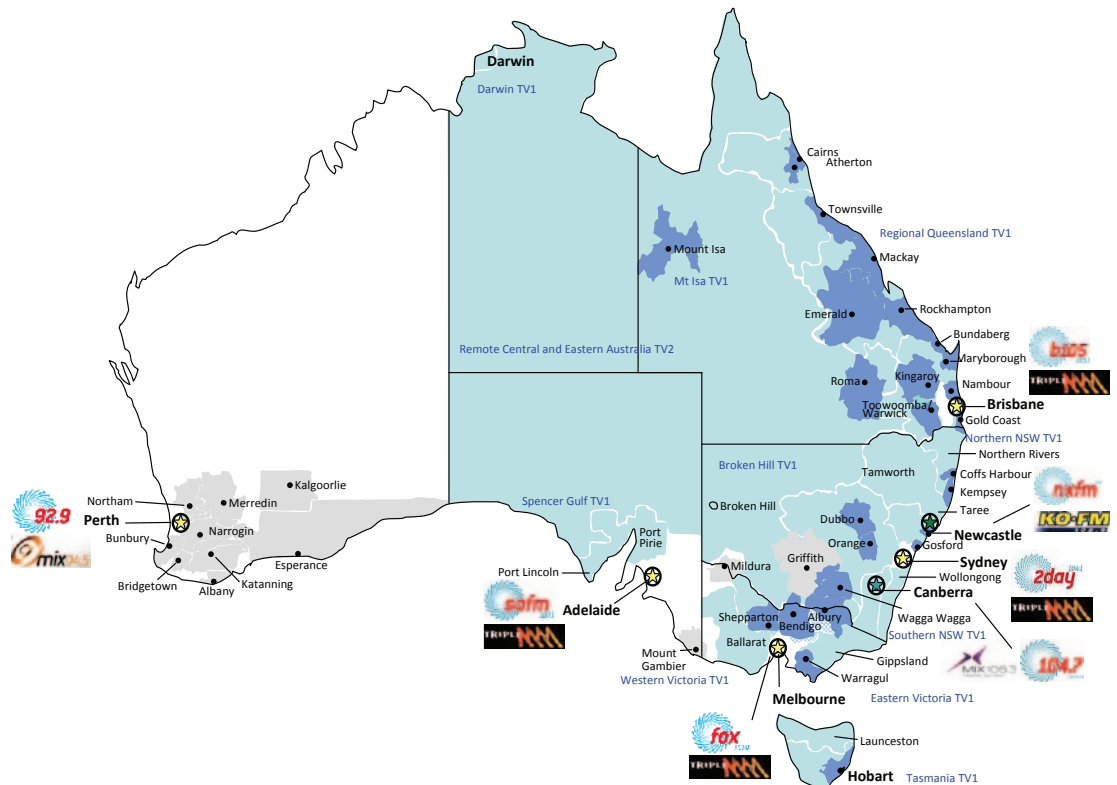
A unique portfolio of media assets including regional radio, metropolitan radio, regional free-to-air television and online entertainment

- Revenues of \$696 million<sup>1</sup> and EBITDA of \$230 million<sup>1</sup> (excluding \$12 million to \$15 million annual synergies that are expected to be achieved in full by end of FY2013)<sup>2</sup>
- Radio coverage of every metropolitan market and 39 regional markets across Australia
- 80 commercial radio licences in 44 Licence Areas
- 21 commercial television licences across 12 television Licence Areas
- Substantial digital media position including online and digital radio provides exposure to growing and new media channels

The combined businesses will deliver a national advertising sales proposition to advertisers across both regional and metropolitan radio markets

- Unique Australia-wide radio offering enables Southern Cross Media to target both direct and agency-based advertising channels
- National network also enables key content to be leveraged across geographic markets

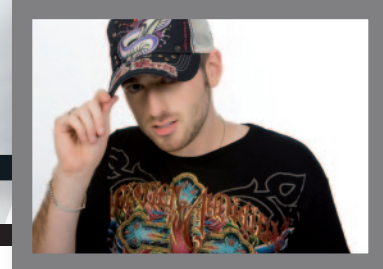
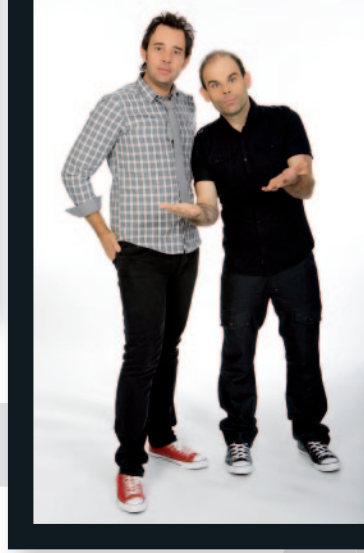
- Southern Cross Media TV Coverage
- Southern Cross Media TV and Radio Coverage
- Southern Cross Media Radio Coverage
- Austereo Radio Locations
- Austereo Joint Venture Locations
- Southern Cross Media/Austereo Joint Venture Locations



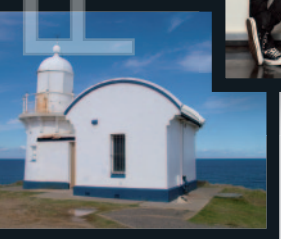
**Notes:**

1. Based on pro-forma LTM December 2010.
2. See Section 6.2 for further details on synergies.

INVESTMENT  
HIGHLIGHTS



# LEADING THROUGH RATINGS, BRANDS, AND TALENT



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## Top performing radio stations coupled with market leading brands and talent

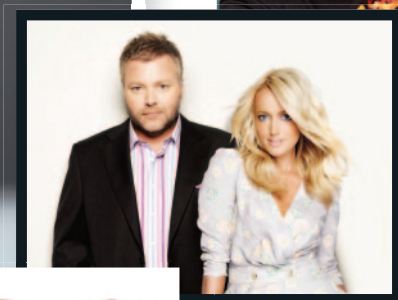
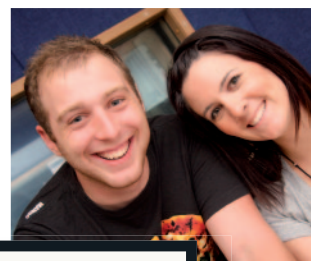
The combined entity will benefit from the top performing regional and metropolitan radio stations and leverage market-leading brands and talent

- Breadth of talent across breakfast, morning, afternoon and drive
- Today Network ranked number one FM in Sydney, Melbourne and Brisbane
- 2DayFM consistently ranked number one FM in Sydney for over four years
- FoxFM consistently ranked number one FM in Melbourne for over four years
- SeaFM and Gold FM consistently ranked number one and two in the Gold Coast for over five years

## Combining complementary content across national radio, regional free-to-air television and online platforms

Complementary Austereo content and talent provide substantial opportunities as they are integrated into the Southern Cross Media network

- Strong demographic fit between Today Network and Hit Music Network
- Key Austereo programs such as "Fifi & Jules", "Hamish & Andy" and "Kyle and Jackie O's Hour of Power" have already been successfully launched on Southern Cross Media's Hit Music Network
- Unique ability to foster and retain talent via a national network which provides whole-of-career development opportunities



only

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**DIVERSE  
INTEGRATED  
MEDIA  
PLATFORM**

SEVER

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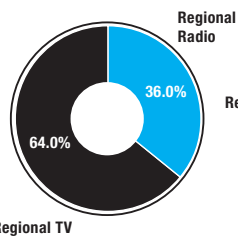
## Integrated media platform

Integrated media platform across national radio, regional free-to-air television and online entertainment

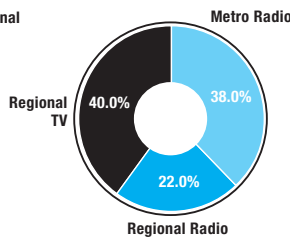
- Uniquely able to offer advertisers access to both radio and regional free-to-air television for integrated advertising campaigns across media platforms
- Premium content is also able to be leveraged by Southern Cross Media across media platforms

### Southern Cross Media FY2010 Revenue

Southern Cross Media FY2010 revenue split



Revenue split post Acquisition



## Increased earnings through expanded integrated media offering

Southern Cross Media's earnings are increased post acquisition of Austereo via expansion into metropolitan radio markets

- Increased exposure post acquisition to radio markets
  - Southern Cross Media's radio operations have historically provided greater earnings stability versus television
- Free-to-air television continuing to benefit from digital multi-channelling
- Strong online presence
  - Southern Cross Media provides 71 regional radio websites from one central address
  - Austereo leads the commercial radio industry in its online/interactive operations
- Well positioned for digital adoption
  - Southern Cross Media has completed its transition to digital television
  - Austereo owns the largest share of capital city digital audio broadcasting spectrum nationally

### Television



### Radio



### Online



only

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**COMPELLING  
FINANCIAL  
RATIONALE**

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FINANCIAL  
RATIONAL

## \$12 million to \$15 million in annual synergies and operational improvements

The directors of Southern Cross Media believe annual synergies and operational improvements of \$12 million to \$15 million should be realised in full by Southern Cross Media by the end of FY2013. FY2014 and each year thereafter is expected to benefit in full from the achievement of synergies

- The Acquisition is expected to be EPS accretive on the achievement of full synergies
- Southern Cross Media has a strong track record of merging and integrating businesses and achieving both cost and revenue synergies
- Entitlement Offer provides an opportunity to invest and share in benefits of the Acquisition at an attractive Entitlement Offer Price

For more details on Synergies see Section 6.2

## Material cost and revenue opportunities

Material cost and revenue opportunities have been identified

### Revenue opportunities

- Using successful selling programs across Southern Cross Media
- Utilisation of increased creative capability
- Coordinating sales programs across Southern Cross Media for national customers
- Using a broader programming base to enhance content nationally
- Delivering enhanced digital and online services and a broader radio offering to regional audiences

### Cost efficiencies

- Removing duplication of costs across the operations
- Removing costs associated with Austereo being listed
- Leveraging scale benefits of supplier services and procurement
- Rationalisation of premises
- Optimisation of management processes
- Amalgamation and rationalisation of national sales personnel
- Leveraging best practice processes and systems within each business to achieve operational efficiencies



## SUMMARY OF KEY RISKS

### Media industry downturn and change

The media industry is driven by a number of factors, including economic growth, population growth, technological changes and applicable regulation. Each of these factors is in turn influenced by a number of different factors, most of which are outside of the control of Southern Cross Media. Changes in any of, or the expectations relating to, these factors or other factors which affect the media industry may have a material adverse effect on Southern Cross Media's financial performance and position.

### Exposure to the advertising cycle

Southern Cross Media's revenues and earnings are predominantly derived from the broadcast of advertising on commercial television and commercial radio services. Southern Cross Media is therefore exposed to fluctuations in the various advertising markets in Australia. This in turn is influenced, in part, by the general state of the economy, which by its nature is cyclical and subject to change. Advertising expenditure in any market is dependent on a number of factors, including advertising market conditions, gross domestic product growth and overall economic performance. A downturn in the advertising market may adversely impact Southern Cross Media's financial performance and position.

### The majority of revenue is not contracted

Media businesses rely on relationships with agencies and direct advertising clients. Typically, these relationships are not subject to formal contracts. Therefore, there is a risk that one or more advertising clients of Southern Cross Media who have advertised with them in one period may cease to advertise with them in the following period or reduce their advertising spend which may adversely impact Southern Cross Media's financial performance and position.

In addition to general risks affecting any stock exchange listed equity investment, an investment in the New Shares is subject to risks associated with Southern Cross Media's operations, as well as general economic and investment risks set out in Section 9. The key risks are summarised on the following pages.

You should read Section 9 in detail before deciding whether or not to invest in the New Shares.

# SUMMARY OF KEY RISKS

## Media regulation

Media assets in most jurisdictions are subject to regulatory regimes including, for some media assets, licensing requirements. There is a risk that Southern Cross Media's returns from investments in media assets may be adversely affected by failure to comply with, or changes to, such regulatory regimes. Overall, changes in regulation in the media sector may have a material adverse effect on the financial performance and position of Southern Cross Media.

## Program supply agreements

Southern Cross Media's ability to generate advertising revenues is a factor of its programming and audience ratings. A significant proportion of Southern Cross Media's television programming is sourced from external content suppliers under existing contracts (affiliation agreements and program licensing and supply agreements). There is a risk that Southern Cross Media will be unable to secure programming from external suppliers, on terms as favourable to Southern Cross Media (e.g. when its commercial television program supply agreements are due for renewal). An increase in the cost of programming from external suppliers or a loss of programming from external suppliers may have a material adverse impact on Southern Cross Media's financial performance and position.

## Integration and synergy risks

There are risks that any integration between the businesses of Southern Cross Media and the Austereo Group may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated or take longer to achieve than estimated. These risks include possible differences in the management culture of the two groups, the potential loss of key personnel and risks with the integration of management, information systems and work practices. Southern Cross Media intends to continue its current business strategy and operations within Southern Cross Media, whilst drawing on the technical, commercial and operational skills of each organisation. Greater than expected integration costs or slower than expected realisation of benefits could have a material adverse effect on Southern Cross Media.

## Loss of key personnel

Southern Cross Media's operations are dependent upon the continued performance, efforts, abilities and expertise of its key personnel. There is strong competition in the radio industry for experienced and skilled employees – particularly for on-air talent and senior managers.

There are no guarantees that Southern Cross Media will be able to retain these employees or on-air talent or that they will be able to prevent them from competing with Southern Cross Media in the event of their departure.

The loss of key personnel or the inability to recruit qualified employees may have an adverse effect on the business of Southern Cross Media.

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# QUESTIONS AND ANSWERS

Question	Summary	Additional information
<b>The Entitlement Offer</b>		
<b>What is the Entitlement Offer?</b>	<p>The Entitlement Offer is a 6 for 7 accelerated renounceable entitlement offer of ordinary shares in Southern Cross Media.</p> <p>The Entitlement Offer comprises the following four components which are conducted one after the other:</p> <ul style="list-style-type: none"> <li>– the Institutional Entitlement Offer;</li> <li>– the Institutional Entitlement Bookbuild;</li> <li>– the Retail Entitlement Offer; and</li> <li>– the Retail Entitlement Bookbuild.</li> </ul>	Section 2.1
<b>How much will be raised through the Entitlement Offer?</b>	<p>Southern Cross Media will raise a minimum of \$471.3 million through the Entitlement Offer.</p> <p>Up to 16.8 million additional New Shares (raising approximately \$24.4 million) may be issued under the Entitlement Offer if:</p> <p>(a) all remaining Austereo Shareholders who have not accepted the Takeover Offer:</p> <ol style="list-style-type: none"> <li>i. accept the Takeover Offer on or prior to the Takeover Offer Close Date;</li> <li>ii. elect to take the maximum Scrip Consideration offered to them; and</li> <li>iii. have their Conditional Entitlements taken up; and</li> </ol> <p>(b) Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date:</p> <ol style="list-style-type: none"> <li>i. elected to take the maximum Scrip Consideration offered to them; and</li> <li>ii. have their Conditional Entitlements taken up.</li> </ol>	Sections 2.1 and 2.9
<b>If I am an Eligible Retail Shareholder, what is my Entitlement?</b>	<p>Each Eligible Retail Shareholder is entitled to subscribe for 6 New Shares for every 7 Existing Shares held at the Record Date, subject to the terms of this Prospectus.</p> <p>If you have acquired Southern Cross Media Shares under a Post Ex-Date Transaction those shares will be disregarded in determining your Entitlement. Where fractions arise in the calculation of an Entitlement, they will be rounded to the nearest whole number of New Shares, with fractions of 0.5 being rounded up to the next whole number of New Shares.</p> <p>Your Entitlement is set out in the personalised Entitlement and Acceptance Form which accompanies this Prospectus.</p>	Section 2.3.2
<b>If I am a Relevant Austereo Shareholder, what is my Conditional Entitlement?</b>	<p>Each Relevant Austereo Shareholder who accepts the Takeover Offer and elects to receive Scrip Consideration prior to or on the Takeover Offer Close Date (and who becomes registered as a member on the share register of Southern Cross Media after the Record Date) is entitled to subscribe for 6 New Shares for every 7 Conditional Shares issued to them as Scrip Consideration under the Takeover Offer, subject to the terms of this Prospectus.</p> <p>Where fractions arise in the calculation of a Conditional Entitlement, they will be rounded to the nearest whole number of New Shares, with fractions of 0.5 being rounded up to the next whole number of New Shares.</p> <p>Your Conditional Entitlement is set out in the personalised Conditional Entitlement and Acceptance Form which accompanies this Prospectus.</p>	Section 2.3.3

## SECTION 1 QUESTIONS AND ANSWERS

Question	Summary	Additional information
<b>The Entitlement Offer continued</b>		
<b>What is the Entitlement Offer Price?</b>	The Entitlement Offer Price is \$1.45 per New Share. The Entitlement Offer Price is the same under both the Institutional Entitlement Offer and the Retail Entitlement Offer.	Section 2.1.2
<b>What is the purpose of the Entitlement Offer?</b>	The net proceeds of the Entitlement Offer will be used to repay the Equity Bridge Facility which is being drawn on to partially fund the consideration and related transaction costs payable by a wholly owned subsidiary of Southern Cross Media under the Takeover Offer. Any net amount raised under the Entitlement Offer in excess of the amount required to repay the Equity Bridge Facility will be used to pay down debt.	Section 2.2
<b>What are the key risks associated with an investment in New Shares?</b>	The key risks associated with an investment in New Shares are described in Section 9. Before making an investment decision you should read the entire Prospectus and consider in detail the risk factors described in Section 9.	Section 9
<b>Is the Entitlement Offer underwritten?</b>	The offer of Entitlements to shareholders on the share register of Southern Cross Media as at the Record Date (including Entitlements which would have been offered to Ineligible Shareholders had they been eligible to participate) is fully underwritten by the Joint Lead Managers (MCAL and RBS ECM). The offer of Conditional Entitlements to Relevant Austereo Shareholders is not underwritten.	Section 2.9
<b>What is the ranking of New Shares?</b>	New Shares will be issued on a fully paid basis and will rank equally with Southern Cross Media Shares as at the Record Date. New Shares will not be entitled to the seven cents interim dividend payable by Southern Cross Media with respect to the half year ended 31 December 2010.	Section 2.7

Question	Summary	Additional information
<b>Participation in the Retail Entitlement Offer</b>		
<b>Who is an Eligible Retail Shareholder?</b>	<p>Eligible Retail Shareholders are those persons who as at the Record Date:</p> <ul style="list-style-type: none"> <li>– were registered as a holder of Southern Cross Media Shares;</li> <li>– have a registered address in Australia or New Zealand;</li> <li>– are not an Eligible Institutional Shareholder to whom the Joint Lead Managers made an offer on behalf of Southern Cross Media under the Institutional Entitlement Offer or an Ineligible Institutional Shareholder;</li> <li>– are eligible under all applicable securities laws to receive an offer under the Entitlement Offer; and</li> <li>– are not in the United States or persons acting for the account or benefit of a person in the United States.</li> </ul>	Section 2.3.2
<b>How do Eligible Retail Shareholders find out what their Entitlement is?</b>	<p>Your Entitlement is set out on the personalised Entitlement and Acceptance Form accompanying this Prospectus.</p> <p>If you did not receive your personalised Entitlement and Acceptance Form, you should call the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (within Australia) or on +61 3 9415 4881 (from outside Australia) at any time from 8.30am to 5.00pm (Melbourne time) Monday to Friday during the Entitlement Offer Period.</p>	Entitlement and Acceptance Form
<b>Who is a Relevant Austereo Shareholder?</b>	<p>A Relevant Austereo Shareholder is a person who:</p> <ul style="list-style-type: none"> <li>– accepts under the Takeover Offer on or prior to the Takeover Offer Close Date and elects to take Scrip Consideration as part or all of their consideration;</li> <li>– becomes registered as a member on the share register of Southern Cross Media as a result of their election of Scrip Consideration under the Takeover Offer after the Record Date; and</li> <li>– is not an Ineligible Foreign Austereo Shareholder.</li> </ul> <p>Austereo Shareholders who do not accept the Takeover Offer on or prior to the Takeover Offer Close Date and whose shares are compulsorily acquired will not be entitled to participate in the Entitlement Offer.</p>	Section 2.3.3

## SECTION 1 QUESTIONS AND ANSWERS

Question	Summary	Additional information
<b>Participation in the Retail Entitlement Offer continued</b>		
<b>How do Relevant Austereo Shareholders find out what their Conditional Entitlement is?</b>	<p>Your Conditional Entitlement is set out on the personalised Conditional Entitlement and Acceptance Form accompanying this Prospectus.</p> <p><b>You may only validly accept your Conditional Entitlement if you accept the Takeover Offer on or prior to the Takeover Offer Close Date and to the extent you elect to receive Scrip Consideration.</b></p> <p>If you did not receive your personalised Conditional Entitlement and Acceptance Form, you should call the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (within Australia) or on +61 3 9415 4881 (from outside Australia) at any time from 8.30am to 5.00pm (Melbourne time) Monday to Friday during the Entitlement Offer Period.</p> <p>Relevant Austereo Shareholders who acquired their Austereo Shares following the Record Date should call the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (within Australia) or on +61 3 9415 4881 (from outside Australia) at any time from 8:30am to 5.00pm (Melbourne time) Monday to Friday to confirm their Conditional Entitlement and obtain a Conditional Entitlement and Acceptance Form.</p>	Conditional Entitlement and Acceptance Form
<b>What can I do with my Entitlement/Conditional Entitlement?</b>	<p>You can do one of the following:</p> <ul style="list-style-type: none"> <li>– take up your Entitlement/Conditional Entitlement in full;</li> <li>– take up some of your Entitlement/Conditional Entitlement; or</li> <li>– do nothing.</li> </ul> <p>If you do not take up your Entitlement/Conditional Entitlement in full, depending on the outcome of the Retail Entitlement Bookbuild, you may be paid some cash in respect of the part of your Entitlement/Conditional Entitlement you did not take up or you may receive nothing.</p> <p>Australian taxation implications of receiving cash under the Retail Entitlement Bookbuild are described in Section 8.</p> <p>If you are an Eligible Retail Shareholder and do not take your Entitlement, your percentage shareholding in Southern Cross Media will be diluted (i.e. it will be reduced). Even if you take up all of your Entitlement, your percentage shareholding in Southern Cross Media will be diluted to the extent Austereo Shareholders elect to accept Scrip Consideration.</p> <p>If you are a Relevant Austereo Shareholder and do not take up your Conditional Entitlement you will be issued only the Southern Cross Media Shares due to be issued to you as Scrip Consideration under the Takeover Offer and your percentage interest in Southern Cross Media will be less than if you had participated in the Entitlement Offer.</p>	Sections 3 and 8
<b>Can I trade my Entitlement/Conditional Entitlement?</b>	No. Entitlements/Conditional Entitlements cannot be traded on ASX or any other exchange, nor can they be privately transferred.	Section 2.8
<b>Can I apply for additional New Shares in excess of my Entitlement/Conditional Entitlement?</b>	No. The number of New Shares offered to Eligible Retail Shareholders/ Relevant Austereo Shareholders under the Retail Entitlement Offer is on a pro-rata basis in respect of Existing Shares/Conditional Shares held.	Section 2.3

Question	Summary	Additional information
<b>Participation in the Retail Entitlement Offer continued</b>		
<p><b>How do I accept the Retail Entitlement Offer?</b></p>	<p>If you wish to take up all or some of your Entitlement/Conditional Entitlement under the Retail Entitlement Offer you must either:</p> <p><b>Option 1:</b></p> <ul style="list-style-type: none"> <li>- Complete the personalised Entitlement and Acceptance Form/ personalised Conditional Entitlement and Acceptance Form in accordance with the instructions on that form, and then return that form to the Share Registry together with a cheque, bank draft or money order for the Application Monies in respect of the New Shares you wish to subscribe for (which cannot be more than your Entitlement/ Conditional Entitlement).</li> <li>- The Share Registry must receive your completed Entitlement and Acceptance Form/Conditional Entitlement and Acceptance Form and Application Monies by no later than 5.00pm (Melbourne time) on Tuesday, 3 May 2011.</li> </ul> <p><b>Option 2:</b></p> <ul style="list-style-type: none"> <li>- Pay the full Application Monies via BPAY payment in respect of the New Shares you wish to subscribe for (which cannot be more than your Entitlement/Conditional Entitlement), in which case you do not need to complete and return your personalised Entitlement and Acceptance Form/personalised Conditional Entitlement and Acceptance Form.</li> <li>- The Share Registry must receive your BPAY payment by no later than 5.00pm (Melbourne time) on Tuesday, 3 May 2011.</li> </ul> <p>It is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5.00pm (Melbourne time) on Tuesday, 3 May 2011 (subject to variation). You should be aware that your financial institution may implement earlier cut off times with regard to electronic payment and you should therefore take this into consideration when making payment.</p>	<p>Section 3</p>
<p><b>What happens if I do not accept my Entitlement/ Conditional Entitlement, or accept only some of my Entitlement/ Conditional Entitlement?</b></p>	<p>If you do not take up all (or some) of your Entitlement/Conditional Entitlement by the Entitlement Offer Closing Date, the number of New Shares attributable to Entitlements/Conditional Entitlements which you did not take up will be offered to Institutional Investors in the Retail Entitlement Bookbuild.</p> <p>If the Clearing Price payable for New Shares under the Retail Entitlement Bookbuild is equal to the Entitlement Offer Price you will receive nothing.</p> <p>If the Clearing Price under the Retail Entitlement Bookbuild is above the Entitlement Offer Price, you will receive a cash amount equal to the difference.</p> <p>Australian taxation implications of receiving cash under the Retail Entitlement Bookbuild are described in Section 8.</p> <p>As a result of not taking up some or all of your Entitlement/Conditional Entitlement, your percentage shareholding in Southern Cross Media will be diluted (i.e. it will be reduced).</p>	<p>Sections 2.3.6, 2.3.8 and 8</p>



## SECTION 1 QUESTIONS AND ANSWERS

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Question	Summary	Additional information
<b>Participation in the Retail Entitlement Offer continued</b>		
<p><b>What happens if I am an Ineligible Retail Shareholder?</b></p>	<p>If you are an Ineligible Retail Shareholder you will not be entitled to apply for New Shares under the Entitlement Offer. The New Shares attributable to Entitlements that would have been offered to you had you been eligible to participate in the Entitlement Offer will be offered to certain Institutional Investors under the Retail Entitlement Bookbuild.</p> <p>If the Clearing Price payable for New Shares under the Retail Entitlement Bookbuild is equal to the Entitlement Offer Price you will receive nothing.</p> <p>If the Clearing Price under the Retail Entitlement Bookbuild is above the Entitlement Offer Price, you will receive a cash amount equal to the difference (less applicable withholding tax). As a result of not participating in the Entitlement Offer, your percentage shareholding in Southern Cross Media will be diluted (i.e. it will be reduced).</p>	<p>Sections 2.3.8 and 2.12</p>
<p><b>What happens if I am an Ineligible Foreign Austereo Shareholder?</b></p>	<p>If you are an Ineligible Foreign Austereo Shareholder and you elect to receive Scrip Consideration under the Takeover Offer, New Shares attributable to Conditional Entitlements that would have been offered to you had you been eligible to participate, will be renounced by the Nominee and offered to certain Institutional Investors under the Retail Entitlement Bookbuild.</p> <p>The result of the Retail Entitlement Bookbuild will depend upon a range of factors, including the prevailing share price of Southern Cross Media Shares.</p> <p>The cash you will be paid will be determined by the nominee sale process set out in the Bidder's Statement.</p>	<p>Sections 2.3.8 and 2.12</p>
<p><b>What happens if I am an Eligible Shareholder and a nominee, trustee or custodian?</b></p>	<p>Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed.</p> <p>Where you are acting as the nominee, trustee or custodian for any beneficiary in a jurisdiction outside Australia and New Zealand you will need to satisfy yourself that the application or acceptance does not breach any law of any relevant overseas jurisdiction.</p>	<p>Section 2.3.7</p>
<p><b>What are the tax implications of the Entitlement Offer?</b></p>	<p>A summary of the general tax implications for Australian resident Eligible Retail Shareholders and Relevant Austereo Shareholders is set out in Section 8. The discussion is in general terms and is not intended to provide specific advice in relation to circumstances of any particular Shareholder. Eligible Retail Shareholders and Relevant Austereo Shareholders should seek their own independent tax advice before deciding how to deal with their Entitlements/Conditional Entitlements.</p>	<p>Section 8</p>
<p><b>Is there a cooling-off period?</b></p>	<p>No. Cooling-off rights do not apply to an investment pursuant to the Entitlement Offer.</p>	<p>N/A</p>

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Question	Summary	Additional information
<b>Fees and Costs of the Entitlement Offer</b>		
<b>What are the fees and costs of the Entitlement Offer?</b>	Fees and costs associated with the Entitlement Offer total approximately \$11 million.	Sections 10.5.2 and 10.11.2
<b>Information about Southern Cross Media and the Financial Effect of the Entitlement Offer and Acquisition</b>		
<b>What is the status of the Takeover Offer?</b>	<p>The Takeover Offer was declared unconditional on 29 March 2011.</p> <p>As at the date of this Prospectus, Southern Cross Media has a Relevant Interest in more than 94% of Austereo Shares as a result of acceptances under the Takeover Offer.</p> <p>Accordingly, a wholly owned subsidiary of Southern Cross Media is now entitled to proceed to compulsory acquisition in respect of any Austereo Shares which it has not acquired under the Takeover Offer, which it intends to do. This will result in it acquiring 100% of Austereo Shares and will allow for the operations of Austereo to be merged with Southern Cross Media.</p>	Section 4.1
<b>Further information</b>		
<b>How can further information be obtained?</b>	<p>If you would like further information you can:</p> <ul style="list-style-type: none"> <li>- contact your stockbroker, legal, financial or other professional adviser; or</li> <li>- call the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (within Australia) or on +61 3 9415 4881 (from outside Australia) at any time from 8.30am to 5.00pm (Melbourne time) Monday to Friday during the Entitlement Offer Period.</li> </ul>	N/A

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# DETAILS OF THE ENTITLEMENT OFFER

## 2.1 The Entitlement Offer

### 2.1.1 Size of the Entitlement Offer

The Entitlement Offer will raise a minimum of approximately \$471 million.

Up to 16.8 million additional New Shares (raising approximately \$24.4 million) may be issued under the Entitlement Offer if:

- (a) all remaining Austereo Shareholders who have not accepted the Takeover Offer:
  - i. accept the Takeover Offer on or prior to the Takeover Offer Close Date;
  - ii. elect to take the maximum Scrip Consideration offered to them; and
  - iii. have their Conditional Entitlements taken up; and
- (b) Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date:
  - i. elected to take the maximum Scrip Consideration offered to them; and
  - ii. have their Conditional Entitlements taken up.

The issue of Conditional Entitlements to Relevant Austereo Shareholders is not underwritten.

### 2.1.2 Entitlement Offer Price

The Entitlement Offer Price is the same under both the Institutional Entitlement Offer and the Retail Entitlement Offer. This represents a discount of:

- 16.2% to the closing price of \$1.73 of Southern Cross Media Shares on ASX on Tuesday, 5 April 2011 (the day before the Institutional Entitlement Offer opened); and
- 9.4% to the theoretical ex-entitlement price of \$1.60.

The theoretical ex-entitlement price is the theoretical price at which Southern Cross Media Shares should trade immediately after the ex-date for the Entitlement offer. The theoretical ex-entitlement price is a theoretical calculation only and the actual price at which Southern Cross Media Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-entitlement price. The calculation excludes Southern Cross Media Shares that may be issued in connection with remaining Austereo Shareholders that have not accepted the Takeover Offer and Austereo Shareholders that have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date.

### 2.1.3 Structure of the Entitlement Offer

The Entitlement Offer consists of four parts:

- **The Institutional Entitlement Offer** – Eligible Institutional Shareholders will be invited to take up all or some of their Entitlements;
- **The Institutional Entitlement Bookbuild** – New Shares attributable to Entitlements which are not taken up by Eligible Institutional Shareholders will be offered to other Institutional Investors (which may include Eligible Institutional Shareholders whether or not they take up all of their Entitlements under the Institutional Entitlement Offer);

- **The Retail Entitlement Offer** – Eligible Retail Shareholders and Relevant Austereo Shareholders are invited to take up all or some of their Entitlements or Conditional Entitlements (as applicable) or do nothing. This Prospectus, together with a personalised Entitlement and Acceptance Form or personalised Conditional Entitlement and Acceptance Form (as applicable) has been sent to Eligible Retail Shareholders and to Austereo Shareholders (excluding Ineligible Foreign Austereo Shareholders) who have not accepted the Takeover Offer or who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date; and
- **The Retail Entitlement Bookbuild** – New Shares attributable to:
  - Entitlements and Conditional Entitlements which are not taken up by Eligible Retail Shareholders or Relevant Austereo Shareholders; and
  - Entitlements and Conditional Entitlements which would have been offered to Ineligible Shareholders and Ineligible Foreign Austereo Shareholders had they been entitled to participate in the Entitlement Offer, will be offered to Institutional Investors.

### 2.1.4 Conditional Entitlements

This prospectus is being (and will continue to be) provided to Austereo Shareholders (excluding Ineligible Foreign Austereo Shareholders) who have not accepted the Takeover Offer or who have accepted the Takeover Offer and elected Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date. These Austereo Shareholders will receive a Conditional Entitlement to participate in the Entitlement Offer. Austereo Shareholders (other than Ineligible Foreign Austereo Shareholders) who accept the Takeover Offer and elect to take Scrip Consideration prior to or on the Takeover Offer Close Date and those Austereo Shareholders who have accepted the Takeover Offer and elected Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date may accept some or all of their Conditional Entitlements on or prior to the closing date of the Retail Entitlement Offer.

If you are an Austereo Shareholder who is an Ineligible Foreign Austereo Shareholder and you elect to receive Scrip Consideration under the Takeover Offer, the Southern Cross Media Shares to which you would otherwise have been entitled under the Takeover Offer will be sold through the nominee sale process as outlined in the Bidder's Statement. New Shares equivalent to the number of Conditional Entitlements you would have received had you been eligible to participate, will be renounced by the Nominee and offered under the Retail Entitlement Bookbuild.

Austereo Shareholders who do not accept the Takeover Offer on or prior to the Takeover Offer Close Date and whose shares are compulsorily acquired will not be entitled to participate in the Entitlement Offer.

## SECTION 2 DETAILS OF THE ENTITLEMENT OFFER

### 2.2 Purpose of the Entitlement Offer

The net proceeds of the Entitlement Offer will be used to repay the Equity Bridge Facility which is being drawn on to partially fund the consideration and related transaction costs payable by a wholly owned subsidiary of Southern Cross Media under the Takeover Offer. Any net amount raised under the Entitlement Offer in excess of the amount required to repay the Equity Bridge Facility will be used to pay down debt.

The Equity Bridge Facility was provided by entities related to the Joint Lead Managers.

Further details in relation to the Equity Bridge Facility are set out in Section 10.7.1.

### 2.3 The Retail Entitlement Offer and Retail Entitlement Bookbuild

#### 2.3.1 Overview

The Retail Entitlement Offer is only open to Eligible Retail Shareholders and Relevant Austereo Shareholders.

Southern Cross Media reserves the right to reject any Application which it believes comes from a person who is not an Eligible Retail Shareholder or Relevant Austereo Shareholder.

#### 2.3.2 Eligible Retail Shareholders

Southern Cross Media is offering Eligible Retail Shareholders the opportunity to subscribe for 6 New Shares for every 7 Existing Shares held on the Record Date at the Entitlement Offer Price.

The number of New Shares to which an Eligible Retail Shareholder is entitled is shown on the personalised Entitlement and Acceptance Form accompanying the copy of this Prospectus sent to each Eligible Retail Shareholder.

An Eligible Retail Shareholder is a person who as at the Record Date:

- was registered as a holder of Southern Cross Media Shares;
- has a registered address in Australia or New Zealand;
- is not an Eligible Institutional Shareholder to whom the Joint Lead Managers made an offer on behalf of Southern Cross Media under the Institutional Entitlement Offer or an Ineligible Institutional Shareholder;
- is eligible under all applicable securities laws to receive an offer under the Entitlement Offer; and
- is not in the United States or a person acting for the account or benefit of a person in the United States.

If an Eligible Retail Shareholder has acquired Southern Cross Media Shares under a Post Ex-Date Transaction, those Southern Cross Media Shares will be disregarded in determining their relevant Entitlement.

The ratio and the Entitlement Offer Price being offered to Eligible Retail Shareholders is the same as in the Institutional Entitlement Offer. Where fractions arise in the calculation of an Entitlement, they will be rounded to the nearest whole number of New Shares, with fractions of 0.5 being rounded up to the next whole number of New Shares.

#### 2.3.3 Relevant Austereo Shareholders

Southern Cross Media is also offering Relevant Austereo Shareholders the opportunity to subscribe for 6 New Shares at the Entitlement Offer Price for every 7 Conditional Shares issued to them as Scrip Consideration under the Takeover Offer.

Relevant Austereo Shareholders are Austereo Shareholders who:

- accept the Takeover Offer by the Takeover Offer Close Date and elect to receive Scrip Consideration as part or all of their consideration;
- become registered as members on the share register of Southern Cross Media as a result of their election to receive Scrip Consideration under the Takeover Offer after the Record Date; and
- are not Ineligible Foreign Austereo Shareholders.

Austereo Shareholders who do not accept the Takeover Offer on or prior to the Takeover Offer Close Date and whose shares are compulsorily acquired will not be entitled to participate in the Entitlement Offer.

The number of New Shares to which a Relevant Austereo Shareholder may be entitled (assuming each Relevant Austereo Shareholder accepts the Takeover Offer and elects to receive 100% Scrip Consideration) is shown on the personalised Conditional Entitlement and Acceptance Form accompanying the copy of this Prospectus sent to Austereo Shareholders (excluding Ineligible Foreign Austereo Shareholders).

Relevant Austereo Shareholders will be issued Conditional Entitlements to the extent that they elect to take up Scrip Consideration under the Takeover Offer.

The ratio and the Entitlement Offer Price being offered to Relevant Austereo Shareholders is the same as in the Institutional Entitlement Offer. Where fractions arise in the calculation of a Conditional Entitlement, they will be rounded to the nearest whole number of New Shares, with fractions of 0.5 being rounded up to the next whole number of New Shares.

If you do not intend to accept the Takeover Offer, or if you intend to accept the Takeover Offer for Cash Consideration, you should do nothing in respect of the Retail Entitlement Offer.

### 2.3.4 Changes to Conditional Entitlement

No updated/revised Conditional Entitlement and Acceptance Form will be provided to confirm changes in your Conditional Entitlement. The responsibility will be with the Relevant Austereo Shareholder to calculate their additional Conditional Entitlement. The Relevant Austereo Shareholder can contact the Southern Cross Media Entitlement Offer Information Line to confirm their Conditional Entitlement.

### 2.3.5 Taking up Entitlements and Conditional Entitlements

Eligible Retail Shareholders and Relevant Austereo Shareholders may elect to apply for all, some or none of the New Shares offered to them under the Retail Entitlement Offer.

In the case of Relevant Austereo Shareholders, their Conditional Entitlement will be subject to accepting the Takeover Offer and electing Scrip Consideration as described in Section 2.3.3.

Eligible Retail Shareholders and Relevant Austereo Shareholders may not apply for more than their Entitlement/Conditional Entitlement (as applicable) shown on their personalised Entitlement and Acceptance Form/personalised Conditional Entitlement and Acceptance Form (as applicable).

The Entitlements and Conditional Entitlements cannot be traded, transferred, assigned or otherwise dealt with.

Refer to Section 3 for further details on how to accept your Entitlement or Conditional Entitlement.

### 2.3.6 Entitlements and Conditional Entitlements not taken up

In the Retail Entitlement Bookbuild, New Shares attributable to:

- Entitlements and Conditional Entitlements which are not taken up by Eligible Retail Shareholders or Relevant Austereo Shareholders; and
- Entitlements and Conditional Entitlements which would have been offered to Ineligible Shareholders or Ineligible Foreign Austereo Shareholders had they been entitled to participate in the Entitlement Offer,

will be offered to Institutional Investors. Refer to Section 2.3.8 for further details on the Retail Entitlement Bookbuild.

### 2.3.7 Nominees and Custodians

Shareholders holding Southern Cross Media Shares or Conditional Shares on behalf of persons who are resident outside Australia or New Zealand are responsible for ensuring that taking up their Entitlement or Conditional Entitlement does not breach the laws and regulations in the relevant overseas jurisdiction. The submission of a personalised Entitlement and Acceptance Form/personalised Conditional Entitlement and Acceptance Form or the making of a BPAY payment will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees are therefore advised to seek independent advice as to how they should proceed.

### 2.3.8 The Retail Entitlement Bookbuild

New Shares attributable to Entitlements and Conditional Entitlements which are not taken up by Eligible Retail Shareholders or Relevant Austereo Shareholders, together with the New Shares attributable to Entitlements and Conditional Entitlements which would have been offered to Ineligible Shareholders and Ineligible Foreign Austereo Shareholders had they been entitled to participate in the Entitlement Offer, will be offered to Institutional Investors (which may include Eligible Institutional Shareholders whether or not they took up all of their Entitlements under the Institutional Entitlement Offer) in the Retail Entitlement Bookbuild.

If the Clearing Price payable for New Shares under the Retail Entitlement Bookbuild is equal to the Entitlement Offer Price, no cash will be payable to any Eligible Retail Shareholder, Relevant Austereo Shareholder, Ineligible Shareholder or Ineligible Foreign Austereo Shareholder.

If the Clearing Price is above the Entitlement Offer Price:

- the amount by which the Clearing Price exceeds the Entitlement Offer Price (**Retail Premium**) will be paid by the Joint Lead Managers to the Share Registry, who will remit the Retail Premium (less any applicable withholding tax if you are an Ineligible Shareholder) to:
  - each Eligible Retail Shareholder who did not take up all of their Entitlements (according to the number of New Shares they were entitled to take up but did not);
  - each Relevant Austereo Shareholder who did not take up all of their Conditional Entitlements (according to the number of New Shares they were entitled to take up but did not);
  - each Ineligible Shareholder (according to the number of New Shares they would have been entitled to take up if they were an Eligible Institutional Shareholder or Eligible Retail Shareholder); and
  - each Ineligible Foreign Austereo Shareholder will be paid in accordance with Section 2.12.

If there is insufficient demand to clear the Retail Entitlement Bookbuild at the Entitlement Offer Price, the Joint Lead Managers will take up the shortfall (in accordance with the process set out in Section 2.9.2) at the Entitlement Offer Price under the Underwriting Deed, in respect of the Entitlements not taken up by Eligible Retail Shareholders and Ineligible Shareholders on the share register of Southern Cross Media on the Record Date. The Entitlement Offer is not underwritten in respect of Conditional Entitlements not taken up by Relevant Austereo Shareholders or New Shares attributable to Conditional Entitlements which would have been offered to Ineligible Foreign Austereo Shareholders had they been eligible to participate.

## SECTION 2 DETAILS OF THE ENTITLEMENT OFFER

The ability to sell New Shares and obtain a Clearing Price that exceeds the Entitlement Offer Price will be dependent on a number of factors, including market conditions and no guarantee can be given that a Clearing Price in excess of the Entitlement Offer Price will be achieved or that the value achieved for Entitlements under the Institutional Entitlement Bookbuild will be matched in the Retail Entitlement Bookbuild. Further, the Clearing Price obtained under the Retail Entitlement Bookbuild may not be the highest price available but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the Joint Lead Managers, will, if accepted, result in otherwise acceptable allocations to clear the entire book.

To the maximum extent permitted by law, neither Southern Cross Media nor the Joint Lead Managers, nor their respective Related Bodies Corporate, nor the directors, officers, employees, agents or advisers of any of them, will be liable for a failure to achieve a price in the the Retail Entitlement Bookbuild that is greater than the Entitlement Offer Price.

### 2.4 The Institutional Entitlement Offer and Institutional Entitlement Bookbuild

#### 2.4.1 Institutional Entitlement Offer

The Institutional Entitlement Offer is only open to Eligible Institutional Shareholders. The Institutional Entitlement Offer and Institutional Entitlement Bookbuild will be conducted from Wednesday, 6 April 2011 to Friday, 8 April 2011.

Settlement of the New Shares issued under the Institutional Entitlement Offer is expected to occur on Monday, 18 April 2011.

#### 2.4.2 Eligible Institutional Shareholders

Under the Institutional Entitlement Offer, Southern Cross Media is offering Eligible Institutional Shareholders the opportunity to subscribe for 6 New Shares for every 7 Existing Shares held on the Record Date at the Entitlement Offer Price.

An Eligible Institutional Shareholder is a person who as at the Record Date:

- is an Institutional Investor;
- is entitled to receive an offer under the Institutional Entitlement Offer as agreed by Southern Cross Media and the Joint Lead Managers under the Underwriting Deed (for the avoidance of doubt, this excludes an Ineligible Institutional Shareholder); and
- is not in the United States or a person acting for the account or benefit of a person in the United States.

If an Eligible Institutional Shareholder has acquired Southern Cross Media Shares under a Post Ex-Date Transaction, those Southern Cross Media Shares will be disregarded in determining the relevant Entitlement.

Where fractions arise in the calculation of an Entitlement, they will be rounded to the nearest whole number of New Shares, with fractions of 0.5 being rounded up to the next whole number of New Shares.

#### 2.4.3 The Institutional Entitlement Bookbuild

New Shares attributable to Entitlements which are not taken up by Eligible Institutional Shareholders, will be offered to other Institutional Investors (which may include Eligible Institutional Shareholders whether or not they took up all of their Entitlements under the Institutional Entitlement Offer).

If the Clearing Price payable for New Shares under the Institutional Entitlement Bookbuild is equal to the Entitlement Offer Price no cash will be payable to any Eligible Institutional Shareholder.

If the Clearing Price is above the Entitlement Offer Price the amount by which the Clearing Price exceeds the Entitlement Offer Price (**Institutional Premium**) will be paid by the Joint Lead Managers to the Share Registry, who will remit the Institutional Premium (less any applicable withholding tax) to each Eligible Institutional Shareholder who did not take up all of their Entitlements (according to the number of New Shares they were entitled to take up but did not).

If there is insufficient demand to clear the Institutional Entitlement Bookbuild at the Entitlement Offer Price, the Joint Lead Managers will take up the shortfall (in accordance with process set out in Section 2.9.2) at the Entitlement Offer Price under the Underwriting Deed, in respect of Eligible Institutional Shareholders on the share register of Southern Cross Media on the Record Date.

#### 2.5 No Offer under the Retail Entitlement Offer to Participants in the Institutional Entitlement Offer

The Retail Entitlement Offer does not constitute an offer to any person who is not an Eligible Retail Shareholder or Relevant Austereo Shareholder including:

- any Eligible Institutional Shareholder (whether or not it accepted the Institutional Entitlement Offer); or
- any Ineligible Institutional Shareholder; or
- a nominee for such a person, in respect of Southern Cross Media Shares held on behalf of that person.

**2.6 No Offer Under the Retail Entitlement Offer to Holders of New Shares**

Any person allocated New Shares under the Institutional Entitlement Offer or Institutional Entitlement Bookbuild does not have any entitlement to participate in the Retail Entitlement Offer in respect of those New Shares.

**2.7 Ranking of New Shares**

New Shares will be issued on a fully paid basis and will rank equally in all respects with Southern Cross Media Shares on issue as at the Record Date. Shares issued under the Institutional Entitlement Offer, Institutional Entitlement Bookbuild, Retail Entitlement Offer and Retail Entitlement Bookbuild will rank equally with each other.

New Shares will not be entitled to the seven cents per share interim dividend payable by Southern Cross Media with respect to the half year ended 31 December 2010.

A summary of the rights and liabilities attaching to New Shares is set out in Section 10.3.

**2.8 Quotation and Trading**

In accordance with the Listing Rules, Southern Cross Media has applied, or will apply to ASX within seven days of the date of this Prospectus for the official quotation of the New Shares issued under this Prospectus. Subject to approval being granted, quotation of the New Shares is expected to commence on:

- Tuesday, 19 April 2011 for New Shares issued under the Institutional Entitlement Offer and Institutional Entitlement Bookbuild (on a normal settlement basis); and
- Monday, 16 May 2011 for New Shares issued under the Retail Entitlement Offer and Retail Entitlement Bookbuild (on a normal settlement basis).

Holding statements are expected to be dispatched in accordance with the relevant Listing Rules on Wednesday, 18 May 2011. It is the responsibility of each Applicant to confirm their holding before trading in New Shares. Any Applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. Southern Cross Media and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to any person who trades in New Shares before receiving their holding statement.

Entitlements and Conditional Entitlements cannot be traded on ASX or privately transferred.

**2.9 Underwriting of the Entitlement Offer**

**2.9.1 General**

The offer of Entitlements to shareholders on the share register of Southern Cross Media as at the Record Date (including Entitlements which would have been offered to Ineligible Shareholders had they been eligible to participate) is fully underwritten by the Joint Lead Managers pursuant to the Underwriting Deed. This means that the Joint Lead Managers will subscribe at the Entitlement Offer Price for any New Shares that are not subscribed for by Eligible Institutional Shareholders, Eligible Retail Shareholders, Ineligible Shareholders or other Institutional Investors under the Entitlement Offer in accordance with the terms of the Underwriting Deed.

A summary of the Underwriting Deed is set out in Section 10.5.

The offer of Conditional Entitlements to Relevant Austereo Shareholders is not underwritten.

**2.9.2 Shortfall dispersion**

A shortfall will arise under the institutional and retail components of the Entitlement Offer to the extent that Eligible Institutional Shareholders or Eligible Retail Shareholders do not take up their Entitlements under the Entitlement Offer in full and to the extent that there are Ineligible Institutional Shareholders or Ineligible Retail Shareholders. Under the Entitlement Offer, the New Shares which are underwritten by the Joint Lead Managers will be offered to investors in the manner set out below:

Institutional	Retail
<b>First</b> , Eligible Institutional Shareholders pro-rata to their holding.	<b>First</b> , Eligible Retail Shareholders pro-rata to their holding
<b>Second</b> , existing Eligible Institutional Shareholders seeking more than their pro-rata entitlement and other Institutional Investors who are not Southern Cross Media Shareholders (in each case other than Macquarie Group (except where the relevant Macquarie Group entity is not acting in a principal capacity)) through the Institutional Entitlement Bookbuild.	<b>Second</b> , Institutional Investors (including potentially Eligible Institutional Shareholders) other than Macquarie Group (except where the relevant Macquarie Group entity is not acting in a principal capacity) through the Retail Entitlement Bookbuild.
<b>Third</b> , the Joint Lead Managers or their nominees will each take up 50% of any remaining shortfall	<b>Third</b> , institutional sub underwriters other than Macquarie Group (except where the relevant Macquarie Group entity is not acting in a principal capacity).
	<b>Fourth</b> , the Joint Lead Managers or their nominees will each take up 50% of any remaining shortfall.

**2.10 Reconciliation and Classification**

The Entitlement Offer is a complex structure. In some instances investors may believe that they will own more Southern Cross Media Shares than they actually do on the Record Date or will be entitled to more Conditional Shares than their actual entitlement. This results in a need for reconciliation. If reconciliation is required, it is possible that Southern Cross Media may need to issue a small quantity of additional New Shares (**Top-Up Shares**) to ensure all Eligible Shareholders receive their full Entitlement or Conditional Entitlement (as applicable).

The price at which these Top-Up Shares would be issued is not known but would be no lower than the Entitlement Offer Price. Any Top-Up Shares



## SECTION 2 DETAILS OF THE ENTITLEMENT OFFER

(and New Shares issued under the Retail Entitlement Bookbuild) will be issued under this Prospectus and accordingly (without limiting other provisions of this Prospectus permitting variation of dates or acceptance of late Applications), the offers in this Prospectus remain open for acceptance in respect of such shares until the date of issue of New Shares following the Retail Entitlement Bookbuild.

Southern Cross Media also reserves the right to reduce the number of New Shares or the amount of the Institutional Premium or Retail Premium (if any) allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information requested to substantiate their claims.

### 2.11 CHES and Issuer Sponsored Holdings

The New Shares will participate from the date of commencement of quotation on ASX in the Clearing House Electronic Sub-register System (**CHES**), operated by ASX Settlement Pty Limited. They must be held in uncertificated form (i.e. no share certificate will be issued) on the CHES subregister or on the issuer-sponsored subregister.

Arrangements can be made at any subsequent time to convert your holding from the issuer-sponsored subregister to the CHES subregister or vice versa by contacting your controlling participant.

Holding statements are issued by Southern Cross Media for the issuer sponsored holdings and ASX Settlement for sponsored CHES holdings at the end of each calendar month in which a transaction occurs. Fees may apply for supply of replacement holding statements.

### 2.12 Shareholders who are Ineligible to Participate

Shareholders with registered addresses outside Australia and New Zealand are not eligible to participate in the Retail Entitlement Offer. In accordance with the Listing Rules, Southern Cross Media considers it unreasonable to extend the Retail Entitlement Offer to Southern Cross Media Shareholders and Austereo Shareholders with registered addresses outside Australia and New Zealand given:

- the small number of such Southern Cross Media Shareholders;
- the small number of such Austereo Shareholders;
- the small number and value of New Shares which would be offered in such jurisdictions; and
- the cost of complying with legal and regulatory requirements in those jurisdictions.

The Retail Entitlement Offer is not being made in, and the Prospectus and the personalised Entitlement and Acceptance Form or personalised Conditional Entitlement and Acceptance Form do not constitute an offer or invitation in, the United States or to, or for the account or benefit of, US Persons or in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. It is the responsibility of each Applicant to ensure compliance with the laws of any country relevant to their Application.

Return of a completed personalised Entitlement and Acceptance Form or personalised Conditional

Entitlement and Acceptance Form together with the payment by cheque, bank draft or money order or payment of any Application Monies by B<sub>PAY</sub> will be taken to constitute a representation to Southern Cross Media that there has been no breach of such laws, and that the Applicant is an Eligible Retail Shareholder or Relevant Austereo Shareholder.

Southern Cross Media, in its absolute discretion, reserves the right to determine whether a person is an Eligible Retail Shareholder or a Relevant Austereo Shareholder and therefore able to participate in the Retail Entitlement Offer, or an Ineligible Retail Shareholder or Ineligible Foreign Austereo Shareholder and therefore unable to participate in the Retail Entitlement Offer. Southern Cross Media disclaims all liability to the maximum extent permitted by law in respect of the determination as to whether a person is an Eligible Retail Shareholder, Relevant Austereo Shareholder, Ineligible Retail Shareholder or an Ineligible Foreign Austereo Shareholder.

Southern Cross Media will send all Ineligible Retail Shareholders and Ineligible Foreign Austereo Shareholders details of the Entitlement Offer and advise them that Southern Cross Media is not extending the Retail Entitlement Offer to Ineligible Retail Shareholders and Ineligible Foreign Austereo Shareholders.

New Shares which would have been offered to Ineligible Shareholders had they been entitled to participate in the Entitlement Offer will be offered to Institutional Investors under the Retail Entitlement Bookbuild. Any excess of the Clearing Price under the Retail Entitlement Bookbuild over the Entitlement Offer Price will be paid to each Ineligible Shareholder (according to the number of New Shares they would have been entitled to take up if they were an Eligible Shareholder) (less any applicable withholding tax).

If you are an Austereo Shareholder who is an Ineligible Foreign Austereo Shareholder and you elect to receive Scrip Consideration under the Takeover Offer, the New Shares to which you would otherwise have been entitled under the Entitlement Offer will be renounced by the Nominee and offered to Institutional Investors in the Retail Entitlement Bookbuild.

Any excess of the Clearing Price under the Retail Entitlement Bookbuild over the Entitlement Offer Price will be paid to the Ineligible Foreign Austereo Shareholders (less any withholding tax) as part of the nominee sale process set out in the Bidder's Statement.

### 2.13 Receipt of Excess Premium

If an Eligible Shareholder receives proceeds in respect of the Retail Entitlement Bookbuild in excess of the proceeds to which it was actually entitled based on its shareholding at the Record Date then, in the absolute discretion of Southern Cross Media, the Eligible Shareholder may be required to repay the excess proceeds to Southern Cross Media.

By accepting their Entitlement or Conditional Entitlement, or by accepting proceeds from the Retail Entitlement Bookbuild, Eligible Shareholders irrevocably acknowledge and agree to repay any excess proceeds as set out above as required by Southern Cross Media in its absolute discretion. Eligible Shareholders also acknowledge that there

is no time limit on the ability of Southern Cross Media to require repayment as set out above.

#### **2.14 Withdrawal of the Entitlement Offer and Application Monies**

The Directors reserve the right to withdraw the Entitlement Offer and this Prospectus at any time subject to applicable laws, in which case Southern Cross Media will refund Application Monies in accordance with the Corporations Act.

Until New Shares are issued, Southern Cross Media will hold the Application Monies on trust in a bank account. The account will be established and kept in accordance with the Corporations Act. Any interest accrued on Application Monies will be retained by Southern Cross Media and will not be paid to the relevant Eligible Shareholders, including if the Entitlement Offer is cancelled or withdrawn.

#### **2.15 Taxation Implications**

The taxation implications of the Retail Entitlement Offer, including the implications of acquiring, holding and disposing of New Shares and receiving, taking up and renouncing Entitlements or Conditional Entitlements, will vary depending upon the particular circumstances of each Eligible Retail Shareholder or Relevant Austereo Shareholder. Accordingly, all investors should obtain their own professional advice before concluding on the particular taxation treatment that will apply to them, whether or not those investors participate in the Retail Entitlement Offer and acquire New Shares.

General Australian tax implications for Eligible Retail Shareholders and Relevant Austereo Shareholders are discussed in further detail in Section 8.

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# 3

## HOW TO APPLY

### 3.1 Eligible Retail Shareholders

#### 3.1.1 What you may do – choices available

Before taking any action in relation to the Entitlement Offer, Eligible Retail Shareholders should read this entire Prospectus including, but not limited to, the risks outlined in Section 9. If you do not understand any part of this Prospectus, or you are in any doubt as to how to deal with your Entitlement, you should consult your stockbroker, accountant, solicitor or professional adviser.

If you are an Eligible Retail Shareholder, you may either:

- take up all or some of your Entitlements (refer to Section 3.1.2); or
- do nothing, in which case all of your Entitlements will lapse and value for your Entitlements may be realised in the Retail Entitlement Bookbuild (refer to Section 3.1.3).

Shareholdings of Eligible Retail Shareholders who do not take up some or all of their Entitlements will be diluted by the Entitlement Offer (i.e. their percentage shareholding will be reduced). Even if you take up all of your Entitlement, your percentage shareholding in Southern Cross Media will be diluted to the extent Austereo Shareholders elect to accept Scrip Consideration under the Takeover Offer.

#### 3.1.2 If you wish to take up all or some of your Entitlements

If you are an Eligible Retail Shareholder and you wish to take up all or some of your Entitlements you have two options:

##### OPTION 1

Submit your completed personalised Entitlement and Acceptance Form together with payment by way of cheque, bank draft or money order

To apply and pay by cheque, bank draft or money order, you should:

- complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on the form; and
- return the personalised Entitlement and Acceptance Form to the Share Registry together with a cheque, bank draft or money order which must be:
  - for an amount equal to the full amount payable, being the Entitlement Offer Price multiplied by the number of New Shares that you have indicated that you wish to acquire;
  - in Australian currency drawn on an Australian branch of a financial institution;
  - payable to the "Southern Cross Media Group Limited – Entitlement Offer"; and
  - crossed "Not Negotiable".

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

If you pay by cheque, bank draft or money order and do not pay for all of your Entitlements, the remaining Entitlements will be treated as not having been taken up.

If you have not received or you have lost your personalised Entitlement and Acceptance Form please contact the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (within Australia) or on +61 3 9415 4881 (from outside Australia). The information line is open from 8:30am to 5.00pm (Melbourne time), Monday to Friday, during the Entitlement Offer Period.

If you have lost the reply paid envelope enclosed with this Prospectus, or you are outside Australia, please send your personalised Entitlement and Acceptance Form and Application Monies to the Share Registry at:

Southern Cross Media Group Limited  
Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 8060

Personalised Entitlement and Acceptance Forms will not be accepted at Southern Cross Media's registered office.

You need to ensure that your personalised Entitlement and Acceptance Form (together with your cheque, bank draft or money order) is received by the Share Registry no later than 5.00pm (Melbourne time) on Tuesday, 3 May 2011. Southern Cross Media may reject any personalised Entitlement and Acceptance Form received after this time.

##### OPTION 2

Payment by way of BPAY

If you have an Australian bank account you can pay for your New Shares by BPAY. If you choose to pay by BPAY you are not required to submit the personalised Entitlement and Acceptance Form but you will be taken to have made the statements on the personalised Entitlement and Acceptance Form.

To apply and pay via BPAY, you should:

- use the biller code and reference number that appears on the personalised Entitlement and Acceptance Form; and
- make payment via BPAY for the full amount payable being the Entitlement Offer Price multiplied by the number of New Shares that you wish to acquire.

If you pay by BPAY and do not pay for all of your Entitlements, the remaining Entitlements will be treated as not having been taken up. You need to ensure that your BPAY payment is received by the Share Registry no later than 5.00pm (Melbourne time) on Tuesday, 3 May 2011. If you are paying by BPAY you must check the processing cut off time for BPAY transactions with your financial institution, and take that into consideration when making payment, as that cut off time may be before the Entitlement Offer Closing Date.

### Implications of making an application

Each Eligible Retail Shareholder who submits a personalised Entitlement and Acceptance Form or makes a payment via BPAY in respect of New Shares will be deemed to have represented, warranted and agreed, on behalf of itself and each person or account for which it is acting, that:

- neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or any US state or other securities laws, and may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- they are not in the United States, and are not, and are not acting for the account or benefit of, a US Person;
- they will not send this Prospectus, the personalised Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of, a US Person; and
- if in the future they decide to sell or otherwise transfer their New Shares, it will only do so in standard transactions on ASX where neither it nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, in the United States or is, or is acting for the account or benefit of, a US Person.

You need to ensure that your personalised Entitlement and Acceptance Form (together with your cheque, bank draft or money order) or your BPAY payment is received by the Share Registry by 5.00pm (Melbourne time) on Tuesday, 3 May 2011. If you are paying by BPAY you must check the processing cut off time for BPAY transactions with your financial institution, and take that into consideration when making payment, as that cut off time may be before the Entitlement Offer Closing Date.

### 3.1.3 Do nothing, in which case all of your Entitlements will lapse and value for your Entitlements may be realised in the Retail Entitlement Bookbuild

If you do nothing, you will continue to own the same number of Southern Cross Media Shares but your interest in Southern Cross Media will be diluted (i.e. your percentage shareholding will be reduced). Even if you take up all of your Entitlement, your percentage shareholding in Southern Cross Media will be diluted to the extent Austereo Shareholders elect to accept Scrip Consideration under the Takeover Offer.

Any New Shares attributable to Entitlements not taken up will be offered under the Retail Entitlement Bookbuild to Institutional Investors (which may include Eligible Institutional Shareholders whether or not they took up all of their Entitlements under the Institutional Entitlement Offer).

From any proceeds achieved under the Retail Entitlement Bookbuild, the Entitlement Offer Price will be received by Southern Cross Media as Application Monies for New Shares, and any premium over the Entitlement Offer Price will be paid to you by cheque and mailed to your registered address as consideration for the lapsing of the relevant Entitlements.

There is no guarantee that you will receive any value for any lapsed Entitlements from the Retail Entitlement Bookbuild.

## 3.2 Relevant Austereo Shareholders

### 3.2.1 What is your Conditional Entitlement?

Each Relevant Austereo Shareholder who accepts under the Takeover Offer and elects to take Scrip Consideration prior to the Takeover Offer Close Date (and becomes registered as a member on the share register of Southern Cross Media) has the opportunity to subscribe for 6 New Shares for every 7 Conditional Shares issued to them as Scrip Consideration under the Takeover Offer with New Shares to be issued at the Entitlement Offer Price.

Relevant Austereo Shareholders will be issued Conditional Entitlements to the extent that they elect to take up Scrip Consideration under the Takeover Offer.

### 3.2.2 What you may do – choices available

Before taking any action in relation to the Entitlement Offer, Relevant Austereo Shareholders should read this entire Prospectus including, but not limited to, the risks outlined in Section 9. If you do not understand any part of this Prospectus, or you are in any doubt as to how to deal with your Conditional Entitlement, you should consult your stockbroker, accountant, solicitor or professional advisor.

If you are a Relevant Austereo Shareholder, you may either:

- take up all or some of your Conditional Entitlement (refer to Section 3.2.3); or
- do nothing, in which case all of your Conditional Entitlement will lapse and value for your Conditional Entitlement may be realised in the Retail Entitlement Bookbuild (refer to Section 3.2.4).

If you do nothing, you will be issued only the Southern Cross Media Shares issued to you as Scrip Consideration under the Takeover Offer and your percentage interest in Southern Cross Media will be less than if you had participated in the Entitlement Offer.

### 3.2.3 If you wish to take up all or some of your Conditional Entitlements

If you are a Relevant Austereo Shareholder and you wish to take up all or some of your Conditional Entitlements you have two options:

#### OPTION 1

Submit your completed personalised Conditional Entitlement and Acceptance Form together with payment by way of cheque, bank draft or money order

To apply and pay by cheque, bank draft or money order, you should:

- complete the personalised Conditional Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on the form; and
- return the personalised Conditional Entitlement and Acceptance Form to the Share Registry together with a cheque, bank draft or money order which must be:
  - for an amount equal to the full amount payable, being the Entitlement Offer Price multiplied by the number of New Shares that you have indicated that you wish to acquire;
  - in Australian currency drawn on an Australian branch of a financial institution;
  - payable to the “Southern Cross Media Group Limited – Entitlement Offer”; and
  - crossed “Not Negotiable”.

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

If you pay by cheque, bank draft or money order and do not pay for all of your Conditional Entitlements, the remaining Conditional Entitlements will be treated as not having been taken up.

If you have not received or you have lost your personalised Conditional Entitlement and Acceptance Form please contact the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (within Australia) or on +61 3 9415 4881 (from outside Australia). The information line is open from 8:30am to 5:00pm (Melbourne time), Monday to Friday, during the Entitlement Offer Period.

If you have lost the reply paid envelope enclosed with this Prospectus, or you are outside Australia, please send your personalised Conditional Entitlement and Acceptance Form and Application Monies to the Share Registry at:

Southern Cross Media Group Limited  
Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 8060

Personalised Conditional Entitlement and Acceptance Forms will not be accepted at Southern Cross Media's registered office.

You need to ensure that your personalised Conditional Entitlement and Acceptance Form (together with your cheque, bank draft or money order) is received by the Share Registry no later than 5.00pm (Melbourne time) on Tuesday, 3 May 2011. Southern Cross Media may reject any personalised Conditional Entitlement and Acceptance Form received after this time.

#### OPTION 2

Payment by way of BPAY

If you have an Australian bank account you can pay for your New Shares by BPAY. If you choose to pay by BPAY you are not required to submit the personalised Conditional Entitlement and Acceptance Form but you will be taken to have made the statements on the personalised Conditional Entitlement and Acceptance Form.

To apply and pay via BPAY, you should:

- use the biller code and reference number that appears on the personalised Conditional Entitlement and Acceptance Form; and
- make payment via BPAY for the full amount payable being the Entitlement Offer Price multiplied by the number of New Shares that you wish to acquire.

If you pay by BPAY and do not pay for your all of your Conditional Entitlements, the remaining Conditional Entitlements will be treated as not having been taken up. You need to ensure that your BPAY payment is received by the Share Registry no later than 5.00pm (Melbourne time) on Tuesday, 3 May 2011. If you are paying by BPAY you must check the process cut off time for BPAY transactions with your financial institution and take that into consideration when making payment as that cut off time may be before the Entitlement Offer Closing Date. Southern Cross Media may reject any personalised Conditional Entitlement and Acceptance Form received after this time.

#### Implications of making an application

Each Relevant Austereo Shareholder who submits a personalised Conditional Entitlement and Acceptance Form or makes a payment via BPAY in respect of New Shares will be deemed to have represented, warranted and agreed, on behalf of itself and each person or account for which it is acting, that:

- neither the Conditional Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or any US state or other securities laws, and may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- they are not in the United States, and are not, and are not acting for the account or benefit of, a US Person;
- they will not send this Prospectus, the personalised Conditional Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of, a US Person; and
- if in the future they decide to sell or otherwise transfer their New Shares, it will only do so in standard transactions on ASX where neither it nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, in the United States or is, or is acting for the account or benefit of, a US Person.

## SECTION 3 HOW TO APPLY

You need to ensure that your personalised Conditional Entitlement and Acceptance Form (together with your cheque, bank draft or money order) or your BPAY payment is received by the Share Registry by 5.00pm (Melbourne time) on Tuesday, 3 May 2011. Southern Cross Media may reject any personalised Conditional Entitlement and Acceptance Form received after this time.

If you apply for New Shares in excess of your Conditional Entitlement as a result of accepting the Takeover Offer for less than 100% Scrip Consideration or failing to accept the Takeover Offer at all, your Application Monies will be refunded to the extent you have applied for New Shares in excess of your Conditional Entitlement.

### **3.2.4 Do nothing, in which case all of your Conditional Entitlements will lapse and value for your Conditional Entitlements may be realised in the Retail Entitlement Bookbuild**

If you do nothing, you will be issued only the Southern Cross Media Shares issued to you as Scrip Consideration under the Takeover Offer and your percentage interest in Southern Cross Media will be less than if you had participated in the Entitlement Offer.

Any New Shares attributable to Conditional Entitlements not taken up will be offered under the Retail Entitlement Bookbuild to Institutional Investors (which may include Eligible Institutional Shareholders whether or not they took up all of their Entitlements under the Institutional Entitlement Offer).

From the proceeds achieved under the Retail Entitlement Bookbuild, the Entitlement Offer Price will be received by Southern Cross Media as Application Monies for New Shares, and any premium over the Entitlement Offer Price will be paid to you as consideration for the lapsing of the relevant Conditional Entitlements.

The premium over the Entitlement Offer Price (if any) will be paid to you by cheque and mailed to your registered address.

As offers of Conditional Entitlements are not underwritten, there is no guarantee New Shares will be issued in respect of the Conditional Entitlements and, in particular, there is no guarantee that you will receive any value for any lapsed Conditional Entitlements from the Retail Entitlement Bookbuild.

### **3.3 Refund of Excess Monies**

Austereo Shareholders are reminded that their Conditional Entitlement under the Entitlement Offer is subject to them accepting the Takeover Offer on or prior to the Takeover Offer Close Date, and to the extent they elect Scrip Consideration in respect of the Takeover Offer. In the event that an Austereo Shareholder submits an application for a Conditional Entitlement when the Austereo Shareholder is not entitled to acquire New Shares, the Application Monies will be refunded in accordance with the Corporations Act.

Any interest accrued on Application Monies will be retained by Southern Cross Media.

### **3.4 Enquiries**

If you:

- have any questions in relation to the Shares upon which your Entitlement/Conditional Entitlement has been calculated;
- have questions on how to complete your personalised Entitlement and Acceptance Form/personalised Conditional Entitlement and Acceptance Form or take up your Entitlements/Conditional Entitlements; or
- you have lost your personalised Entitlement and Acceptance Form/personalised Conditional Entitlement and Acceptance Form and would like a replacement form,

please call the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (within Australia) or on +61 3 9415 4881 (from outside Australia) at any time from 8:30am to 5.00pm (Melbourne time), Monday to Friday during the Entitlement Offer Period.

### **3.5 Eligible Institutional Shareholders**

Eligible Institutional Shareholders should follow the instructions given to them by the Joint Lead Managers.

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**PROFILE OF  
SOUTHERN  
CROSS MEDIA  
AND AUSTEREO**



On 31 January 2011 Southern Cross Media announced an off-market takeover offer for all of the shares in Austereo.

#### 4.1 Status of the Takeover Offer

The Takeover Offer was declared unconditional on 29 March 2011.

Southern Cross Media has received acceptances under the Takeover Offer that have resulted in it having a Relevant Interest in more than 94% of Austereo Shares as at the date of this Prospectus. This includes the acceptance by Village Roadshow Limited in respect of its entire 52.52% holding in Austereo. Accordingly, Southern Cross Media is now entitled to proceed to compulsory acquisition in respect of any Austereo Shares which it has not acquired by the Takeover Offer Close Date, which it intends to do. This will result in it acquiring 100% of Austereo Shares and will allow for the operations of Austereo to be merged with Southern Cross Media.

Southern Cross Media intends to proceed to compulsory acquisition of the outstanding Austereo Shares in accordance with the provisions of the Corporations Act and thereupon procure that an application be made to remove Austereo from the official list of ASX. Southern Cross Media will also, if required, seek to amend the constitution of Austereo to remove provisions of the constitution consistent with the company being listed on the official list of ASX.

#### 4.2 Southern Cross Media – Overview

Southern Cross Media is Australia's leading regional media provider, with the ability to broadcast TV or radio to a potential audience of approximately 7.3 million people, or approximately 90% of Australia's population outside the mainland state capital cities' broadcast areas.

Southern Cross Media owns 15 regional free-to-air television licences and, with joint venture partners, six further television licences. These businesses include Southern Cross Ten and Southern Cross Television, and the joint venture businesses Darwin Digital Television and Tasmanian Digital Television. Southern Cross Ten is provided to the aggregated markets of eastern and western Victoria, northern and southern New South Wales and regional Queensland, and to some smaller markets also. Southern Cross Television is provided to the markets of Tasmania, Broken Hill, Darwin, Mt Isa, Spencer Gulf (in South Australia), and to other remote areas across central and eastern Australia.

Southern Cross Media's radio business owns and operates the largest regional commercial radio network in Australia, with 68 commercial radio stations (including two joint venture stations) in 38 Licence Areas in Queensland, New South Wales, Victoria, Tasmania, South Australia and Western Australia.

#### 4.3 Austereo – Overview

Austereo is a leading Australian commercial radio broadcaster. It operates: two FM networks, Today and Triple M, with stations in all mainland Australian state capital cities and two joint venture stations in Newcastle and Canberra; and one digital network with radio brands including Radar Radio.

The Today Network consists of: Sydney – 2DAY FM, Melbourne – Fox FM, Brisbane – B105, Perth – 92.9 FM, and Adelaide – SA FM.

The Triple M Network consists of: Sydney – 104.9, Melbourne – 105.1, Brisbane – 104.5, Adelaide – 104.7 and Mix 94.5.

Austereo also holds interests in the joint venture stations FM 104.7 in Canberra (with Australian Radio Network) and NX FM in Newcastle (with Southern Cross Media).

##### 4.3.1 FM Networks

According to Austereo's 2011 Interim Results, Austereo holds leadership nationally in a highly competitive market.

The key personalities of Austereo's programs include Hamish & Andy, Kyle and Jackie O, Matt & Jo, Eddie McGuire and Roy & HG. According to Austereo's 2010 Annual Report, Austereo stations are focused on local news and events, building communities through ongoing special events, fund-raising and support of community activities and issues.

### 4.3.2 Online and digital radio

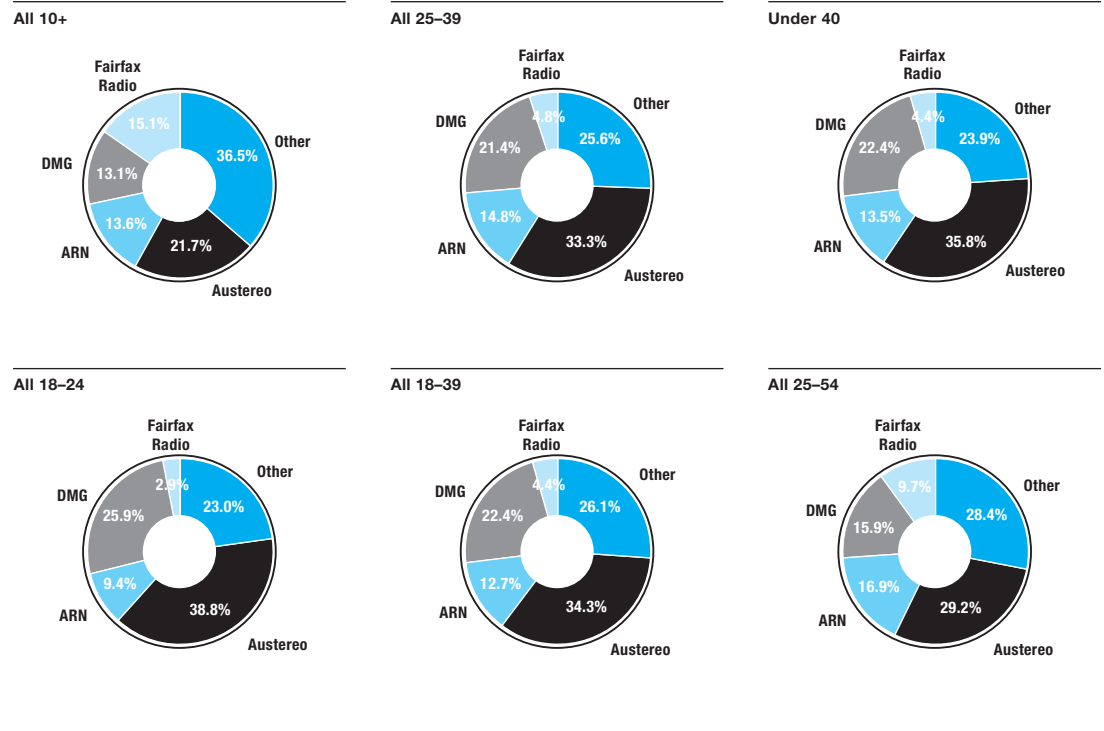
According to Austereo's 2010 Annual Report, Austereo leads the commercial radio industry in its online/ interactive operations and is also a major player in the overall online entertainment category. Austereo expects continued growth in its online results into the next financial year and beyond.

As reported in Austereo's 2011 Interim Results, Austereo's digital operations recorded further growth in the most recent half (1H FY2011). Monthly unique browsers of the online sites rose by 24% over the prior corresponding period to approximately 1.43 million<sup>1</sup>, while monthly video streams were an average 1.45 million, up 14%<sup>2</sup>. More than 30,000 mobile phone apps were downloaded monthly. "The Dirt", the Today Network's multi-platform entertainment gossip brand increased traffic by 40% between July and December 2010, to achieve over 207,000 hits in December. Hamish and Andy's Thank You Tour week recorded approximately 161,000 videos viewed.

### 4.3.3 Austereo audience share

In the final survey of the most recent half year, Austereo won number one FM place in Sydney, Melbourne, Brisbane and Perth, number two place in Adelaide<sup>3</sup> and also retained number one place in the Canberra<sup>4</sup> and Newcastle<sup>5</sup> joint ventures. Austereo also won all key under 54 demographics. Against prior corresponding period, the Austereo Group's 25-39 share rose from 31.8% to 33.3% and the 25-54 share from 27.4% to 29.2%. The consistency of audience leadership is demonstrated by 2DAY FM Sydney's 35 successive #1 FM surveys, FOX FM Melbourne's 39 successive wins and Mix 94.5 Perth's exceptional 89 successive leading surveys.

**Figure 1: Audience Share Sydney, Melbourne, Brisbane, Adelaide and Perth**



Source: Nielsen Media Research – Survey 8 2010 (Sydney, Melbourne, Brisbane, Adelaide, Perth)  
 % Share excludes "Other AM", "Other FM" and "Other Digital" Stations (Average Audience Mon-Sun, 5:30pm-12:00pm – Total Audience)

### 4.3.4 Sales

Austereo announced in its 2011 Interim Results that sales revenue increased 11.9%, outpacing the capital city radio industry growth of 8.6%. Austereo's sales market share in November was the highest in 18 months, peaking in December at the highest level in four years. Retention rate amongst the top 40 clients was 98%, with strong category increases in Automotive (+47%), Beverages (+40%), Financial (+36%) and Government (+35%). Retail client spend increased by +10% off a strong base. Yield management was a focus, with average unit rates for each of the six months increasing against prior corresponding period.

**Notes:**

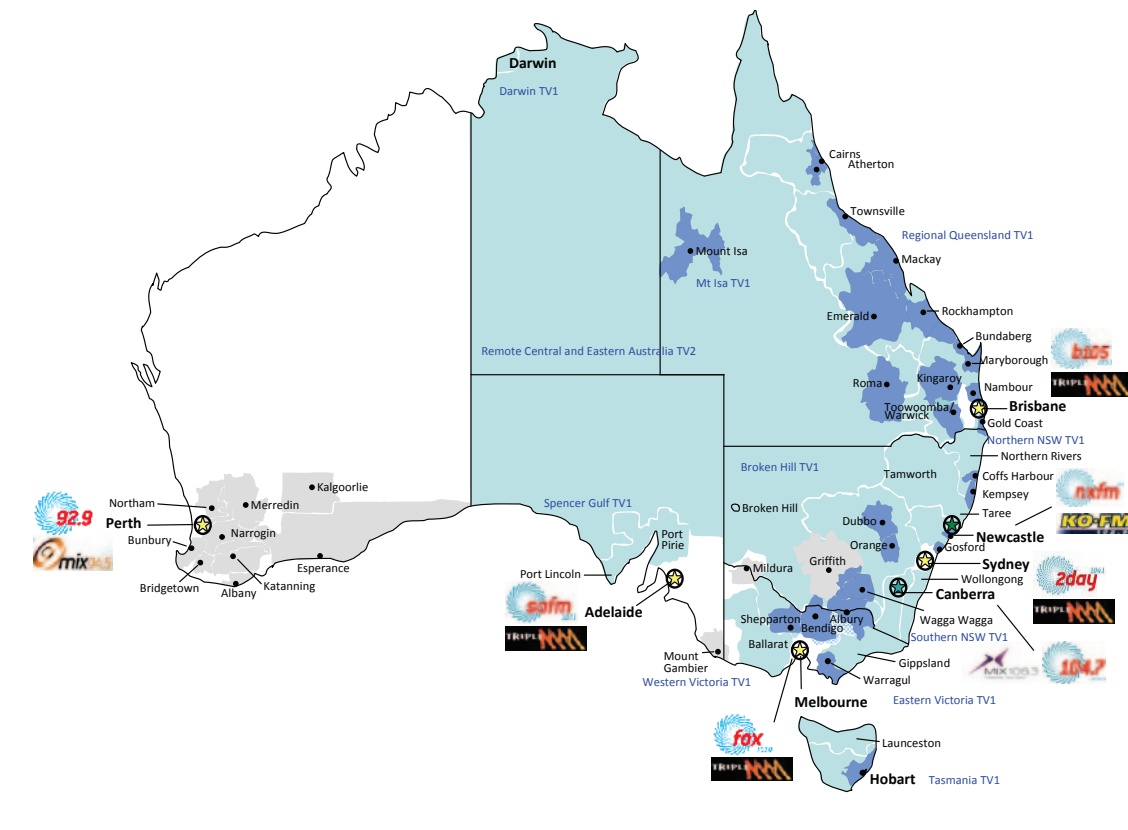
1. Nielsen Net ratings, Market Intelligence.
2. Brightcore, Analyse by Performance.
3. Nielsen Media Research Survey 8, 2010.
4. Nielsen Media Research Canberra Survey 2, 2010.
5. Nielsen Media Research Newcastle Survey 3, 2010.

#### 4.4 Overview of Southern Cross Media following the Acquisition

##### 4.4.1 Benefits of the Acquisition

The combination of Southern Cross Media and Austereo will create one of Australia's leading media companies with a national footprint across both metropolitan and regional radio markets, as well as an integrated regional television offering.

Figure 2: Overview of Southern Cross Media



##### 4.4.2 Acquisition rationale

Following the Acquisition it is anticipated that Southern Cross Media will have the following key characteristics:

###### 1. Unique national media platform

- A leading Australian broadcasting group with potential audience reach of over 95% of Australians
- Australia-wide sales proposition

###### 2. Leading through ratings, brands and talent

- Top performing radio stations coupled with market leading brands and talent
- Combining complementary content across national radio, regional free-to-air television and online platforms

###### 3. Diverse integrated media platform

- Enabling integrated advertising campaigns and the ability to leverage premium content
- Increased earnings through expanded integrated media offering

###### 4. Compelling financial rationale

- \$12 million to \$15 million in annual synergies and operational improvements
- Acquisition is expected to be EPS accretive on the achievement of full synergies. Southern Cross Media expects to achieve full synergies by the end of FY2013

#### 4.4.3 Integration Strategy

The directors and management of Southern Cross Media intend to integrate Southern Cross Media and Austereo to maximise revenue opportunities and cost efficiencies. The main areas of integration focus are based on a jointly agreed review of Southern Cross Media's operations and include:

- (i) identifying opportunities to leverage Southern Cross Media's leading talent and brands to provide clients new and innovative advertising products including sponsorship and advertising opportunities across metropolitan and regional markets;
- (ii) identifying functions and areas of duplication, including corporate, sales administration and operational areas (including, but not limited to, IT and accounting systems, engineering, promotions and shared services); and
- (iii) reviewing capital expenditure and other projects across both businesses to rationalise and better manage investment decisions.

The Southern Cross Media executive team and Board has a strong track record in merging and integrating businesses and achieving sustainable cost and revenue synergies. As outlined in Section 6.2, Southern Cross Media has identified annual synergies of \$12 million to \$15 million. As the integration process evolves the directors and management of Southern Cross Media will continue to focus on maximising the revenue opportunities and cost efficiencies associated with the combination of these two leading media companies.

#### 4.4.4 Ownership of Southern Cross Media following the Acquisition

Following the Acquisition, Southern Cross Media will have 704.2 million shares on issue as a result of:

- 325.0 million New Shares issued under the Entitlement Offer; and
- 0.4 million Shares issued as Scrip Consideration under the Takeover Offer.

The above information assumes remaining Austereo Shareholders that have not accepted the Takeover Offer do not accept the Takeover Offer and elect Scrip Consideration and excludes Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date.

Additional New Shares of up to 16.8 million (\$24.4 million) may be issued under the Entitlement Offer if:

- (a) all remaining Austereo Shareholders who have not accepted the Takeover Offer:
  - i. accept the Takeover Offer on or prior to the Takeover Offer Close Date;
  - ii. elect to take the maximum Scrip Consideration offered to them; and
  - iii. have their Conditional Entitlements taken up; and
- (b) Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date:
  - i. elected to take the maximum Scrip Consideration offered to them; and
  - ii. have their Conditional Entitlements taken up.

#### 4.4.5 Effect of Entitlement Offer on the control of Southern Cross Media

The potential effect that the issue of the New Shares will have on the control of Southern Cross Media will depend on a number of factors, including investor demand. However, the Entitlement Offer is structured as a pro-rata issue which, together with the shortfall dispersion process (as described in Section 2.9.2), reduces the potential effect of the issue of the New Shares on the control of Southern Cross Media and the consequences of that effect.

As at the date of Macquarie Group's last substantial shareholder notice (7 December 2009), the Macquarie Group held 100,804,388 shares in Southern Cross Media (representing 26.61% of the issued Southern Cross Media share capital). The Macquarie Group (through MDAA and MCGL) holds 96,661,334 shares in Southern Cross Media in a principal capacity (**Principal Holding**), representing 25.52% of the issued Southern Cross Media share capital.

MDAA and MCGL have committed to take up their full Entitlement with respect to the Macquarie Group's Principal Holding. This will mean that the Principal Holding of the Macquarie Group will remain at least at 25.52% as a result of the Entitlement Offer before any potential dilution as a result of Scrip Consideration (and associated New Shares) issued in connection with the Takeover Offer.

The offer of Entitlements to Southern Cross Media Shareholders as at the Record Date under this Prospectus is fully underwritten in equal proportions by MCAL and RBS ECM.

The shortfall dispersion process outlined in Section 2.9.2 will be in place to allocate any Entitlements that are not taken up by Southern Cross Media Shareholders before the Joint Lead Managers take up any shortfall. The Macquarie Group's Relevant Interest in Southern Cross Media may increase above the current 26.61%, with MCAL taking up 50% of any shortfall.

MCAL is a Related Body Corporate of Macquarie Group, so any New Shares taken up by MCAL pursuant to the underwriting will increase the voting power of Macquarie Group. The extent to which Macquarie Group's voting power in Southern Cross Media may increase and, accordingly, the actual voting power of Macquarie Group following the Entitlement Offer will depend on:

- (i) the extent to which Eligible Institutional Shareholders and Eligible Retail Shareholders (other than Macquarie Group) take up the institutional and retail components of the Entitlement Offer;
- (ii) the extent of the success of the shortfall dispersion process under both the retail and institutional components of the Entitlement Offer (i.e. the extent to which investors take up shortfall securities before MCAL is required to subscribe for New Shares in accordance with the Underwriting Deed);
- (iii) the extent to which Scrip Consideration is issued under the Takeover Offer; and
- (iv) the extent to which Conditional Entitlements issued to Relevant Austereo Shareholders are taken up.

Similarly, if the Joint Lead Managers are required to take up a shortfall, RBS ECM will gain a Relevant Interest in Southern Cross Media, with RBS ECM taking up 50% of any shortfall.

The tables set out below show the potential increase in the Relevant Interest of the Macquarie Group and RBS ECM in Southern Cross Media as a result of the Joint Lead Managers' underwriting of the offer of Entitlements at certain shortfall levels:

#### Macquarie Group's potential Relevant Interest in Southern Cross Media

		% Take-Up of shortfall securities by non-underwriters				
		100%	75%	50%	25%	0%
% Take-Up of Entitlements by non-Macquarie Group shareholders	100%	26.6%	26.6%	26.6%	26.6%	26.6%
	75%	26.6%	27.6%	28.7%	29.8%	30.8%
	50%	26.6%	28.7%	30.8%	32.9%	35.1%
	25%	26.6%	29.8%	32.9%	36.1%	39.3%
	0%	26.6%	30.8%	35.1%	39.3%	43.5%

#### RBS ECM potential Relevant Interest in Southern Cross Media

		% Take-Up of shortfall securities by non-underwriters				
		100%	75%	50%	25%	0%
% Take-Up of Entitlements by non-Macquarie Group shareholders	100%	–%	–%	–%	–%	–%
	75%	–%	1.1%	2.1%	3.2%	4.2%
	50%	–%	2.1%	4.2%	6.4%	8.5%
	25%	–%	3.2%	6.4%	9.5%	12.7%
	0%	–%	4.2%	8.5%	12.7%	16.9%

For the avoidance of doubt, the calculations in the above tables assume no Austereo Shareholders who have not yet accepted the Takeover Offer elect Scrip Consideration. To the extent Relevant Austereo Shareholders take up their Conditional Entitlements, the Relevant Interests of Macquarie Group and RBS ECM will be diluted.

These tables demonstrate, for example, that if no non-Macquarie Group shareholders took up their Entitlement and no shortfall securities were taken up by Eligible Institutional Shareholders and other Institutional Investors participating in the shortfall dispersion process, Macquarie Group's Relevant Interest in Southern Cross Media would increase from 26.6% to 43.5% and RBS ECM Relevant Interest in Southern Cross Media would increase from 0% to 16.9%.

However, if 75% of non-Macquarie Group shareholders took up their Entitlement and 75% of the remaining shortfall is taken up by Eligible Institutional Shareholders and other Institutional Investors participating in the shortfall dispersion process, Macquarie Group's Relevant Interest will only increase from 26.6% to 27.6% and RBS ECM Relevant Interest will only increase from 0% to 1.1%.

There are no arrangements between MGL and RBS ECM relating to the voting or future sale arrangements in connection with Southern Cross Media Shares.

#### 4.5 Board of Directors

The following section outlines the current members of the Board of Southern Cross Media.



**Max Moore-Wilton**  
*Chairman*

Appointed  
27 February 2007



**Leon Pasternak**  
*Deputy Chairman*

Appointed  
26 September 2005



**Chris de Boer**  
*Independent Director*

Appointed  
20 September 2005



**Anthony (Tony) Bell**  
*Independent Director*

Appointed  
2 April 2008

**Max Moore-Wilton** is the chairman of the Southern Cross Media Board and also chairman of the Nomination and Remuneration Committee. Prior to his appointment, Max has had a distinguished career in both the private and public sectors and was Secretary to the Department of Prime Minister and Cabinet from May 1996 to December 2002 where he oversaw fundamental reform of the Commonwealth Public Service.

Max currently serves as chairman of the boards of MAp Airports Limited and Southern Cross Airports Corporation Holdings Limited. Max also provides consulting services to the Macquarie Group relating to investment opportunities in the areas of infrastructure, media, telecommunications, banking and finance and any other industries in which the Macquarie Group managed funds operate.

**Leon Pasternak** is the deputy chairman of the Southern Cross Media Board and is a member of the Nomination and Remuneration Committee and of the Audit and Risk Committee. Until July 2010, Leon was a senior partner at law firm Freehills, specialising in mergers and acquisitions, public offerings and corporate reorganisations. Leon has since assumed the role of Vice Chairman and Managing Director of Merrill Lynch International (a subsidiary of Bank of America) with responsibility for mergers and acquisitions.

**Chris de Boer** has had various careers in investment banking, business consulting, stockbroking and direct investment and through them gained experience in initial public offerings, mergers and acquisitions, corporate reorganisations, joint ventures, bond issues and financial advice across London, Hong Kong, Australia and New Zealand, in both domestic and cross-border deals.

Chris also has extensive experience in takeover regulation. Chris spent more than two years as an executive at the Takeover Panel in London, three years on the Takeovers Committee in Hong Kong and four years as chairman of the Takeovers Panel in Hong Kong.

Chris is chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee.

**Tony Bell** is one of Australia's most distinguished media operators with over 35 years experience in commercial electronic media. As CEO and managing director of Southern Cross Broadcasting (Australia) Limited from 1993 to 2007, Tony gained extensive experience in regional and metropolitan commercial radio and television and was instrumental in the company's formation as one of Australia's leading media companies.

Tony is a member of the company's Nomination and Remuneration Committee and of the Audit and Risk Committee.

#### 4.6 Senior Management Team

The following section outlines the current senior management team of Southern Cross Media.



**Michael Carapiet**  
*Non-executive Director*

Appointed  
10 March 2010

**Michael Carapiet** is the Executive Chairman of Macquarie Capital and Macquarie Securities Group (both operating businesses within the Macquarie Group). Macquarie Capital is the Macquarie Group business out of which Australia's largest investment advisory services business operates. Macquarie Capital has developed a global leadership position in a number of businesses, including mergers and acquisitions, advisory, equity capital markets and specialised asset management.

Macquarie Securities Group is the institutional equities arm of the Macquarie Group. Its activities include institutional and retail derivatives, structured equity finance, arbitrage trading, synthetic products, capital management, collateral management and securities borrowing and lending. Michael is also Deputy Chairman of Export Finance and Insurance Corporation.



**Rhys Holleran**  
*Chief Executive Officer of Southern Cross Media*

Appointed  
17 December 2009

**Rhys Holleran** has worked in the media industry since 1987, having worked in a variety of management roles including general manager of 101.1 TTFM and Gold 104 from 1992 to 1997, and Managing Director of R.G. Capital Radio from 1997 to 2004. In 2004, Rhys headed up the newly formed Macquarie Regional Radioworks and oversaw the merger of R.G. Capital Radio and DMG regional radio business into Macquarie Regional Radioworks. In 2007, he was appointed Chief Executive Officer of Macquarie Southern Cross Media and led the team that merged the radio and TV businesses of Southern Cross Broadcasting and Macquarie Regional Radioworks.

Rhys was appointed Chief Executive Officer of Southern Cross Media on 17 December 2009.



**Stephen Kelly**  
*Chief Financial Officer of Southern Cross Media*

Appointed  
21 April 2010

**Stephen Kelly** commenced as Chief Financial Officer of Southern Cross Media on 21 April 2010. Prior to this he spent his early career in the accounting profession before taking on finance and management roles in a number of banks and insurance companies, later becoming Director of Financial Consulting for KPMG in South Australia. Steve then became CFO and Company Secretary for Venture Asia Pacific – a USA private automotive supplier – and later moved to Michigan USA to become Vice-President Finance for the Group. Steve progressed to an Executive VP position where he led the development of all business with a major global customer from a marketing, commercial and operational perspective, culminating in his appointment to Ford's Business Leadership Supplier Board. Upon returning to Australia in 2002, Steve became the CFO of Globe International and in 2005 he became CFO of SMS Management & Technology.

Steve has managed IT departments and large scale acquisitions. Steve has a Bachelor of Business (Banking and Finance) from the University of South Australia. He is a CPA and a Fellow of the Australian Institute of Company Directors, and has completed the Ford Business Leadership Program conducted by the University of Michigan (USA).



#### 4.7 Corporate Governance

Southern Cross Media's Board will seek to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and has adopted or is transitioning to Best Practice Recommendations.

Details on Southern Cross Media's current corporate governance procedures, policies and practices can be obtained from its website, [www.scmediagroup.com.au/Content/CorporateGovernance.aspx](http://www.scmediagroup.com.au/Content/CorporateGovernance.aspx).

Southern Cross Media's Board will be responsible for overseeing the systems of internal control and risk management. The Risk Management Policy adopted by the Southern Cross Media Board is available from Southern Cross Media's website, [www.scmediagroup.com.au/Content/CorporateGovernance.aspx](http://www.scmediagroup.com.au/Content/CorporateGovernance.aspx).

The policy addresses the overseeing by Southern Cross Media's Board of the management of key business risks relevant to Southern Cross Media.

The Audit and Risk Committee will assist Southern Cross Media's Board in overseeing the risk management framework and any matters of significance affecting Southern Cross Media's financial reporting and internal controls.

Key business risk categories that are addressed by the policy include investment, reputation, regulatory and compliance, legal, operational, environmental and social responsibilities, occupational health and safety and strategic risks.

Southern Cross Media's senior management team has responsibility for the day-to-day implementation of the risk management framework and internal controls within Southern Cross Media. Management also reports regularly to the Southern Cross Media Board through the CEO on Southern Cross Media's key risks and the extent to which it believes these risks are being adequately managed.

Southern Cross Media has not implemented an internal audit function.

The Southern Cross Media Board believes that the nature of Southern Cross Media's operations currently does not require this to be instigated as a separate function to those functions undertaken by the external auditors or the Audit and Risk Committee.

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**EFFECT  
OF THE  
ENTITLEMENT  
OFFER ON  
CAPITAL  
STRUCTURE**

**SECTION 5  
EFFECT  
OF THE  
ENTITLEMENT  
OFFER ON  
CAPITAL  
STRUCTURE**

**5.1 Capital Structure and Effect on Shareholdings**

For the purpose of considering the effect of the Acquisition and the Entitlement Offer on the capital structure of Southern Cross Media, the following summary has been prepared on the basis of Southern Cross Media having acquired 100% of Austereo Shares through 99.9% Cash Consideration and 0.1% Scrip Consideration. The fully underwritten offer of Entitlements to shareholders on the share register of Southern Cross Media as at the Record Date (including Entitlements which would have been offered to Ineligible Shareholders had they been eligible to participate) will raise approximately \$471 million via the issue of approximately 325 million New Shares at a price of \$1.45 per New Share. The following table assumes remaining Austereo Shareholders that have not accepted the Takeover Offer do not accept the Takeover Offer on or prior to the Takeover Offer Close Date and Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date do not have their Conditional Entitlements taken up. The table set out in this section takes account of the likely effect of the Entitlement Offer on the capital structure of the company.

**Figure 3: Number of Southern Cross Media Shares on issue pursuant to Takeover Offer and the Entitlement Offer**

Number of shares on issue (in millions)

Existing Ordinary Shares	378.8
Ordinary Shares to be issued pursuant to the Takeover Offer (approximately)	0.4
New Shares to be issued pursuant to the Entitlement Offer to Southern Cross Media Shareholders at the Record Date	325.0
Minimum Ordinary Shares after the Takeover Offer and the Entitlement Offer	704.2

**Figure 4: Funding impact of the Acquisition**

\$ millions

Purchase consideration	724
Estimated transaction costs	46 <sup>1</sup>
Total Acquisition cost	770
<b>Funded by:</b>	
Cash	76
Incremental debt	222
Equity	
Equity to be raised under the Entitlement Offer*	471
Scrip Consideration issued to Austereo Shareholders pursuant to the Takeover Offer	1
	<b>770</b>

\* Up to 16.8 million additional New Shares (raising \$24.4 million) may be issued under the Entitlement Offer if:

- (a) all remaining Austereo Shareholders who have not accepted the Takeover Offer:
  - i. accept the Takeover Offer on or prior to the Takeover Offer Close Date;
  - ii. elect to take the maximum Scrip Consideration offered to them; and
  - iii. have their Conditional Entitlements taken up; and
- (b) Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date:
  - i. elected to take the maximum Scrip Consideration offered to them; and
  - ii. have their Conditional Entitlements taken up.

Note:

1. Transaction costs are estimated to be approximately \$46 million (including expected Austereo transaction costs, and upfront debt and equity raising costs) assuming that the Entitlement Offer is completed shortly after the Takeover Offer Close Date. Changes to the timetable will impact transaction costs.

### Total Consideration

The consideration for the acquisition of the Austereo Shares to which the Takeover Offer relates will be satisfied through:

- the payment of cash; and
- the issue of Southern Cross Media Shares.

As at Tuesday, 5 April 2011 Southern Cross Media has received:

- acceptances in respect of 323,696,855 Austereo Shares for Cash Consideration; and
- acceptances in respect of 412,946 Austereo Shares for Scrip Consideration.

**Figure 5: Consideration for the Acquisition**

	As at 5 April 2011		All holders of remaining Austereo Shares accept under the Takeover Offer and elect to take Scrip Consideration		All holders of remaining Austereo Shares accept under the Takeover Offer and elect to take Cash Consideration	
	No. of Austereo Shares (million)	% of Austereo Shares on issue	No. of Austereo Shares (million)	% of Austereo Shares on issue	No. of Austereo Shares (million)	% of Austereo Shares on issue
Acceptances for Cash Consideration	323.7	93.9	–	–	20.7	6.0
Acceptances for Scrip Consideration	0.4	0.1	20.7	6.0	–	–
Cash required to be paid by Southern Cross Media	\$679.8	–	–	–	\$43.4	–

### 5.2 Sources of Cash Consideration and Additional Consideration

The Cash Consideration and any Additional Consideration payable under the Takeover Offer and the transaction costs will be provided from the following sources:

- cash balances of Southern Cross Media totalling \$76 million;
- a syndicated facility agreement originally dated 2 September 2004, as amended from time to time (and, in particular, in accordance with the terms of the Senior Commitment Letter and the Sixth Amendment Deed), to be between, amongst others, Southern Cross Media Australia (as borrower), National Australia Bank Limited, Commonwealth Bank of Australia and Australia and New Zealand Banking Group Limited (**Senior Debt Facility**) under which Southern Cross Media Australia has drawn \$725 million (of a maximum \$765 million), for purposes which include the acquisition of Austereo Shares under the Takeover Offer; and
- an equity bridge facility agreement between, amongst others, Southern Cross Media (as borrower), MBL and RBS Plc (**Equity Bridge Facility** and together with the Senior Debt Facility, the **Facilities**) under which Southern Cross Media has, at the date of this Prospectus, drawn approximately \$335 million (of a maximum \$495 million), for purposes which include making funds available to Southern Cross Media for the acquisition of Austereo Shares under the Takeover Offer.

See Section 10.7 for further details of the terms of the Facilities.

### 5.3 Refinancing of Austereo External Debt

After the end of the Takeover Offer period Southern Cross Media intends to refinance the existing external debt facilities of the Austereo Group by repaying all outstanding indebtedness under those facilities. The funds for such repayment will be drawn down under the Senior Debt Facility described in Section 10.7.2, subject to the conditions to draw down described in that section.

# 6

## FINANCIAL EFFECT OF THE ACQUISITION AND THE ENTITLEMENT OFFER

This section shows the effect of the Acquisition and the Entitlement Offer on the company and contains Pro-Forma Historical Financial Information which has been prepared to illustrate the financial performance and position of the operations of Southern Cross Media following the Acquisition and the Entitlement Offer.

Southern Cross Media is now entitled to proceed to compulsory acquisition in respect of any Austereo Shares which it has not acquired up to the Takeover Offer Close Date. This will result in acquiring 100% of Austereo Shares. Accordingly, the Pro-Forma Historical Financial Information reflects a 100% acquisition with all Austereo Shareholders electing to receive Cash Consideration and the Additional Consideration being payable.

The Pro-Forma Historical Financial Information has been prepared in order to give investors an indication of the scale and size of Southern Cross Media following the Acquisition and the Entitlement Offer. It does not necessarily illustrate the financial position that would have been obtained or the financial performance which would have occurred had the Acquisition and the Entitlement Offer occurred on or before 31 December 2010.

The Pro-Forma Historical Financial Information presented in this section should also be read in conjunction with the risk factors set out in Section 9, other information contained in this Prospectus and the accounting policies of Southern Cross Media and Austereo as disclosed in their most recent financial reports.

The Pro-Forma Historical Financial Information presented in this section may differ to the Pro-Forma Historical Financial Information presented in the Bidder's Statement as certain assumptions made at the time of preparing the Bidder's Statement have either changed or are no longer assumptions and actual information has been used.

### **6.1 Pro-Forma Historical Financial Information of Southern Cross Media following the Acquisition and the Entitlement Offer**

The pro-forma historical financial information of Southern Cross Media following the Acquisition and the Entitlement Offer includes:

- the unaudited pro-forma combined balance sheet of Southern Cross Media as at 31 December 2010 as if the Acquisition and the Entitlement Offer had occurred as at 31 December 2010; and
- the unaudited pro-forma combined income statement of Southern Cross Media for the last 12 months ended 31 December 2010 as if the Acquisition and the Entitlement Offer had occurred as at 1 January 2010,

(collectively the **Pro-Forma Historical Financial Information**).

The Pro-Forma Historical Financial Information has been prepared for illustrative purposes only and in accordance with Australian equivalents to International Financial Reporting Standards (A-IFRS), to give effect to the Acquisition and the Entitlement Offer as if these events had occurred as at 31 December 2010 for the purposes of the pro-forma combined balance sheet of Southern Cross Media following the Acquisition and the Entitlement Offer and as at 1 January 2010 for the purposes of the pro-forma combined income statement of Southern Cross Media.

The Pro-Forma Historical Financial Information has been prepared using the following information:

- reviewed interim consolidated financial statements of Southern Cross Media and the Austereo Group as at and for the six months ended 31 December 2010 and 31 December 2009;
- audited consolidated financial statements of Southern Cross Media and the Austereo Group as at and for the year ended 30 June 2010; and
- such other supplementary information as was considered necessary to reflect the Acquisition and the Entitlement Offer in the Pro-Forma Historical Financial Information.

The information relating to the Austereo Group included in the Pro-Forma Historical Financial Information in this section has been prepared by Southern Cross Media on the basis described in the Important Information at the start of this Prospectus.

For the purposes of calculating intangible assets in the Pro-Forma Historical Financial Information, the book value of the Austereo Group's assets and liabilities, as reported in the Austereo Group's reviewed interim consolidated financial statements as at 31 December 2010, is assumed to be equal to their fair value at the date of Acquisition, being 29 March 2011. Southern Cross Media has not undertaken an assessment of the fair value of the Austereo Group's assets, liabilities and contingent liabilities. This process is expected to be completed within 12 months from the date of Acquisition.

The Pro-Forma Historical Financial Information does not include the anticipated financial benefits from such items as cost savings arising from the Acquisition and the Entitlement Offer; nor does the Pro-Forma Historical Financial Information include any restructuring and integration costs to be incurred by Southern Cross Media. Refer to Section 6.2 for information regarding synergies and integration costs.

It is management's opinion that the Pro-Forma Historical Financial Information presents, in all material respects, the pro-forma impact of the Acquisition. The significant accounting policies used in the preparation of the Pro-Forma Historical Financial Information are consistent with Southern Cross Media's accounting policies for the year ended 30 June 2010. In preparing the Pro-Forma Historical Financial Information, a review was undertaken to identify potentially material Austereo Group and Southern Cross Media accounting policy differences. While none were identified in the review, accounting policy differences may be identified after the closing of the Acquisition.

The Pro-Forma Historical Financial Information is not intended to reflect the results of operations or the financial position that would have actually resulted had the Acquisition and the Entitlement Offer been effected on the dates indicated, or the results that may be obtained in the future. If the Acquisition and the Entitlement Offer had occurred in the past, Southern Cross Media's financial position and earnings would likely have been different from that presented in the Pro-Forma Historical Financial Information. Due to the nature of pro-forma information, it may not give a true picture of Southern Cross Media's financial position and earnings and may not be indicative of the future financial performance of Southern Cross Media.

It should be noted that the Pro-Forma Historical Financial Information of Southern Cross Media set out in this section are not forecasts. They do not purport to reflect the likely reported earnings of Southern Cross Media and do not constitute a representation that future profits (or any other matter) will be achieved, either at all or in the amounts or by the dates indicated.

The Pro-Forma Historical Financial Information should be read in conjunction with the description of the Entitlement Offer and Section 4 relating to the Acquisition, the consolidated financial statements and related notes of Southern Cross Media and the Austereo Group referenced above, and other information that Southern Cross Media and Austereo have filed with ASX.

**Figure 6: Pro-forma combined income statement of Southern Cross Media – LTM (Calendar Year 2010)**

	LTM 31 Dec 2010	LTM 31 Dec 2010	LTM 31 Dec 2010	LTM 31 Dec 2010 Pro-forma Southern Cross Media
\$ millions	Southern Cross Media	Austereo Group	Aggregated	
Revenue	417	279	696	696
Other income	–	–	–	–
Operating expenses	(282)	(188)	(470)	(470)
Share of net profits of associates	2	2	4	4
<b>EBITDA</b>	<b>137</b>	<b>93</b>	<b>230</b>	<b>230</b>
Depreciation and amortisation expense	(21)	(8)	(29)	(29)
<b>PBIT</b>	<b>116</b>	<b>85</b>	<b>201</b>	<b>201</b>
Pro-forma finance costs				(59)
<b>Pro-forma PBT</b>				<b>142</b>
Pro-forma income tax expense				(42)
<b>Pro-forma NPAT</b>				<b>100</b>
Pro-forma NPAT attributable to minority interest				–
Owners of Southern Cross Media				100

- For the purposes of calculating pro-forma finance costs, it has been assumed that the Acquisition occurred on 1 January 2010 and that available cash is fully utilised to finance the purchase consideration. Interest expense is calculated at an effective rate of 7.73%, in accordance with the Senior Debt Facility and includes amortisation of the establishment costs relating to the Senior Debt Facility.
- The pro-forma income tax expense for Southern Cross Media has been calculated assuming a 30% Australian corporate tax rate. This tax rate is based on the historical information of each entity, adjusted for internalisation transactions no longer impacting Southern Cross Media.
- The pro-forma income statement does not include the anticipated financial benefits from the synergies described in Section 6.2.
- Fair value movements in derivatives have been excluded from the pro-forma combined income statement of Southern Cross Media.

**Figure 7: Pro-forma combined balance sheet of Southern Cross Media as at 31 December 2010**

	31 Dec 2010	31 Dec 2010	31 Dec 2010		31 Dec 2010
\$ millions	Southern Cross Media	Austereo Group	Aggregated	Net Adjustments <sup>(2)</sup>	Pro-forma Southern Cross Media <sup>(1)</sup>
<b>Current Assets</b>					
Cash and cash equivalents	47	–	47	(76) <sup>(6)</sup>	(29) <sup>(6)</sup>
Receivables	84	54	138	–	138
Non-current assets held for sale	5	–	5	–	5
<b>Total Current Assets</b>	<b>136</b>	<b>54</b>	<b>190</b>	<b>(76)</b>	<b>114</b>
<b>Non-Current Assets</b>					
Receivables	5	3	8	–	8
Investments accounted for using the equity method	30	7	37	–	37
Property, plant and equipment	142	42	184	–	184
Intangible assets	1,064	870	1,934	35	1,969
Deferred tax assets	22	6	28	3	31
Other non-current assets	–	2	2	–	2
<b>Total Non-Current Assets</b>	<b>1,263</b>	<b>930</b>	<b>2,193</b>	<b>38</b>	<b>2,231</b>
<b>Total Assets</b>	<b>1,399</b>	<b>984</b>	<b>2,383</b>	<b>(38)</b>	<b>2,345</b>
<b>Current Liabilities</b>					
Payables	45	38	83	–	83
Provisions	10	8	18	–	18
Current tax liabilities	6	7	13	–	13
<b>Total Current Liabilities</b>	<b>61</b>	<b>53</b>	<b>114</b>	<b>–</b>	<b>114</b>
<b>Non-Current Liabilities</b>					
Borrowings	300	203	503 <sup>(3)</sup>	222 <sup>(3)</sup>	725
Deferred borrowing costs	(11)	–	(11)	(3)	(14)
Deferred tax liabilities	–	32	32	–	32
Other non-current liabilities	6	7	13	–	13
<b>Total Non-Current Liabilities</b>	<b>295</b>	<b>242</b>	<b>537</b>	<b>219</b>	<b>756</b>
<b>Total Liabilities</b>	<b>356</b>	<b>295</b>	<b>651</b>	<b>219</b>	<b>870</b>
<b>Net Assets</b>	<b>1,043</b>	<b>689</b>	<b>1,732</b>	<b>(257)</b>	<b>1,475</b>
<b>Equity</b>					
Contributed equity	1,225	631	1,856	(159)	1,697
Cost of equity raising	–	–	–	(11) <sup>(4)</sup>	(11)
Other equity transaction	(77)	–	(77)	–	(77)
Accumulated losses	(105)	58	(47)	(87)	(134)
Equity attributable to equity holders of parent	1,043	689	1,732	(257)	1,475
<b>Total Equity</b>	<b>1,043</b>	<b>689</b>	<b>1,732</b>	<b>(257)</b>	<b>1,475</b>

1. Pro-forma adjustments have been made to reflect the utilisation of cash and borrowings to fund the Cash Consideration required, and the net proceeds from the Entitlement Offer to repay the Equity Bridge Facility.
2. Net adjustments reflect the investment in Austereo Group assuming 100% acceptance and the new debt profile following the Acquisition of Austereo Group. As the acquisition price exceeded the net asset value of Austereo Group and its controlled entities, intangibles have increased by \$35 million.
3. Represents the net impact of the debt funding of the Acquisition.
4. Represents the transaction costs associated with the Entitlement Offer.
5. For presentation purposes certain immaterial line items have been combined.
6. The cash adjustment reflects the cash applied to fund the Acquisition and transactions costs and differs to the cash balance of the merged group as at 31 December 2010 due to cash generated by Southern Cross Media during the period following 31 December 2010.



Notes to the Pro-Forma Historical Financial Information

- (a) The Pro-Forma Historical Financial Information has been accounted for using the purchase method of accounting. The purchase price is allocated to balance sheet assets and liabilities acquired based on their carrying values. In accordance with AASB 3 Business Combinations, Southern Cross Media will be required to measure at fair value the Austereo Group assets acquired, liabilities and contingent liabilities assumed (the acquisition method). This process is expected to be completed within 12 months from the date of Acquisition. This process may result in changes to the carrying value of certain assets and liabilities shown in the above pro-forma combined balance sheet of Southern Cross Media but will not change the net assets and total shareholders' funds balance.
- (b) Synergies and restructuring/integration costs are not included in the Pro-Forma Historical Financial Information.
- (c) The Austereo Group shareholders' equity, comprised of share capital, retained earnings and reserves, has been eliminated to reflect the effect of the Acquisition.
- (d) For the purposes of calculating pro-forma net finance costs, it has been assumed that the Acquisition occurred on 1 January 2010 and that available cash and debt facilities are fully utilised to finance the Consideration. Interest expense is calculated at an effective interest rate of 7.73%, in accordance with the Senior Debt Facility, and includes amortisation of the establishment costs relating to the Senior Debt Facility.

## 6.2 SYNERGIES

The combination of Southern Cross Media and the Austereo Group will create one of Australia's leading media companies with a national footprint across both metropolitan and regional radio markets, as well as an integrated regional television offering.

The directors of Southern Cross Media believe the transaction will create value for shareholders of Southern Cross Media by unlocking growth opportunities from combining the two complementary businesses. In addition to the expected realisation of cost savings (described further below), an enlarged platform reaching across both metro and regional Australia allows Southern Cross Media to:

- generate incremental advertising campaign and sponsorship revenues;
- generate incremental creative and digital revenues;
- enhance sales efficiency and effectiveness by adopting best practice capabilities across both businesses; and
- use a broader programming base to enhance content on a national platform.

The combination provides significant opportunities for both on-air and off-air talent.

The directors of Southern Cross Media believe following the Acquisition annual synergies and operational improvements of \$12 million to \$15 million should be realised in full in Southern Cross Media by the end of FY2013 and each year thereafter when Southern Cross Media acquires 100% of Austereo Shares. Southern Cross Media has a strong track record in merging and integrating businesses and achieving both cost and revenue synergies and on the basis of historical experience and the analysis undertaken to date, expects to achieve 75% of these synergies by the end of FY2012 and 100% by the end of FY2013.

Cost synergies, which comprise the majority of the estimated synergies, are expected to be realised through:

- removing duplication of costs across the operations of Southern Cross Media including such areas as:
  - board of directors;
  - executive management;
  - corporate secretariat;
  - finance; and
  - human resources;
- removing costs associated with Austereo being listed on ASX;
- leveraging scale benefits of supplier services and procurement;
- rationalisation of premises and optimisation of management processes;
- the amalgamation and rationalisation of national sales personnel; and
- leveraging best practice processes and systems within each business to achieve operational efficiencies.

Revenue synergies are expected to be realised in the following areas:

- using successful selling programs across Southern Cross Media to generate incremental revenue and margin;
- utilisation of increased creative capability to generate incremental revenue and margin across a broader customer base;
- coordinating sales programs across Southern Cross Media for national customers to generate incremental revenue and margin;
- using a broader programming base to enhance content nationally to generate incremental revenue and margin; and
- delivering enhanced digital and online services and a broader radio offering to regional audiences.

One-off implementation costs are expected to be \$3.5 million to \$5 million, to be incurred predominantly during FY2011 and FY2012.

Other areas where potential synergies and efficiencies may exist which have not yet been quantified may include:

- rationalisation of IT and accounting systems;
- programming;
- engineering; and
- marketing.

The estimated synergies and associated implementation costs are based on estimates by Southern Cross Media management, which have been adopted by the directors, and has included a review of the quantum and timing of the estimated synergies by Deloitte which did not identify any material inconsistencies with management's estimates. The achievement and expected timing of synergy benefits is supported by a proposed implementation plan which management considers to be realistic and sufficiently detailed so as to provide a reasonable basis to expect that the estimated synergies will in fact be achieved within the timeframes stated.

Southern Cross Media, however, has not discussed its analysis of achievable synergies with Austereo management and does not have available to it (based on the publicly available information and limited due diligence material provided to date) sufficient information to develop a detailed integration plan to achieve the cost and revenue synergies. There are risks that any integration between the businesses of Southern Cross Media and the Austereo Group may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated or take longer to achieve than estimated.

### 6.3 Earnings Per Share

#### (a) Illustrative pro-forma EPS impact

The analysis below has been prepared for illustrative purposes only, to give an indication of the impact of the Acquisition and Entitlement Offer on the EPS of Southern Cross Media based on the Pro-Forma Historical Financial Information of Southern Cross Media contained in Section 6.1 and the estimated synergies outlined in Section 6.2. The pro-forma EPS impact analysis does not account for the timing of achievement of estimated synergies and operational improvements. The Acquisition is expected to be EPS accretive on the achievement of full synergies. Southern Cross Media is expected to achieve full synergies by the end of FY2013.

The pro-forma EPS calculation is not intended to reflect the EPS that would have actually resulted had the Acquisition and the Entitlement Offer been effected on the dates indicated, or the results that may be obtained in the future. If the Acquisition and the Entitlement Offer had occurred in the past, the combined entity's financial position and earnings would likely have been different from that presented in the Pro-Forma Historical Financial Information which would also affect the EPS.

The pro-forma EPS accretion of Southern Cross Media for the year ending 31 December 2010 is 6.0% – 8.0%.

The pro-forma EPS accretion of Southern Cross Media for the year ending 31 December 2010 is based on the following assumptions:

- The pro-forma EPS analysis is based on Pro-Forma Historical Financial Information set out in Section 6.1 based on the LTM ended 31 December 2010, and therefore does not constitute a representation that the amounts outlined in the EPS analysis will be achieved, and may not be representative of the future EPS of Southern Cross Media.
- The pro-forma EPS has been calculated on the assumption that the Acquisition and the Entitlement Offer was completed on 1 January 2010 and that no other shares were issued for that year.
- Southern Cross Media stand alone NPAT of \$59.5 million for the LTM ending 31 December 2010, as outlined in Section 2.6 of the Bidder's Statement dated 28 February 2011<sup>1</sup>.
- Annual pro-forma synergies and operational improvements of \$12 million to \$15 million are achieved in Southern Cross Media for the LTM ended 31 December 2010. Refer to Section 6.2 for detailed information on synergies, in particular the timing of achievement of synergies and operational improvement. Pro-forma NPAT of Southern Cross Media as per Section 6.1.
- Synergies are tax effected at the corporate tax rate of 30%.
- Transaction will be funded by:
  - \$76 million in cash;
  - \$222 million in incremental debt from the Senior Debt Facility; and
  - \$471 million (approximately) from the Equity Bridge Facility (to be repaid by way of the Entitlement Offer).
- Non-recurring transaction costs have been excluded from the calculation of EPS.
- One off synergy implementation costs (expected to be \$3.5 million to \$5.0 million to be incurred in 2011 and 2012) have been excluded from the calculation of EPS.
- The discount that applies to this Entitlement Offer has been adjusted for in the EPS calculation in line with the requirements of AASB 133 Earnings Per Share.

<sup>1</sup> Differs from NPAT in Section 2.6.b of the Bidder's Statement dated 28 February 2011 due to different tax expense. For the purpose of the pro-forma EPS impact analysis, a pro-forma tax rate of 30% has been used. This tax rate is based on the historical information of each entity, adjusted for internalisation transactions no longer impacting Southern Cross Media. The actual tax rate for the LTM to 31 December 2010 (Section 2.6.b of the Bidder's Statement dated 28 February 2011) was approximately 28%.

Figure 8: Southern Cross Media Earnings per Share (LTM December 2010)

		Restated Southern Cross Media stand alone	Southern Cross Media (full synergies of \$12m)	Southern Cross Media (full synergies of \$15m)
<b>Pro-forma NPAT</b>				
Pro-forma NPAT (pre synergies)	\$m	59.5 <sup>1</sup>	100.0	100.0
Tax effected impact of full synergies	\$m		8.4	10.5
<b>Pro-forma NPAT post synergies</b>	<b>\$m</b>	<b>59.5</b>	<b>108.4</b>	<b>110.5</b>
<b>Shares on Issue</b>				
Current	m	379	379	379
Shares to be issued in the Entitlement Offer*	m		325	325
<b>Shares on issue post Acquisition and Entitlement Offer*</b>		<b>379</b>	<b>704</b>	<b>704</b>
Pro-forma Earnings Per Share	cps	15.7	15.4	15.7
Adjustment factor		1.08		
Pro-forma Earnings Per Share	cps	14.5	15.4	15.7
<b>Pro-forma EPS accretion</b>			<b>6.0%</b>	<b>8.0%</b>

In accordance with AASB 133, EPS calculations for all prior periods will be restated based on an Adjustment Factor to take into account the bonus element in the Entitlement Offer.

The calculation of the adjustment factor is set out in the table below:

Figure 9: Adjustment factor\*

Closing share price at 5 April 2011	\$	1.73
Shares outstanding prior to the Entitlement Offer	m	379
Market capitalisation of Southern Cross Media prior to the Offer	\$m	655
Entitlement Offer Price	\$	1.45
Number of shares issued under Entitlement Offer	m	325
Proceeds from the Entitlement Offer	\$m	471
Current shares outstanding + shares issued under Entitlement Offer	m	704
Theoretical adjusted market capitalisation after Entitlement Offer	\$m	1,127
Theoretical Ex-Entitlement Price (TERP)	\$	1.60
Adjustment factor (closing price/TERP)		1.08

\* The above Entitlement Offer information assumes remaining Austereo Shareholders that have not accepted the Takeover Offer do not accept the Takeover Offer and elect Scrip Consideration on or prior to the Takeover Offer Close Date and Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date do not have their Conditional Entitlements taken up.

Up to 16.8 million additional New Shares (raising \$24.4 million) may be issued under the Entitlement Offer if:

(a) all remaining Austereo Shareholders who have not accepted the Takeover Offer:

- i. accept the Takeover Offer on or prior to the Takeover Offer Close Date;
- ii. elect to take the maximum Scrip Consideration offered to them; and
- iii. their Conditional Entitlements are taken up; and

(b) Austereo Shareholders who have accepted the Takeover Offer and elected to take Scrip Consideration but are not on the share register of Southern Cross Media on the Record Date:

- i. elected to take the maximum Scrip Consideration offered to them; and
- ii. have their Conditional Entitlements taken up.

**(b) Factors influencing the EPS impact of the Acquisition**

A number of factors will influence the ultimate EPS impact of the Acquisition, including:

- Future financial and operating performance of Southern Cross Media, including the timing of realisation of the expected annual synergies and operational improvements;
- Future interest rates and currency exchange rates;
- Amount of future dividends paid by Southern Cross Media; and
- Debt position of Southern Cross Media.

These factors, and others, will influence in a collective manner the ultimate EPS of Southern Cross Media. Different combinations of outcomes from these various factors could, on an overall basis, produce different EPS outcomes including the possibility that the Acquisition becomes EPS dilutive following the achievement of full synergies.

For further information on the risks associated with the anticipated EPS impact of the Acquisition, see Section 9.

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# INVESTIGATING ACCOUNTANT'S REPORT

# Deloitte.

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The Directors  
Southern Cross Media Group Limited  
Level 2, 70 Park Street  
South Melbourne VIC 3205

6 April 2011

Dear Sirs,

## Investigating Accountant's Report – Southern Cross Media

### 1 Introduction

At the request of the Directors of Southern Cross Media Group Limited (Southern Cross Media) this report has been prepared for inclusion in the Prospectus to be dated on or about 6 April 2011 in connection with the proposed capital raising (the Entitlement Offer) following the acquisition by a wholly-owned subsidiary of Southern Cross Media, of all of the issued capital in Austereo Group Limited (Austereo) (together, Southern Cross Media).

This report relates to certain Southern Cross Media and Austereo summary historical financial information and Southern Cross Media pro-forma historical financial information to be disclosed in the Prospectus.

A number of defined words and terms used in this report have the same meaning as set out in the Glossary contained in the Prospectus.

### 2 Financial Information

#### 2.1 Historical Financial Information

The summary historical financial information of Southern Cross Media and Austereo as set out in Section 6.1 of the Prospectus, comprises:

- Consolidated pro forma income statement of Southern Cross Media for the 12 months ended 31 December 2010
- Consolidated pro forma income statement of Austereo for the 12 months ended 31 December 2010
- Consolidated balance sheets of each of Southern Cross Media and Austereo as at 31 December 2010

(collectively the Historical Financial Information)

The Historical Financial Information has been derived from the audited financial statements of Southern Cross Media and Austereo respectively for the financial year ended 30 June 2010, which have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (A-IFRS) and the reviewed financial statements of Southern Cross Media and Austereo respectively for the half years ended 31 December 2009 and 31 December 2010, which have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The financial statements for the financial year ended 30 June 2010 were audited by each company's external auditor in accordance with Australian Auditing Standards and the related independent auditor's reports to the members of each company were unqualified. The financial statements for the half years ended 31 December 2009 and 31 December 2010 were reviewed by each company's external auditor in accordance with Australian Auditing Standards applicable to review engagements and the related independent auditor's review reports to the members of each company were unqualified.

Member of  
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation

The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to financial reports prepared in accordance with the Corporations Act 2001 (Corporations Act).

## **2.2 Southern Cross Media Pro Forma Historical Financial Information**

The pro-forma historical financial information of Southern Cross Media, as set out in Section 6.1 of the Prospectus, comprises:

- Unaudited pro-forma combined balance sheet of Southern Cross Media as at 31 December 2010, which reflects the impact of the Acquisition and the Entitlement Offer;
- Unaudited pro-forma combined income statement of Southern Cross Media for the last twelve months ended 31 December 2010; and
- Selected notes thereto.

(collectively Southern Cross Media Pro Forma Historical Financial Information)

Southern Cross Media Pro Forma Historical Financial Information is presented to illustrate the financial performance and financial position of Southern Cross Media as though the Acquisition and Entitlement Offer occurred on 31 December 2010 for the purposes of the pro-forma historical balance sheet and 1 January 2010 for the purposes of the pro-forma historical income statement.

Southern Cross Media Pro Forma Historical Financial Information has been prepared by Southern Cross Media in accordance with the measurement and recognition principles of A-IFRS on the basis set out in Section 6.1 of the Prospectus. In preparing the combined balance sheet of Southern Cross Media, it has been assumed that the carrying values of acquired assets and assumed liabilities at 31 December 2010 is equal to the fair value of assets acquired and liabilities assumed. The amounts may differ significantly when the assessment of the fair value of the Austereo Group's assets, liabilities and contingent liabilities is finalised.

Southern Cross Media is responsible for the preparation and presentation of Southern Cross Media Pro Forma Historical Financial Information, including the determination of pro-forma adjustments, on the basis set out in Section 6.1 of the Prospectus. Southern Cross Media Pro Forma Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures required by A-IFRS applicable to annual financial reports prepared in accordance with the Corporations Act.

## **3 Scope**

The Directors of Southern Cross Media are responsible for the Historical Financial Information and Southern Cross Media Pro Forma Historical Financial Information. We disclaim any responsibility for any reliance on this report or on the financial information to which it relates for any purposes other than for which it was prepared. This report should only be read in conjunction with the Prospectus.

### **3.1 Review of the accuracy of the extraction of Historical Financial Information**

We have reviewed the accuracy of the extraction of the Historical Financial Information in order to report whether anything has come to our attention that would cause us to believe that the Historical Financial Information has not been accurately extracted from publicly available historical financial information.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements and has been limited to enquiries of Southern Cross Media and Austereo management personnel, analytical procedures applied to the financial data and certain limited verification procedures. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit.

**Deloitte.**

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6 April 2011

### **3.2 Review of the compilation of Southern Cross Media Pro Forma Historical Financial Information**

We have reviewed the compilation of the Southern Cross Media Pro Forma Historical Financial Information in order to report whether anything has come to our attention that would cause us to believe that:

- The Southern Cross Media Pro Forma Historical Financial Information, as set out in Section 6.1 of the Prospectus, has not been properly compiled on the basis of:
  - The Historical Financial Information
  - The pro-forma adjustments described in Section 6.1 of the Prospectus
- The pro-forma adjustments described in Section 6.1 of the Prospectus do not form a reasonable basis for Southern Cross Media Pro Forma Historical Financial Information, and are not in accordance with the measurement and recognition requirements of A-IFRS as if the Acquisition and Entitlement Offer had occurred at the dates assumed in Section 6.1 of the Prospectus.

Our review of Southern Cross Media Pro Forma Historical Financial Information has been conducted in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- Review of work papers, accounting records and other documents;
- A review of the pro-forma transactions and/or adjustments made to the Historical Financial Information;
- Analytical procedures applied to the financial data;
- Enquiry of Directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit.

## **4 Review Statements on Financial Information**

### **4.1 Historical Financial Information**

Based on our review of the accuracy of the extraction of the Historical Financial Information, nothing has come to our attention which causes us to believe that the Historical Financial Information as set out in Section 6.1 of the Prospectus, has not been accurately extracted from publicly available historical financial information.

### **4.2 Southern Cross Media Pro Forma Historical Financial Information**

Based on our review of the compilation of Southern Cross Media Pro Forma Historical Financial Information, nothing has come to our attention which causes us to believe that:

- Southern Cross Media Pro Forma Historical Financial Information, as set out in Section 6.1 of the Prospectus, has not been properly compiled on the basis of the:
  - Historical Financial Information
  - The pro-forma adjustments described in Section 6.1 of the Prospectus
- The pro-forma adjustments described in Section 6.1 of the Prospectus do not form a reasonable basis for the Southern Cross Media Pro Forma Historical Financial Information, and are not in accordance with the measurement and recognition requirements of A-IFRS as if the Acquisition and Entitlement Offer had occurred at the dates assumed in Section 6.1 of the Prospectus.

## 5 Subsequent Events

Subsequent to 31 December 2010 and up to the date of this report, nothing has come to our attention that would cause us to believe material transactions or events outside the ordinary course of business of Southern Cross Media or Austereo have occurred, other than the matters dealt with in this report or the Prospectus, which would require comment on, or adjustment to, the information contained in this report, or which would cause such information to be misleading or deceptive.

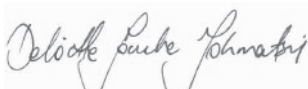
## 6 Independence and Disclosure of Interests

Deloitte does not have any interest in the outcome of this issue other than the preparation of this Investigating Accountant's Report and other services in relation to the Acquisition and Entitlement Offer for which normal professional fees will be received. From time to time Deloitte also provides certain other professional services, for which normal professional fees are received, to Southern Cross Media.

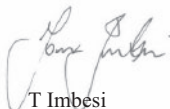
## 7 Responsibility

Deloitte has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, Deloitte makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



T Imbesi  
Partner  
Chartered Accountants



# 8

# AUSTRALIAN TAX IMPLICATIONS

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### 8.1 Introduction

This section provides a general summary of the key Australian taxation implications arising for Eligible Retail Shareholders and Relevant Austereo Shareholders in relation to the Entitlement Offer and is not tax advice. The taxation implications will vary depending on the particular circumstances of the Eligible Retail Shareholders and Relevant Austereo Shareholders. Eligible Retail Shareholders and Relevant Austereo Shareholders should seek and rely upon their own taxation advice before concluding on the particular taxation treatment that will apply to them, whether or not those Eligible Retail Shareholders and Relevant Austereo Shareholders participate in the Entitlement Offer and acquire New Shares.

In particular, this section provides a summary of the Australian taxation implications that may arise for Eligible Retail Shareholders or Relevant Austereo Shareholders who:

- are residents of Australia for taxation purposes;
- already hold Existing Shares at the time the Entitlement is received, or are entitled to hold Conditional Shares at the time the Conditional Entitlement is received;
- receive the Entitlement because of their ownership of the Existing Shares, or receive the Conditional Entitlement because of their entitlement to the Conditional Shares;
- hold their Existing Shares (and will hold their New Shares) on capital account; and
- did not acquire their Existing Shares pursuant to an employee share scheme.

As such, this summary does not apply to Eligible Retail Shareholders or Relevant Austereo Shareholders who:

- hold their Existing Shares/Conditional Shares (and will hold their New Shares) as revenue assets (i.e. shares held by Eligible Retail Shareholders or Relevant Austereo Shareholders who carry on the business of share trading, banking or investment) or trading stock;
- acquired their Existing Shares (and will acquire their New Shares) pursuant to an employee share scheme; or
- are non-residents of Australia for taxation purposes.

Southern Cross Media and its officers and advisers do not accept any liability or responsibility in respect of any statement concerning the taxation implications of the Entitlement Offer for the Eligible Retail Shareholders or Relevant Austereo Shareholders or in respect of the taxation consequences themselves.

### 8.2 General

The comments are based on the Australian taxation law enacted at the date of this Prospectus and do not take into account or anticipate any changes in the law (including changes to legislation, judicial authority or administrative practices).

It should be noted that as a result of the decision of the High Court of Australia in the Federal Commissioner of Taxation v McNeil [2007] HCA 5 and the release of Draft Taxation Ruling TR 2010/D8 on 8 December 2010 (refer to discussion below under the heading “Entitlement or Conditional Entitlement is not taken up”), the Australian taxation treatment of rights offers has been, and is continuing to be, the subject of ongoing discussion and debate between taxpayers and the Australian Taxation Office. Eligible Retail Shareholders and Relevant Austereo Shareholders should seek specific taxation advice applicable to their own particular circumstances in respect of these matters.

### 8.3 Receipt of Entitlement or Conditional Entitlement

The receipt of the Entitlement or Conditional Entitlement to subscribe for New Shares should not itself result in an amount being included in the assessable income of Eligible Retail Shareholders or Relevant Austereo Shareholders.

For CGT purposes, the acquisition date of the Entitlement or Conditional Entitlement should be the same as the acquisition date of the Existing Shares held by Eligible Retail Shareholders or Conditional Shares entitled to Relevant Austereo Shareholders.

### 8.4 Taking up the Entitlement or Conditional Entitlement

On taking up the Entitlement or Conditional Entitlement (or a portion of the Entitlement or Conditional Entitlement), Eligible Retail Shareholders or Relevant Austereo Shareholders should not make any capital gain or loss, or derive any assessable income or incur a deductible loss for taxation purposes.

Eligible Retail Shareholders or Relevant Austereo Shareholders who take up their Entitlement or Conditional Entitlement and subscribe for New Shares will acquire those New Shares with a cost base for CGT purposes equal to the Entitlement Offer Price plus certain incidental costs they incur in acquiring the New Shares.

### 8.5 Entitlement or Conditional Entitlement is not taken up

Eligible Retail Shareholders or Relevant Austereo Shareholders may receive proceeds in respect of the lapsing of the Entitlement or Conditional Entitlement (or a portion of the Entitlement or Conditional Entitlement) if they do not take up the Entitlement Offer to acquire New Shares as a result of the Retail Entitlement Bookbuild if the price paid under the bookbuild exceeds the Entitlement Offer Price. In these circumstances, the excess over the Entitlement Offer Price (net of any withholding tax) will be remitted to those Eligible Retail Shareholders or Relevant Austereo Shareholders whose Entitlements/Conditional Entitlements have lapsed.

Where Eligible Retail Shareholders or Relevant Austereo Shareholders receive proceeds in respect of the lapsing of the Entitlement or Conditional Entitlement, a capital gain may arise for CGT purposes to the extent the capital proceeds received exceed the incidental costs associated with the Entitlement Offer. Eligible Retail Shareholders or Relevant Austereo Shareholders may be eligible to apply the CGT discount where their Existing Shares have been held for at least 12 months.

However, this outcome is currently unclear due to the Commissioner of Taxation expressing a preliminary view in Draft Taxation Ruling TR 2010/D8 which was issued on 8 December 2010 that any proceeds received in respect of the lapsing of the Entitlement or Conditional Entitlement in these circumstances should be included in assessable income as unfranked dividends or, in the alternative, ordinary income for taxation purposes (rather than a capital gain). In these circumstances, the CGT discount would not apply.

Given the Commissioner's position, withholding tax may need to be withheld from any proceeds paid to Eligible Retail Shareholders or Relevant Austereo Shareholders who have failed to provide their Tax File Number to Southern Cross Media (or are non-residents of Australia).

It is not clear whether the position adopted by the Commissioner is correct at law. Any Eligible Retail Shareholders or Relevant Austereo Shareholders who receive proceeds as a result of allowing their Entitlement or Conditional Entitlement to lapse should obtain taxation advice to confirm the taxation implications that arise based on their own particular circumstances.

### 8.6 New Shares

Eligible Retail Shareholders or Relevant Austereo Shareholders who take up some or all of their Entitlement or Conditional Entitlement will acquire New Shares. The Australian taxation consequences for Eligible Retail Shareholders and Relevant Austereo Shareholders in respect of the holding and disposing of New Shares (for example, the taxation of dividends or other distributions received) will generally be the same as for their Existing Shares held in the same circumstances.

On any future disposal of the New Shares, Eligible Retail Shareholders or Relevant Austereo Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares. The cost base of the New Shares is described above under the heading "Taking up of the Entitlement or Conditional Entitlement".

New Shares will be treated for CGT purposes as having been acquired when Eligible Retail Shareholders or Relevant Austereo Shareholders take up their Entitlement or Conditional Entitlement to subscribe for them. Accordingly, in order to be eligible for the CGT discount in respect of a disposal of the New Shares, the New Shares must have been held for at least 12 months after the date of issue before the disposal occurs.

### 8.7 Taxation of Financial Arrangements

The Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009 (TOFA) amended the operation of the Australian tax law in relation to gains or losses arising from certain "financial arrangements". The TOFA amendments apply to income tax years commencing on or after 1 July 2010 for certain taxpayers (unless a valid election has been made for the amendments to apply from an earlier date).

An Entitlement or Conditional Entitlement should generally be a "financial arrangement". However, depending on the circumstances of the particular taxpayer, the TOFA amendments may not be applicable. As the application of the TOFA amendments is dependent on the particular facts and circumstances of taxpayers, Eligible Retail Shareholders or Relevant Austereo Shareholders should obtain taxation advice to confirm the taxation implications that arise based on their own particular circumstances.

### 8.8 Other Australian taxes

No Australian GST or stamp duty should be payable in respect of the grant or exercise of the Entitlement or Conditional Entitlement or the acquisition of the New Shares, nor should any GST or stamp duty be payable in respect of the receipt of any payment as a result of allowing the Entitlement Offer to lapse.

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# 9 RISK FACTORS

## SECTION 9 RISK FACTORS

### 9.1 General

There are a number of risk factors which are both specific to Southern Cross Media and of a more general nature which may affect the future operating and financial performance of Southern Cross Media and the future investment performance of Southern Cross Media Shares, many of which are outside the control of Southern Cross Media and its directors. The future level of dividends, the value of the assets of Southern Cross Media and the price at which Southern Cross Media's Shares trade on ASX may be influenced by any of these factors.

Participants in the Entitlement Offer will be exposed to risks of Southern Cross Media and risks related to investing in listed shares.

Although Southern Cross Media has undertaken limited due diligence on the Austereo Group, Southern Cross Media does not currently have any involvement in the Austereo Group's operations and has relied primarily on Austereo having complied with its continuous disclosure obligations for the purposes of preparing this section. Consequently, Southern Cross Media is not in a position to identify all of the material risks of the Austereo Group, nor consequently, all of the material risks of Southern Cross Media.

Despite this, Southern Cross Media has considered the current risks that apply to it and the current risks to the Austereo Group identified from Southern Cross Media's limited due diligence and publicly available information, including Austereo's announcements to ASX and the Target's Statement made in respect of the Takeover Offer, to prepare this summary of material risks to Southern Cross Media currently known to Southern Cross Media.

In deciding whether or not to participate in the Entitlement Offer, you should carefully consider these risks, as well as the information contained in this Bidder's Statement, the information contained in Austereo's Target's Statement and other publicly available information.

Additional risks and uncertainties not currently known to Southern Cross Media may also have a material adverse effect on the businesses of 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.

### 9.2 Share Investment

Participants in the Entitlement Offer should be aware that there are risks associated with any stock market investment. It is important to recognise that share prices and dividends might fall or rise. Factors affecting the market price include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates, the announcement of new technologies and variations in general market conditions and/or market conditions which are specific to a particular industry.

In addition, share prices of many companies are affected by factors which might be unrelated to the operating performance of the relevant company. Such factors might adversely affect the market price of Southern Cross Media's Shares. In addition to the above risks associated with any investment in listed securities, the market price of listed securities such as Southern Cross Media's Shares is also affected by numerous factors such as the demand for and availability of Southern Cross Media's Shares and inclusion or exclusion of Southern Cross Media's Shares in or from any share price indices.

### 9.3 General Risks

#### 9.3.1 Government policy and taxation

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies in Australia may have an adverse effect on the assets, operations and ultimately the financial performance of both Southern Cross Media and the entities in which Southern Cross Media invests. These factors may ultimately affect the financial performance of Southern Cross Media and the market price of Southern Cross Media Shares.

There is a risk that the government or a government agency will repeal, amend, enact, or promulgate a new law or regulation, or that a government authority will issue a new interpretation of the law or regulation which may have a material adverse effect on Southern Cross Media's operations.

The Australian Government has announced its intention to conduct a Convergence Review in 2011. The Terms of Reference for the Review were announced on 2 March 2011. The Department for Broadband, Communications and the Digital Economy has announced that the review will look at Australia's communications and media legislation and advise the Government on potential amendments to keep the Australian regulatory framework effective and appropriate. The Convergence Review is expected to conclude in the first quarter of 2012 with the delivery of a report to the Government by the committee conducting the review. As a focus of the Convergence Review will be on trends and developments in technology that are reshaping the media landscape, it is anticipated that the National Broadband Network (NBN) will be a key consideration in the course of the Convergence Review. It is impossible to predict what changes might be made to the regulatory framework which Southern Cross Media operates in; or how this might impact on Southern Cross Media's business.

#### 9.3.2 Wars, terrorism, political and natural disasters

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

## 9.4 Industry Risks (including Risks Inherent to Media Investments)

### 9.4.1 Media industry downturn and change

The media industry is driven by a number of factors, including economic growth, population growth, technological changes and applicable regulation. Each of these factors is in turn influenced by a number of different factors, most of which are outside of the control of Southern Cross Media. Changes in any of, or the expectations relating to, these factors or other factors which affect the media industry may have a material adverse effect on Southern Cross Media's financial performance and position.

### 9.4.2 Exposure to the advertising cycle

Southern Cross Media's revenues and earnings are predominantly derived from the broadcast of advertising on commercial television and commercial radio services. Southern Cross Media is therefore exposed to fluctuations in the various advertising markets in Australia. This in turn is influenced, in part, by the general state of the economy, which by its nature is cyclical and subject to change. Advertising expenditure in any market is dependent on a number of factors, including advertising market conditions, gross domestic product growth and overall economic performance. A downturn in the advertising market may adversely impact Southern Cross Media's financial performance and position.

### 9.4.3 The majority of revenue is not contracted

Media businesses rely on relationships with agencies and direct advertising clients. Typically, these relationships are not subject to formal contracts. Therefore, there is a risk that one or more advertising clients of Southern Cross Media who have advertised with them in one period may cease to advertise with them in the following period or reduce their advertising spend which may adversely impact Southern Cross Media's financial position and performance.

### 9.4.4 Media Regulation

Media assets in most jurisdictions are subject to regulatory regimes including, for some media assets, licensing requirements. There is a risk that Southern Cross Media's returns from investments in media assets may be adversely affected by failure to comply with, or changes to, such regulatory regimes. Where applicable, Southern Cross Media seeks to ensure that Southern Cross Media has appropriate systems in place to minimise risks from non-compliance. The *Broadcasting Services Act 1992* (Cth) (**BSA**) contains stringent rules in respect of the ownership and control of commercial television licences, commercial radio licences and certain newspapers associated with the broadcast areas of commercial radio and commercial television services. This is referred to as "BSA Control" in this document. The BSA also imposes restrictions on media concentration, by mandating levels of "media diversity" in both metropolitan and regional radio licence areas. Southern Cross Media's ability to make further acquisitions in the Australian media sector will be subject to these provisions. Overall, changes in regulation in the media sector may have a material adverse effect on the financial performance and position of Southern Cross Media.

### 9.4.5 Technology risk and audience fragmentation

The media sector is subject to rapid and significant change in technology and the impact of this change on Southern Cross Media cannot be predicted. The cost of implementing emerging and future technologies could be significant. The development or anticipated development of new technology, or use, or anticipated use, of existing technology may have a material adverse effect on the financial performance and position of Southern Cross Media. The increasing penetration of technologies such as the internet (particularly broadband internet), IPTV, mobile television, DVB-H and other portable media devices may impact on Southern Cross Media's radio and television operations by providing alternatives for consumers to obtain content.

### 9.4.6 Competition in the media sector

The media industry can be highly competitive, with a number of operators competing for market share through similar, the same or substitute products. The competitive landscape can be affected by a number of external factors such as the impact of government policies, changes in technology and the emergence of competitive platforms. Southern Cross Media faces competition from both traditional media groups and other media companies utilising technologies, including cable, satellite, online, mobile and other distributable 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 participates or generally may have an adverse effect on Southern Cross Media's financial and operating performance.

### 9.4.7 Audience surveys and programming content

The audience survey performance of Southern Cross Media's various commercial radio and television stations is an important factor in its ability to attract advertising revenue. The audience survey performance of Southern Cross Media's business is dependent on the appeal of its format, content and commercial announcers and presenters to the relevant audience. A decline in the performance of Southern Cross Media's stations in audience surveys or appeal of its programming content may have a material adverse effect on the demand for radio and television advertising and therefore the financial performance or cash flows of Southern Cross Media.

### 9.4.8 Phonographic Performance Company of Australia Ltd litigation

The Phonographic Performance Company of Australia Ltd (**PPCA**) has commenced two legal proceedings that may affect the commercial radio industry as a whole. In *PPCA v Commercial Radio Australia Limited* [2010] FCA, PPCA disputes the rights of commercial radio stations to simulcast over the internet under the existing industry agreement with PPCA. In *Phonographic Performance Company of Australia Limited & Ors v Commonwealth of Australia & Anor* [2010] HCA, PPCA is challenging the licensing fee cap prescribed by the *Copyright Act 1968* (Cth) in the High Court of Australia, arguing that on its introduction in 1969, the 1% cap amounted to an acquisition of property in contravention of section 51(xxxi) of the Constitution.

A judgment in favour of the PCCA in either litigation may have a material adverse effect on the financial performance and position of the commercial radio industry in general, including the financial performance and position of Southern Cross Media.

#### 9.4.9 Television multi-channels

Under the BSA, television stations are now able to broadcast different content across multiple digital channels. The advent of this digital multi-channelling may cause audience fragmentation and consequently may reduce revenues to existing free-to-air television and radio licensees.

#### 9.4.10 Fourth commercial television licence

Under section 35A of the BSA, the Minister for Broadband, Communications and the Digital Economy must cause to be conducted a review of whether any additional commercial television licences should be allocated for a particular area or areas of Australia. This review must be conducted before 1 January 2012. At this time it is not clear whether this issue will form part of the Convergence Review.

No additional commercial television licences can be allocated under section 36 of the BSA until such review has been conducted, after which time the Minister may issue a direction to the ACMA to proceed to allocate a fourth commercial television licence. However this direction is at the discretion of the Minister (and the Government).

The introduction of a fourth commercial television licence could cause audience fragmentation and consequently may reduce revenues to existing free-to-air licensees.

#### 9.4.11 Radio licences

It is for the ACMA to determine whether any new commercial radio broadcasting licences should be made available in accordance with the BSA. In September 2003, the Australian Broadcasting Authority (ABA) (a predecessor to the ACMA) announced that there would be a five year moratorium on the allocation of any new analogue commercial radio licences. The ACMA has made no comment on the issue since that time.

In addition, in the BSA there is a six year moratorium on the allocation of digital radio licences (this applies on a per Licence Area basis, commencing from the relevant digital start up date in the Licence Area). Digital radio has not yet commenced in any regional Licence Area. In many of the Licence Areas where Southern Cross Media operates, current media ownership restrictions would prevent Southern Cross Media from bidding for any additional licences, thereby resulting in increased competition in those Licence Areas, reducing revenues.

#### 9.4.12 Digital radio

While digital radio services have commenced in the capital cities, there is currently no timetable for the introduction of digital radio across regional Australia. The commencement of digital radio broadcasting in regional Australia will be determined by the ACMA and by Government funding decisions. In this context, there is a risk that the introduction of digital radio into regional markets will cause substantial change and may result in commercial

radio operators being required to incur substantial capital expenditure to invest in the infrastructure necessary for digital radio broadcasting. There is a risk that the introduction of digital radio could impact the capital expenditure commitments and operating expense profile of Southern Cross Media if not offset by an appropriate subsidy from the Australian Government and therefore have a material adverse effect on the financial performance and position of Southern Cross Media. There is also the risk that the introduction of digital radio could lead to audience fragmentation.

#### 9.4.13 National Broadband Network

The Government has established NBNCo Limited to build and operate the NBN, which aims to connect 90% of all Australian homes, schools and workplaces with broadband services with speeds up to 100 megabits per second. The NBN could result in viewers migrating from television to the online platform for movies, social networking, access to niche programming and new television-like services delivered over IP networks and hence adversely impacting Southern Cross Media's earnings.

#### 9.4.14 Litigation

The media industry in which Southern Cross Media operates exposes Southern Cross Media to the risk of litigation, in particular, litigation associated with defamation and intellectual property rights. Southern Cross Media may become exposed to such litigation from governmental authorities, employees, or third parties. An adverse outcome in any such litigation may have a material adverse effect on the financial performance and position of Southern Cross Media.

### 9.5 Specific business risks

In addition to the risks mentioned above, the following risks may affect the market price of Southern Cross Media Shares and dividends paid by Southern Cross Media:

#### 9.5.1 Radio and television licences

Southern Cross Media business units operate in the broadcasting industry within Australia. As outlined above, this industry is closely regulated and new broadcasting licences can only be issued by the ACMA following a direction from the Minister (in the case of commercial television), or following an extensive public consultation process (in the case of both television and radio).

A loss of one or more television or radio broadcasting licences may have a material adverse effect on Southern Cross Media, its business and prospects. Southern Cross Media currently has no reason to expect and does not expect the suspension or cancellation or non-renewal of any of its commercial broadcasting licences. Southern Cross Media is not aware of any instance of the ACMA or its predecessor, the ABA, suspending, cancelling or failing to renew a commercial broadcasting licence. The renewal process is discussed in more detail below.

Australian commercial radio and television licences (other than licences where services are provided by use of a satellite) are valid for five years and are renewed by the ACMA upon application and payment of renewal fees. If the application is made and the renewal fees are paid within the time period

specified by the ACMA, the ACMA may renew the licence. The ACMA does have power to conduct a suitability investigation at the time an application for renewal is received, but neither the ACMA nor its predecessor, the ABA, has exercised that power to date. Southern Cross Media has no reason to believe that any of Southern Cross Media's licences will not be renewed (so long as the administrative requirements of the licence renewal process are met).

#### 9.5.2 Program supply agreements

Southern Cross Media's ability to generate advertising revenues is a factor of its programming and audience ratings. A significant proportion of Southern Cross Media's television programming is sourced from external content suppliers under existing contracts (affiliation agreements and program licensing and supply agreements).

There is a risk that Southern Cross Media will be unable to secure programming from external suppliers, on terms as favourable to Southern Cross Media (e.g. when its commercial television program supply agreements are due for renewal).

An increase in the cost of programming from external suppliers or a loss of programming from external suppliers may have a material adverse impact on Southern Cross Media's financial performance.

#### 9.5.3 Dilution

Future capital raisings or equity-funded acquisitions by Southern Cross Media may dilute the holdings of investors. This may have an adverse impact on the trading price of Southern Cross Media Shares.

#### 9.5.4 Risk that investors are deemed to be BSA Controllers of companies holding licences under the BSA

This risk only applies to persons (**Relevant Persons**) who are in a position to exercise BSA Control of Southern Cross Media under the BSA. The tests of control under the BSA are complex, and involve practical and commercial considerations as well as the application of the tests contained in Schedule 1 of the BSA.

Without limiting the circumstances under which BSA Control can be attributed, a Relevant Person will be a BSA Controller of Southern Cross Media if it holds more than 15% of company interests in Southern Cross Media Shares (under the BSA, company interests include shareholding, voting, dividend and winding up interests). The Constitution reflects certain requirements of the BSA, which requires the constitutions of broadcasting licensee companies to contain restrictions on Relevant Persons holding interests in corporations that hold licences under the BSA, and to impose certain conditions upon all shareholders. A failure by a Relevant Person or a failure by Southern Cross Media (or any of its licensee companies or any of their controllers) to comply with the BSA Control rules could lead to enforcement action being taken by the ACMA.

Accordingly, under the Constitution, Southern Cross Media may, in certain circumstances dispose of Southern Cross Media Shares held by Relevant Persons to avoid breaching the requirements of the BSA. The purpose of these provisions in the

Constitution is to provide an effective mechanism to ensure that Relevant Persons who are restricted from holding Southern Cross Media Shares as a result of the provisions of the BSA do not hold Southern Cross Media Shares. Further details on these provisions of the Constitution are described in Section 10.3.7.

#### 9.5.5 Trigger events

For each regional radio licence area, commercial television licences, commercial radio licences and associated newspapers that have common BSA Controllers are considered to form a "registrable media group". If there is a change in the control of a Southern Cross Media registrable media group, or if its licences otherwise come to form part of another registrable media group, that will constitute a "trigger event" under the BSA.

When a "trigger event" occurs with respect to a registrable media group in a regional commercial radio licence area, it means that the regional commercial radio licensees that are included in that group are subject to additional regulatory obligations. In particular, they are required to meet minimum service standards for local news and information, to prepare and comply with local content plans (in relation to "material of local significance") and to maintain the level of "local presence" (i.e. local radio staff and use of local production facilities) that existed at the date of the "trigger event". If a further "trigger event" occurs with respect to a registrable media group that has already experienced a "trigger event", new local content plans need to be prepared and complied with, and new benchmarks are set for the purposes of local presence compliance.

"Trigger events" can result from circumstances beyond Southern Cross Media's control (e.g. if a person acquires more than 15% of the company interests in any controller of the relevant licences) and impose additional costs on Southern Cross Media.

#### 9.5.6 Continuation of television broadcasting licence rebates

On 18 June 2010, the Television Licence Fees Amendment Regulations 2010 (No. 1) took effect, implementing the broadcasting licence fee rebates. These rebates apply to the 2010, 2011 and 2012 broadcasting licence fee financial reporting periods at a rate of 16.5%, 41.5% and 25% respectively of the amount of fees otherwise payable under section 6A of the *Television Licence Fees Act 1964* (Cth). There is no certainty as to whether the licence fee rebates will continue beyond 2012. If the licence fee rebates do not continue, the licence fees paid by Southern Cross Media in respect of its television operations will increase.

#### 9.5.7 Refinancing

The Senior Debt Facility will need to be refinanced at or before its maturity in 2015. There may be a risk that Southern Cross Media may not be able to arrange refinancing facilities as and when required to repay the Senior Debt Facility or that the terms of any refinancing are less favourable to Southern Cross Media.



## SECTION 9 RISK FACTORS

The Equity Bridge Facility must be repaid on or before 29 September 2011 (the **Termination Date**). Southern Cross Media will apply the proceeds of the Entitlement Offer to raise the necessary amount required to repay the Equity Bridge Facility prior to the Termination Date.

However, if (a) the Equity Bridge Facility has not been repaid in full by the date 30 days prior to the Termination Date or (b) the Underwriting Deed is terminated and not replaced with a replacement Underwriting Deed (satisfying certain conditions specified in the Equity Bridge Facility) within 10 Business Days (where Southern Cross Media has terminated) or 20 Business Days (where MCAL or RBS ECM have terminated), Southern Cross Media will be obliged to mandate the lenders under the Equity Bridge Facility or their affiliates (**Bridge Arrangers**) to raise and complete an alternate equity, hybrid equity, equity-linked, subordinated debt, convertible debt, capital market or bank market securities raising (**Alternate Funding**) in an amount at least sufficient to repay the Equity Bridge Facility. The Bridge Arrangers will have the sole discretion to determine (in consultation with Southern Cross Media) when, in what amount and in what form the Alternate Funding will be effected and whether multiple issues of Alternate Funding instruments, or multiple forms of Alternate Funding instruments, will be raised.

### 9.5.8 Interest cost and capital structure

Southern Cross Media's pro-forma net debt is greater than Southern Cross Media's existing net debt at 31 December 2010, in part reflecting the increased size of the merged group, relative to Southern Cross Media stand alone. Accordingly, there will be an increase in the financial risk inherent in Southern Cross Media's capital structure potentially resulting in increased interest costs and interest margins.

### 9.5.9 Loss of key personnel

Southern Cross Media's operations are dependent upon the continued performance, efforts, abilities and expertise of its key personnel. There is strong competition in the radio industry for experienced and skilled employees and on-air talent; particularly for on-air talent and senior managers. There are no guarantees that Southern Cross Media will be able to retain these employees or on-air talent or that they will be able to prevent them from competing with Southern Cross Media in the event of their departure.

The loss of key personnel or the inability to recruit qualified employees may have an adverse effect on the business of Southern Cross Media.

### 9.5.10 Macquarie's voting power may increase as a result of the Entitlement Offer

Macquarie's voting power in Southern Cross Media is currently 26.6%, including a Principal Holding of 25.5%. This voting power may increase up to a maximum of approximately 43.5% to the extent that Macquarie is obliged to take up shortfall securities under the Entitlement Offer. Southern Cross Media has sought to address this issue through the appointment of a joint underwriter, RBS, and through an appropriate shortfall dispersion process as described in Section 2.9.2.

## 9.6 Risks relating to the Acquisition

In addition, the following risks are either caused by or exacerbated by the Takeover Offer.

### 9.6.1 Renewal of content supply and licence agreements

There are a number of ongoing supply and licensing agreements to which members of the Austereo Group are a party. The non-renewal of such supply and licensing agreements may have an adverse impact on the performance of Southern Cross Media.

### 9.6.2 Integration and synergy risks

There are risks that any integration between the businesses of Southern Cross Media and the Austereo Group may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated or take longer to achieve than estimated. These risks include possible differences in the management culture of the two groups, the potential loss of key personnel and risks with the integration of management, information systems and work practices. Southern Cross Media intends to continue its current business strategy and operations within Southern Cross Media, whilst drawing on the technical, commercial and operational skills of each organisation. Greater than expected integration costs or slower than expected realisation of benefits could have a material adverse effect on Southern Cross Media.

### 9.6.3 Change in control risk

With the Takeover Offer resulting in a change in control of Austereo Group, there could be adverse consequences for Southern Cross Media. For example, contracts to which a member of the Austereo Group is a party may be subject to review or termination in the event of a change of control in the Austereo Group or require third party consent. As only limited due diligence was able to be carried out on the Austereo Group, Southern Cross Media may not be aware of the existence of such provisions within these contracts. The operation of these provisions could have a material adverse effect on Southern Cross Media (such as the loss of major contracts).

### 9.6.4 Limited due diligence

In preparing the information in respect of the Austereo Group for this Prospectus, including the Pro-Forma Historical Financial Information, Southern Cross Media has relied on publicly available information and limited due diligence provided by or on behalf of the Austereo Group. As only limited due diligence was able to be carried out on the Austereo Group, risks may exist of which Southern Cross Media is unaware.

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## **ADDITIONAL INFORMATION**

### 10.1 Nature of this Prospectus

This Prospectus is issued pursuant to section 713 of the Corporations Act as a Prospectus for the offer of continuously quoted securities. That provision allows the issue of a more concise prospectus in relation to offers of securities in a class which has been continuously quoted by ASX for the three months prior to the date of the Prospectus. Southern Cross Media Shares and the New Shares meet these criteria.

The information in this Prospectus principally concerns the terms and conditions of the Entitlement Offer and information necessary for investors to make an informed assessment of:

- the effect of the Entitlement Offer on Southern Cross Media; and
- the rights and liabilities attaching to the New Shares.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offering of shares.

As an ASX listed company, Southern Cross Media has provided ASX with a substantial amount of information regarding its activities and that information is publicly available. This Prospectus is intended to be read in conjunction with that publicly available information. Therefore, Eligible Shareholders who are considering subscribing for New Shares should also have regard to that publicly available information before making any investment decisions.

### 10.2 Continuous Disclosure

Southern Cross Media is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half-yearly reports. Southern Cross Media is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities exchange conducted by ASX. In particular, Southern Cross Media has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information which it is or becomes aware which a reasonable person would expect to have a material effect on the price value of its securities. That information is available to the public from ASX. Copies of documents lodged with ASIC in relation to Southern Cross Media may be obtained from, or inspected at, an ASIC office. Southern Cross Media will provide a copy of each of the following documents, free of charge, to any person who requests a copy before the Entitlement Offer Closing Date:

- Southern Cross Media 2009 and 2010 Annual Reports and the Southern Cross Media Interim Financial Report for the six months to 31 December 2010; and

- any continuous disclosure notices given by Southern Cross Media after the lodgement of the 2010 Annual Report referred to above and before the lodgement of this Prospectus with ASIC.

All requests for copies of the documents referred to above should be made by contacting the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (or +61 3 9415 4881 for international callers). Copies of this information may also be obtained on Southern Cross Media’s website at [www.scmediagroup.com.au](http://www.scmediagroup.com.au) or on ASX’s website at [www.asx.com.au](http://www.asx.com.au).

### 10.3 Rights attaching to New Shares

The New Shares issued under the Entitlement Offer will be issued fully paid and will rank from the date of issue equally for dividends and other rights with existing Southern Cross Media Shares.

This section contains a summary of the key rights and liabilities attaching to the New Shares.

This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Southern Cross Media Shareholders, which can involve complex questions of law arising from the interaction of Southern Cross Media’s constitution (**Constitution**) and statutory, common law and Listing Rules requirements. Southern Cross Media Shareholders who accept the Entitlement Offer should seek their own advice when trying to establish their rights and liabilities in specific circumstances.

To obtain a free copy of the Constitution during the Entitlement Offer Period, Southern Cross Media Shareholders may contact the Southern Cross Media Entitlement Offer Information Line on 1300 651 576 (or +61 3 9415 4881 for international callers).

#### 10.3.1 Constitution of Southern Cross Media

Under section 140(1) of the Corporations Act, the Constitution has effect as a contract between Southern Cross Media and each shareholder and between a shareholder, Southern Cross Media and each other shareholder. Accordingly, if you receive New Shares you will, as a result, become liable to comply with the Constitution. However, since the New Shares will be fully paid on issue, no monetary liability attaches to them.

#### 10.3.2 Meetings of shareholders

Subject to the provisions of the Constitution, each Southern Cross Media Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of Southern Cross Media and to receive all notices, accounts and other documents required to be furnished to Southern Cross Media Shareholders under the Constitution, the Corporations Act and the Listing Rules.

A general meeting may be called by a resolution of the directors of Southern Cross Media or at the request of Southern Cross Media Shareholders with at least 5% of the votes that may be cast at the general meeting.

### 10.3.3 Voting rights

At a general meeting, subject to any rights or restrictions attached to any class or classes of Southern Cross Media Shares and to the Constitution, every Southern Cross Media Shareholder present in person or by proxy, attorney or duly appointed representative has one vote on a show of hands, and, upon a poll, one vote for every Southern Cross Media Share held by that Southern Cross Media Shareholder. If a Southern Cross Media Shareholder holds partly paid Southern Cross Media Shares, the number of votes attaching to those Southern Cross Media Shares on a poll is the proportion that the aggregate amount paid on the Southern Cross Media Shares bears to their aggregate issue price.

### 10.3.4 Dividends

The directors of Southern Cross Media may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by Southern Cross Media to, or at the direction of, each Southern Cross Media Shareholder entitled to that dividend.

Dividends are payable to all Southern Cross Media Shareholders in proportion to the amount paid up on their Southern Cross Media Shares. New Shares issued will be entitled to dividends with a record date on or after the date of issue.

For the avoidance of doubt, New Shares will not be entitled to the seven cents per share interim dividend payable by Southern Cross Media with respect to the half year ended 31 December 2010.

### 10.3.5 Variation or cancellation of class rights

If the capital of Southern Cross Media is divided into different classes of shares, the special rights for the time being attached to any class of shares on issue may from time to time (whether or not Southern Cross Media is being wound up) be varied subject to any necessary additional requirement to comply with the provisions of the Corporations Act and the Listing Rules:

- in such manner (if any) as may be provided by those rights; or
- in the absence of any such provision, with the consent in writing of the holders of three quarters in nominal value of the issued shares in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class,

but not otherwise.

### 10.3.6 Transfer of shares

Subject to the Constitution, the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules, Southern Cross Media Shares are freely transferable. Southern Cross Media Shares are transferable:

- in the case of Southern Cross Media's CHES Approved Shares, in accordance with the CHES Rules;

- by way of a written transfer in the usual or common form or such other form as the directors of Southern Cross Media approve; or
- by any other method of transfer of marketable securities which is recognised by the Corporations Act, ASX Settlement and ASX and is approved by the directors of Southern Cross Media.

If permitted to do so by the Listing Rules, the directors of Southern Cross Media may:

- request ASX Settlement or any applicable Prescribed CS Facility (having the same meaning as in Chapter 7 of the Corporations Act) to apply a holding lock to prevent a transfer of Southern Cross Media Shares from being registered on the CHES subregister; or
- refuse to register a transfer of other Southern Cross Media Shares.

While Southern Cross Media is listed, the directors of Southern Cross Media may in their discretion from time to time sell any ordinary shares held by a shareholder which comprise less than a marketable parcel as provided in the Listing Rules without request by the shareholder. The directors may only sell unmarketable parcels of ordinary shares on one occasion in any 12 month period. The directors must notify the shareholder of their intention to sell ordinary shares and the directors will not sell the relevant ordinary shares:

- before the expiry of six weeks from the date of the notice given by the directors of the sale; or
- if, within the six week period, the shareholder advises Southern Cross Media that the shareholder wishes to retain the shares.

The directors' power to sell the shares lapses following the announcement of a full takeover for Southern Cross Media but the procedure may be started again after the close of the offers made under the takeover.

The directors or the purchaser of the shares must pay the costs of the sale as the directors decide. The proceeds of the sale will not be sent until Southern Cross Media has received the certificate (if any) relating to the shares, or is satisfied that it has been lost or destroyed.

### 10.3.7 Shareholdings in contravention of law

The Constitution provides that a person will not be eligible to become or continue to be the holder of Southern Cross Media Shares if, because of holding those Southern Cross Media Shares and of any other relevant circumstances relating directly or indirectly to those Southern Cross Media Shares, either that person or some other person contravenes any one or more provisions of the BSA. The directors of Southern Cross Media have the right under the Constitution to secure the disposal of Southern Cross Media Shares held by a Southern Cross Media Shareholder if that Southern Cross Media Shareholder:

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- is not eligible to be or to continue to be the holder of Southern Cross Media Shares to the extent necessary to prevent the occurrence or continuation of a contravention under any one or more of the provisions of Part 5 of the BSA; or
- has refused or failed, or refuses or fails, to give a statutory declaration required by the directors of Southern Cross Media in accordance with the Constitution to confirm the Southern Cross Media Shareholder's eligibility to hold Southern Cross Media Shares.

### 10.3.8 Issue of further shares

The directors of Southern Cross Media, subject to the Constitution, the Corporations Act, the Listing Rules and any special rights conferred on the holders of any Southern Cross Media Shares or class of Southern Cross Media Shares:

- may issue or dispose of Southern Cross Media Shares to any person at any time and on any terms and conditions and having attached to them any preferred, deferred or other special rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, as they think fit;
- may grant to any person an option over shares or pre-emptive rights at any time and for any consideration as they think fit; and
- have the right to settle the manner in which fractions of a Southern Cross Media Share are to be dealt with.

### 10.3.9 Winding up

If Southern Cross Media is wound up, the liquidator may, with the sanction of a special resolution of Southern Cross Media, divide among Southern Cross Media Shareholders in kind the whole or any part of the property of Southern Cross Media and may for that purpose set a fair value for such property and determine how the division between the shareholders is to be carried out.

### 10.3.10 Other key provisions of Southern Cross Media's Constitution

A summary of some of the key provisions of the Constitution (other than those discussed in Section 10.3.1 to 10.3.9 above) is set out below. The summary is not exhaustive.

#### Number of directors

The Constitution provides that the number of directors of Southern Cross Media must be not less than three nor more than eight (or such other number as the directors of Southern Cross Media may resolve).

#### Officers' indemnity

Southern Cross Media indemnifies each person who is or has been a director, secretary or executive officer of Southern Cross Media against all liabilities incurred by those people in that capacity and all legal costs incurred in connection with proceedings in which those people become involved because of that capacity.

### Amending the Constitution

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution by at least 75% of the votes cast by members entitled to vote on the resolution. The Constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, it.

### 10.4 Interests of Directors

Other than as set out below or elsewhere in this Prospectus (including in particular Section 10.11.1):

- no Director has, or has had in the two years before lodgement of this Prospectus, an interest in:
  - the formation or promotion of Southern Cross Media;
  - any property acquired or proposed to be acquired by Southern Cross Media in connection with its formation or promotion or the Entitlement Offer; or
  - the Entitlement Offer itself (other than as disclosed in this Prospectus); and
- no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with:
  - the promotion or formation of Southern Cross Media; or
  - the Entitlement Offer.

### Directors' interests in Southern Cross Media Shares

As at the date of this Prospectus, the directors of Southern Cross Media and their director-related entities have the following Relevant Interests in Southern Cross Media Shares:

Director	Shares	Nature of Relevant Interest
Max Moore-Wilton	1,000,000	Indirect
Leon Pasternak	519,193	Direct and Indirect
Chris de Boer	80,000	Direct
Tony Bell	140,000	Indirect
Michael Carapiet	618,100	Indirect
Macquarie Group Limited and controlled bodies corporate	100,804,388*	Direct and Indirect

\* Macquarie Group Limited and controlled bodies corporate holding is correct as at the date of Macquarie Group Limited's last substantial shareholder notice (7 December 2009).

## 10.5 Underwriting Deed

This section contains a summary of the relevant parts of the Underwriting Deed entered into by Southern Cross Media and the Joint Lead Managers pursuant to which the Joint Lead Managers propose to fully underwrite the offer of Entitlements to Southern Cross Media Shareholders as at the Record Date and manage the offer of Entitlements under the Entitlement Offer (this includes Entitlements which would have been offered to Ineligible Shareholders had they been eligible to participate). For the avoidance of doubt the offer of Conditional Entitlements under the Entitlement Offer is not underwritten by the Joint Lead Managers.

### 10.5.1 Conditions Precedent

The obligations of the Joint Lead Managers under the Underwriting Deed are subject to the satisfaction of certain conditions.

The obligation of the Joint Lead Managers to underwrite the offer of Entitlements under the Institutional Entitlement Bookbuild is conditional upon certain matters, including:

- Southern Cross Media announcing the result of the Institutional Entitlement Offer to the ASX on the Business Day after the closing date of the Institutional Entitlement Offer; and
- ASX not indicating that it will not grant permission for the official quotation of the New Shares on or before 10.00am on the settlement date for the Institutional Entitlement Offer.

The obligation of the Joint Lead Managers to underwrite the offer of Entitlements to Southern Cross Media Shareholders under the Retail Entitlement Bookbuild is conditional upon certain matters, including:

- the satisfaction of the conditions described above in respect of the Institutional Entitlement Bookbuild;
- Southern Cross Media allotting and issuing the New Shares under the Institutional Entitlement Offer and Institutional Entitlement Bookbuild; and
- ASX not indicating that it will not grant permission for the official quotation of the New Shares on or before 2.00pm on the settlement date for the Retail Entitlement Offer.

### 10.5.2 Fees and costs

Under the Underwriting Deed:

- the Joint Lead Managers will each receive their respective proportions of a management fee of 0.35% together with an underwriting fee of 2.00%, in respect of the proceeds of the Entitlement Offer to Southern Cross Media Shareholders payable to the Company (excluding the Cornerstone Securities); and
- MCAL will receive a commitment fee of 2.00% of the Application Monies received by Southern Cross Media in respect of the Cornerstone Securities.

Southern Cross Media must also pay to the Joint Lead Managers all reasonable expenses incurred including legal costs and travel expenses in connection with the offer of the Entitlements.

### 10.5.3 Cornerstone Securities

The Underwriting Deed includes provisions under which the issue of certain of the Cornerstone Securities may be deferred until no later than the issue of shares following the Retail Entitlement Offer notwithstanding the subscription proceeds will be received at the Institutional Entitlement Offer. This is to prevent technical breaches of the Corporations Act that may otherwise occur on the issue of shares under the Entitlement Offer.

### 10.5.4 Indemnity

Southern Cross Media agrees to indemnify each of the following parties (each an “**Indemnified Party**”) against any loss arising directly or indirectly from, or relating to the Entitlement Offer or the Takeover Offer:

- each Joint Lead Manager, their affiliates, Related Bodies Corporate and each of their respective officers, employees, agents and advisers;
- Quinambo Nominees Pty Ltd ACN 000 417 309 in its capacity as custodian; and
- Macquarie Securities (Australia) Limited ACN 002 832 126 in its capacity as settlement agent.

The indemnity does not apply in relation to:

- a loss suffered by an Indemnified Party that is caused by:
  - any penalty or fine which an Indemnified Party or an associated Indemnified Party is required to pay for in relation to a contravention of the Corporations Act or any other applicable law; or
  - the wilful misconduct, gross negligence or fraud of an Indemnified Party or an associated Indemnified Party; or
- loss, damage or costs of subscription suffered or caused solely as a result of the Joint Lead Managers failing to subscribe for shares in accordance with their underwriting obligations under the terms of the Underwriting Deed.

The indemnity for losses or expenses arising directly or indirectly from or relating to the Takeover Offer applies only to losses or expenses suffered by an Indemnified Party acting only in its capacity as underwriter, nominee, custodian or otherwise as contemplated by the Underwriting Deed but not in any other capacity.

### 10.5.5 Termination events

Each Joint Lead Manager may terminate any of its obligations under the Underwriting Deed (which have not been performed) if any one or more of the specified events occur on or before 10.00am (Melbourne time) on the date of allotment of Shares under the Retail Entitlement Offer. These specified events include:<sup>1</sup>

- **\*(information)** the Due Diligence Committee report or any information supplied by or on behalf of Southern Cross Media to the Joint Lead Managers for the purposes of the due diligence investigations that were conducted in connection with the Entitlement Offer, the documents relating to the Entitlement Offer, or the Entitlement Offer, is false, misleading or deceptive (including by omission), in each case when considered in its final form and in the light of all other information so supplied in writing to the Joint Lead Managers before the date of the Underwriting Deed;
- **(misleading disclosure)** a statement contained in a document relating to the Entitlement Offer is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive or a matter required to be included (having regard to the requirements of the Corporations Act or any other applicable law) is omitted from the document relating to the Entitlement Offer, other than, in each case and in the reasonable opinion of the Joint Lead Managers, an immaterial statement or omission;
- **(future matters)** any estimate or expression of opinion, belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data or the assumptions or sensitivity in relation thereto) in any document relating to the Entitlement Offer is or becomes incapable of being met;
- **(listing):**
  - Southern Cross Media ceases to be admitted to the official list of the ASX or the securities of Southern Cross Media are suspended from trading, or cease to be quoted on, ASX (other than in respect of a trading halt requested by Southern Cross Media and consented to by the Joint Lead Managers, to facilitate the Entitlement Offer); or
  - ASX makes any official statement to any person, or indicates to Southern Cross Media or the Joint Lead Managers that it will not grant permission for the official quotation of:
    - New Shares issued under the Institutional Entitlement Offer;
    - New Shares taken up by the Joint Lead Managers pursuant to the Underwriting Deed for the Institutional Entitlement Offer;
- New Shares issued under the Retail Entitlement Offer;
- New Shares taken up by the Joint Lead Managers pursuant to the Underwriting Deed for the Retail Entitlement Offer; or
- if permission for the official quotation of any of the New Shares mentioned in the paragraphs immediately preceding this paragraph is granted before the date of allotment and issue of those New Shares and the approval is subsequently withdrawn, qualified (other than by way of customary conditions) or withheld;
- **(ASIC action):**
  - ASIC gives notice of an intention to apply for an order under section 1324, 1324B or 1325 of the Corporations Act regarding the Entitlement Offer or a document relating to the Entitlement Offer; or
  - an application is made by ASIC for an order under Part 9.5 of the Corporations Act regarding the Entitlement Offer or a document relating to the Entitlement Offer; or
  - ASIC commences any investigation or hearing under Part 3 of the ASIC Act regarding the Entitlement Offer or a document relating to the Entitlement Offer,
    - and that intention, application, notice, investigation or hearing (as applicable) becomes public (other than by act or omission of a Joint Lead Manager, except where required by law or a regulatory body);
- **\*(ASIC notifications):**
  - ASIC gives notice of an intention to apply for an order under section 1324, 1324B or 1325 of the Corporations Act regarding the Entitlement Offer or to prosecute or impose a penalty on, or commence a proceeding against, Southern Cross Media; or
  - an application is made by ASIC for an order under Part 9.5 of the Corporations Act regarding the Entitlement Offer or a document relating to the Entitlement Offer; or
  - ASIC commences any investigation or hearing under Part 3 of the ASIC Act regarding the Entitlement Offer or a document relating to the Entitlement Offer,
    - and that intention, application, notice, investigation or hearing (as applicable) is not withdrawn within two Business Days after it is made or in any event before 2.00pm on the date of settlement of the Retail Entitlement Bookbuild;

Note:

1. Termination events marked with an “\*” may only be relied upon by the Joint Lead Managers if in the reasonable opinion of the Joint Lead Managers:
  - the event has had or is likely to have a material adverse effect on the financial condition, financial position or financial prospects of Southern Cross Media or its subsidiaries, or the market price of Southern Cross Media’s securities on any exchange on which they are quoted; or
  - the event has had or is likely to have a material adverse effect on the success or outcome of the Offer, or the ability of the Joint Lead Managers to market or promote or settle the Entitlement Offer; or
  - there is a reasonable possibility that the Joint Lead Managers will or are likely to contravene, be involved in a contravention of, or incur a liability under the Corporations Act or any other applicable law as a result of the event.

- **(withdrawal)** Southern Cross Media withdraws or indicates that it does not intend to proceed with the Entitlement Offer or any part of the Entitlement Offer or withdraws any of:
  - this document;
  - the announcement released by Southern Cross Media to announce the Entitlement Offer (including the investor presentation materials to be released to ASX on the date of announcement of the Entitlement Offer);
  - the announcement released by Southern Cross Media regarding the completion of any aspect of the Entitlement Offer;
  - the announcement released by Southern Cross Media regarding the issue of New Shares on the scheduled date of allotment and issuing of New Shares to the Institutional Investors and the Joint Lead Managers under the Institutional Entitlement Offer and the Institutional Entitlement Bookbuild.
- **\*(warranties)** a warranty contained in the Underwriting Deed on the part of Southern Cross Media is untrue or incorrect when given or taken to be given or becomes untrue or incorrect;
- **(ASX Waivers)** ASX withdraws or revokes any waivers necessary in relation to the making of the Entitlement Offer **(ASX Waivers)**, or ASX amends in a material respect the ASX Waivers;
- **(Trading Halt)** a trading halt ends before the expiry of the relevant period referred to in the timetable annexed to the Underwriting Deed without the prior written consent of the Joint Lead Managers;
- **(certificate)** a certificate which is required to be furnished by Southern Cross Media under the Underwriting Deed is not furnished when required or a statement in that certificate is untrue, incorrect or misleading in a material respect or is misleading or deceptive.
- **(supplementary Entitlement Offer documents)** if an event occurs within the meaning of section 719(1) (c) of the Corporations Act for the Entitlement Offer that is materially adverse from the point of view of an investor and/or a supplementary Entitlement Offer document (other than a replacement Prospectus lodged with ASIC solely for the purposes of disseminating the results of the Institutional Entitlement Offer) must, in the reasonable opinion of a Joint Lead Manager, be lodged with ASIC under section 719 of the Corporations Act or Southern Cross Media lodges a supplementary Entitlement Offer document without the prior written approval of a Joint Lead Manager;
- **(timetable)** any event scheduled to occur prior to the date of settlement of the Institutional Entitlement Bookbuild is delayed or, in the case of an event scheduled to occur after the date of settlement of the Institutional Entitlement Bookbuild, is delayed (other than delays where the event concerned nevertheless occurs on the same day on which it is scheduled to occur) for two or more Business Days, in each case, without the prior written consent of the Joint Lead Managers;
- **\*(breach)** Southern Cross Media fails to perform or observe any of its obligations under the Underwriting Deed;
- **\*(compliance):**
  - a contravention by Southern Cross Media or a subsidiary of Southern Cross Media of the Corporations Act, its constitution (or equivalent applicable documents), or any of the Listing Rules, any applicable laws, or a requirement, order or request, made by or on behalf of the ASIC, ASX, the New Zealand Securities Commission or any Government Agency; or
  - any aspect of the Entitlement Offer does not comply with the Corporations Act, the Listing Rules, the ASX waivers necessary for the making of the Entitlement Offer or any other applicable law or regulation;
- **(change of control)** a scheme of arrangement, takeover offer or reconstruction is announced by Southern Cross Media except as notified to the Joint Lead Managers before the date of the Underwriting Deed or disclosed in the documents relating to the Entitlement Offer;
- **\*(Takeover Offer)** Southern Cross Media alters the terms of the Takeover Offer (other than to extend the offer period under the Takeover Offer) without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed, each Joint Lead Manager having exclusive regard to their own interests);
- **(consent)** if any person (other than the Joint Lead Managers) whose consent to the issue of this document is required by section 716 of the Corporations Act refuses to give their consent or having previously consented to the issue of this document withdraws such consent; or if any accounting or legal adviser to the Joint Lead Managers refuses to give its consent or having previously consented to be named in this document, withdraws such consent;
- **(change of law)** there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Deed), any of which does or is likely to prohibit or adversely affect or regulate the Entitlement Offer, capital issues or stock markets or materially adversely affect the taxation treatment of the New Shares;
- **(market disruption)** any of the following occurs after the date of announcement of the Entitlement Offer:
  - a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or



- trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading, in either case the effect of which is such as to make it, in the reasonable judgment of the Joint Lead Managers, impractical to promote the Entitlement Offer or to enforce contracts to allot and issue the New Shares;
- **\*(hostilities)** hostilities commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, the United States, the United Kingdom, Japan, Russia, France, Germany, the Democratic People's Republic of Korea, Brazil, or the People's Republic of China, or a national emergency is declared by any of those countries, or a major terrorist act is perpetrated anywhere in the world;
- **\*(change in board or management)** a change in the board of directors or the CEO of Southern Cross Media occurs, except as notified to the Joint Lead Managers before the date of the Underwriting Deed or disclosed in the documents relating to the Entitlement Offer;
- **(prosecution)** any of the following occurs:
  - a director of Southern Cross Media is charged with an indictable offence relating to any corporate or finance matters or anything that involves fraud;
  - any Government Agency commences any public proceedings against the Issuer or any director in their capacity as a director of the Issuer, or announces that it intends to take such action; or
  - any director of the Issuer is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
- **(debt facility)** an event of default occurs under any external debt facilities or similar financial accommodation (**Debt Facilities**) provided to Southern Cross Media or a subsidiary of Southern Cross Media or a termination of the Debt Facilities.

Note: Termination events marked with an "\*" may only be relied upon by the Joint Lead Managers if in the reasonable opinion of the Joint Lead Managers:

- the event has had or is likely to have a material adverse effect on the financial condition, financial position or financial prospects of Southern Cross Media or its subsidiaries, or the market price of Southern Cross Media's securities on any exchange on which they are quoted; or
- the event has had or is likely to have a material adverse effect on the success or outcome of the Offer, or the ability of the Joint Lead Managers to market or promote or settle the Entitlement Offer; or

- there is a reasonable possibility that the Joint Lead Managers will or are likely to contravene, be involved in a contravention of, or incur a liability under the Corporations Act or any other applicable law as a result of the event.

### 10.6 Implementation Deed

On 31 January 2011, Southern Cross Media and Southern Cross National Network Pty Ltd (**SCNN**) entered into an Implementation Deed with Austereo. The Implementation Deed was released to ASX on 31 January 2011 and a copy is available from the ASX website, [www.asx.com.au](http://www.asx.com.au).

In summary, the Implementation Deed provides for the following:

#### 10.6.1 Implementation of the Bid

The Implementation Deed sets out the framework for implementation of the Takeover Offer, including standard language in relation to:

- SCNN's obligation to make the Takeover Offer in accordance with the timetable;
- the preparation of the Bidder's Statement and the Target's Statement in respect of the Takeover Offer;
- confidentiality; and
- warranties.

#### 10.6.2 Conditions

Each of the parties agrees to use best endeavours to ensure that the bid conditions are satisfied as soon as possible.

Southern Cross Media agrees to offer to the ACMA any undertakings and conditions that are reasonably likely to facilitate Southern Cross Media obtaining approval from the ACMA in a timely manner, including the divestment of radio stations.

Southern Cross Media agrees to offer to the ACCC any undertakings and to offer to agree to such conditions that are reasonably necessary to facilitate Southern Cross Media satisfying the ACCC condition of the Takeover Offer, provided that (other than any divestments which Southern Cross Media is required to make to facilitate the ACMA approval) in no case will Southern Cross Media be required to agree to divestments of assets which contribute EBITDA of more than \$2 million per annum to Austereo or Southern Cross Media.

Each party also agrees not to do (or omit to do) anything which will, or is likely to, result in any of the conditions being breached.

#### 10.6.3 Recommendations of Austereo directors and obligations of Austereo

Unless a Superior Proposal is made which the Austereo directors recommend to Austereo Shareholders, the Austereo Board must, and Austereo must procure the Austereo Board to, unanimously recommend that Austereo Shareholders accept the Takeover Offers.

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

However, in the case that Austereo engages an independent expert, the Austereo Board or any Austereo director can change their recommendation or the statement of their intention to accept the Takeover Offer (or both) if the independent expert's report does not contain Favourable Conclusions (as defined in the Implementation Deed) (i.e. it provides that the Takeover Offer is not fair or is not reasonable).

The Implementation Deed includes an obligation on Austereo to notify Southern Cross Media of any Alternative Proposals. However, this does not apply to the extent such action would in an Austereo director's reasonable opinion be likely to constitute a breach of an Austereo director's fiduciary or statutory duties (or could reasonably lead to a contravention of law).

#### 10.6.4 Release

Southern Cross Media and SCNN each release their rights against any past or present director, officer or employee of the Austereo Group in relation to information provided to it or in relation to their execution of the Implementation Deed, except in the case of bad faith, fraud or intentional misleading or deceptive conduct.

#### 10.6.5 Termination

Southern Cross Media or Austereo may terminate the Implementation Deed for an unremedied material breach.

In addition, Southern Cross Media or Austereo may terminate the Implementation Deed if:

- SCNN withdraws the Takeover Offer for any reason including due to non-satisfaction of a Condition;
- a Superior Proposal is made and the Austereo directors recommend that Superior Proposal to Austereo; or
- Austereo appoints an independent expert and the independent expert's report does not contain conclusions to the effect that the Takeover Offer is fair and reasonable to Austereo Shareholders.

For the purposes of the Implementation Deed:

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

- (a) is reasonably capable of being completed, taking into account both the nature of the Alternative Proposal, the form of consideration proposed and the person or persons making it; and

- (b) in order to satisfy the Austereo directors' fiduciary or statutory duties would, if completed substantially in accordance with its terms, result in a transaction more favourable to Austereo Shareholders (as a whole) than the Takeover Offer, taking into account all the terms of the Alternative Proposal and the timing of completion of the proposal.

**Alternative Proposal** means an offer or proposal publicly announced by a third party or received by Austereo in respect of an actual or potential:

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

## 10.7 Financing Facilities

### 10.7.1 Equity Bridge Facility

The funds raised by the Entitlement Offer will be used by Southern Cross Media to repay the Equity Bridge Facility granted by MBL and RBS Plc.

The Equity Bridge Facility is an up to \$495 million bridging facility which matures on 29 September 2011. Southern Cross Media, as borrower, pays interest on outstanding amounts under the Equity Bridge Facility at an interest rate which steps up over time.

The terms of the Equity Bridge Facility require Southern Cross Media to use the funds raised under the Entitlement Offer, together with any funds received under the Underwriting Deed (further described in Section 10.5) to prepay amounts outstanding under the Equity Bridge Facility.

Southern Cross Media intends to fully prepay the Equity Bridge Facility prior to its maturity date.

### 10.7.2 Senior Debt Facility

The Senior Debt Facility is an up to \$765 million facility (which includes a \$40 million working capital facility) that has a final termination date of 25 March 2015. The basic terms of the Senior Debt Facility are set out below.

#### (a) Purpose

Tranches of the Senior Debt Facility are available for a number of purposes, including:

- to refinance existing debt of Southern Cross Media Australia and its subsidiaries;

- to fund the Takeover Offer, any subsequent compulsory acquisition and other permitted acquisitions;
- to refinance the existing debt of the Austereo Group once the compulsory acquisition of the remaining Austereo Shares is complete; and
- general corporate purposes including working capital and capital expenditure requirements.

**(b) Guarantors and security**

The Senior Debt Facility is guaranteed by certain subsidiaries of Southern Cross Media Australia (each a **Guarantor** and together with Southern Cross Media Australia, the **Obligors**). Each Guarantor provides a guarantee and indemnity in respect of the obligations of each other Obligor under the Senior Debt Facility and related documentation.

Each Obligor has granted security over its assets to secure those obligations.

Upon Southern Cross Media acquiring 100% of Austereo Shares, Austereo and certain of its subsidiaries must provide a secured guarantee and indemnity in respect of the tranches of the Senior Debt Facility used solely to refinance the existing debt of the Austereo Group.

Austereo and such subsidiaries must provide a secured guarantee and indemnity in respect of all other tranches of the Senior Debt Facility by the earlier of 20 days after the next scheduled annual general meeting of Southern Cross Media or 20 November 2011. In order for the secured guarantee and indemnity to take effect in relation to those other tranches, the shareholders of Southern Cross Media must pass a special resolution in accordance with section 260B(2) of the Corporations Act.

**(c) Mandatory prepayments**

Subject to certain exceptions, Southern Cross Media Australia as borrower under the Senior Debt Facility is required to apply the following amounts in repayment of amounts outstanding under the Senior Debt Facility:

- the net proceeds of any disposal (except for certain stated disposals permitted under the Senior Debt Facility) to the extent that such net proceeds, aggregated with other amounts from the same financial year, exceed certain stated monetary thresholds;
- the net proceeds of any disposal of Austereo Shares by an Obligor;
- the net proceeds of any disposal of shares in Southern Cross Media Australia or any of its subsidiaries that either directly or indirectly owns Austereo Shares; and
- 75% of net proceeds of any disposal by an Obligor required by any law, regulatory authority or government agency in connection with the Acquisition to the extent that such net proceeds, aggregated with other amounts from the same financial year, exceed \$10 million.

**(d) Interest**

Interest is calculated by reference to the bank bill swap bid rate plus a margin. The applicable margin is determined by reference to the leverage ratio of Southern Cross Media Australia and its subsidiaries.

**(e) Representations and warranties, undertakings and events of default**

Each Obligor provides certain representations, warranties and undertakings in the Senior Debt Facility which are customary for facilities of this nature. The events of default in the Senior Debt Facility are also customary for facilities of this nature.

**10.8 Litigation**

The Directors are not aware of any litigation of a material nature in progress, pending or threatened, which may significantly affect the financial position of Southern Cross Media save and except for the two legal proceedings commenced by PPCA which are discussed further in Section 9. Investors should note that, although Southern Cross Media is not a party to such proceedings, Southern Cross Media's financial position may be adversely affected by litigation to which it is not directly a party.

**10.9 Additional Disclosure**

Southern Cross Media has received a notice from ASIC under section 30 of the ASIC Act requesting information regarding Southern Cross Media's segment reporting due to ASIC identifying a preliminary area of concern as to whether the company has complied with the segment reporting accounting standard in relation to the company's 2010 Financial Report.

The Southern Cross Media Board considers that it has complied in full with the requirements of AASB 8 in relation to the 2010 Financial Report. The company's auditors provided an unqualified audit opinion in relation to the 2010 Financial Report.

The Southern Cross Media Board has recently reconfirmed the approach taken in relation to segment reporting for the purposes of preparing the 2010 Financial Report and the half year results for the period ended 31 December 2010 have been prepared on a consistent basis.

The ASIC correspondence notes that, at this stage, ASIC is in no way expressing a view about whether the 2010 Financial Report complies with sections 296 and 297 of the Corporations Act. The matter is ongoing and Southern Cross Media will continue to cooperate with ASIC's requests.

**10.10 ASX Waivers**

The following waivers have been granted by ASX:

- subject to certain conditions, a waiver from Listing Rules 7.1 and 10.11 to the extent necessary to allow the Entitlement Offer to be offered to various classes of shareholders in the manner set out in this Prospectus, and to permit related parties of Southern Cross Media to participate in the Entitlement Offer up to the extent of their Entitlement or Conditional Entitlement, in both cases without the requirement to obtain shareholder approval; and

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- a waiver from Listing Rules 3.20 and 7.40 to the extent necessary to permit Southern Cross Media to conduct the Entitlement Offer in accordance with a timetable approved by ASX.

### 10.11 Interests of Advisers and Costs of the Entitlement Offer

#### 10.11.1 Interests

Except as set out in this Prospectus, no:

- (i) director or proposed director of Southern Cross Media;
- (ii) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (iii) promoter of Southern Cross Media, (together **Interested Persons**) holds, or held at any time during the two years before the date of this Prospectus, any interest in:
- (iv) the formation or promotion of Southern Cross Media;
- (v) property acquired or proposed to be acquired by Southern Cross Media in connection with:
  - (A) its formation or promotion; or
  - (B) the offer of Southern Cross Media Shares under the Entitlement Offer; or
- (vi) the offer of Southern Cross Media Shares.

As at the date of Macquarie Group Limited's last substantial shareholder notice (7 December 2009), Macquarie Group Limited and its controlled bodies corporate hold 100,804,388 shares in Southern Cross Media (representing 26.61% of the issued Southern Cross Media share capital).

The Macquarie Group (through MDAA and MCGL) holds 96,661,334 shares in Southern Cross Media in a principal capacity, representing 25.52% of the issued Southern Cross Media share capital.

As disclosed by Southern Cross Media in announcements to ASX, the Macquarie Group previously conducted a management role with respect to Southern Cross Media (previously Macquarie Media Group Limited), prior to the internalisation and corporatisation of Southern Cross Media completed on 10 March 2010 and 18 March 2010 (respectively). The Macquarie Group also had various roles and interests in respect of the internalisation and corporatisation of Southern Cross Media, and received fees in respect of these roles, as disclosed in the explanatory memorandum for the internalisation and corporatisation dated 12 November 2009. Copies of these announcements may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX ticker code: SXL) or from Southern Cross Media's website, [www.scmediagroup.com.au](http://www.scmediagroup.com.au).

As set out in Section 4.5:

- (i) Michael Carapiet, a director of Southern Cross Media, is the Executive Chairman of Macquarie Capital, a business division of the Macquarie Group of which Macquarie Capital forms a part; and

- (ii) Max Moore-Wilton, a director of Southern Cross Media, is a consultant to the Macquarie Group

MCAL and MBL, which are also part of the Macquarie Group, will receive certain fees in respect of the Entitlement Offer and related transactions as described in Section 10.11.2.

#### 10.11.2 Benefits

Aside from:

- (i) the fees and retiring allowances paid to Southern Cross Media directors, particulars of which in respect of the 30 June 2010 financial year are disclosed in Southern Cross Media's 30 June 2010 Annual Report;
- (ii) deeds providing Southern Cross Media directors with rights of access to certain documents of Southern Cross Media and requiring Southern Cross Media to maintain directors and officers liability insurance, and indemnities in respect of liabilities and costs incurred in their capacity as directors; and

- (iii) the indemnity which each Officer is given by Southern Cross Media under its constitution against all costs, losses, expenses and liabilities incurred by the Officer in his or her capacity as an Officer of Southern Cross Media to the extent permitted by law and which do not arise out of any negligence, breach of duty or breach of trust,

no person has paid or agreed to pay any fees, or provided or agreed to provide any benefit, to:

- (iv) a director or proposed director of Southern Cross Media to induce them to become or to qualify as a director of Southern Cross Media; or
- (v) any interested person for services provided by that person in connection with:
  - (A) the formation or promotion of Southern Cross Media; or
  - (B) the offer of Southern Cross Media Shares under the Entitlement Offer,

except as set out in this Prospectus.

Corrs Chambers Westgarth has acted as legal adviser to Southern Cross Media in relation to the Entitlement Offer. Southern Cross Media has paid or agreed to pay Corrs Chambers Westgarth \$220,000 plus disbursements for these services to the date of this Prospectus.

Deloitte has acted as Investigating Accountant and accounting advisor to Southern Cross Media in relation to the Entitlement Offer. Southern Cross Media has paid or agreed to pay Deloitte \$135,000 plus disbursements for these services to the date of this Prospectus.

RBS Plc is a provider of the Equity Bridge Facility in respect of which it will be entitled to receive fees from Southern Cross Media.

RBS ECM has been appointed as an underwriter to the Entitlement Offer in respect of which it will be entitled to receive fees calculated in accordance with the terms of the Underwriting Deed described in Section 10.5.

MCAL has acted as financial adviser to Southern Cross Media in relation to the Takeover Offer, the debt facilities obtained by Southern Cross Media to assist in funding the Takeover Offer (including the Equity Bridge Facility) and the Entitlement Offer. MCAL has also acted as the arranger for the debt facilities obtained by Southern Cross to assist in funding the Takeover Offer (including the Equity Bridge Facility). Southern Cross Media has paid or agreed to pay MCAL professional fees on a commercial basis for those services. MCAL has also been appointed as an underwriter to the Entitlement Offer and will be entitled to receive fees calculated in accordance with the terms of the Underwriting Deed described in Section 10.5.

MBL, a Related Body Corporate of MCAL and member of the Macquarie Group, is a provider of the Equity Bridge Facility in respect of which it will be entitled to receive fees from Southern Cross Media.

The net proceeds of the Entitlement Offer will be applied to repay the Equity Bridge Facility provided by RBS Plc and MBL.

Section 6 of the Southern Cross Media Board Charter (**Board Charter**) deals with circumstances in which the company proposes to enter into commercial arrangements with a major shareholder or any Related Entity of such shareholder. Section 6.1 of the Charter provides that in such circumstances, the Southern Cross Media Board will establish a committee comprised solely of directors who may be considered independent and that committee will have delegated authority to deal with any major shareholder or its related entities on behalf of the company in relation to the proposed arrangement or transaction.

In accordance with these provisions, an Independent Board Committee was established to oversee the negotiation of the terms of MCAL's engagement as financial adviser and debt arranger to Southern Cross Media in relation to the Takeover Offer and Entitlement Offer, MCAL's appointment as an underwriter to the Entitlement Offer and MBL's engagement as a provider of the Equity Bridge Facility (together the **Macquarie Engagements**).

The members of the Independent Board Committee are the directors Leon Pasternak, Chris de Boer and Anthony Bell.

The Independent Board Committee has formed the view that the Macquarie Engagements are all on arm's length commercial terms, having regard to comparable transactions between arm's length parties. In coming to that view, the directors constituting the Independent Board Committee had regard to independent legal advice in relation to the proposed terms of the Macquarie Engagements, known commercial benchmarks between independent parties, other options available to the company and the terms of engagement of each of RBS ECM as joint underwriter to the Entitlement Offer and RBS Plc as joint provider of the Equity Bridge Facility.

The total amount to be paid to MCAL and MBL is expected to be approximately 40% of the total estimated transaction costs of \$46 million.

Members of the Independent Board Committee are entitled to receive per diem payments in respect of the extra duties performed by them in reviewing the financial advisory and underwriting arrangements in connection with the Entitlement Offer.

#### 10.12 Consents

The following persons have consented to being named in this Prospectus in the form and context in which their names appear and have not withdrawn their consent prior to the lodgement of this Prospectus with ASIC:

- **Deloitte** – to be named as Investigating Accountant and accounting advisor to Southern Cross Media;
- **Computershare Investor Services Pty Limited** – to be named as the share registry;
- **Corrs Chambers Westgarth** – to be named as the legal advisor to Southern Cross Media;
- **MBL** – to be named as a provider of the Equity Bridge Facility;
- **MCAL** – to be named as the financial adviser and debt arranger to Southern Cross Media and an underwriter of the Entitlement Offer to Southern Cross Media Shareholders;
- **MDAA and MCGL** – to be named in relation to their shareholding in Southern Cross Media;
- **RBS ECM** – to be named as an underwriter of the Entitlement Offer; and
- **RBS Plc** – to be named as a provider of the Equity Bridge Facility.

This Prospectus also contains statements made by, or statements based on statements made by Southern Cross Media, MDAA, MCGL, and Deloitte. Each of Southern Cross Media, MDAA, MCGL and Deloitte has consented to the inclusion of:

- each statement it has made; and
- each statement which is based on a statement it has made,

in this Prospectus in the form and context in which those statements appear and has not withdrawn that consent before lodgement of this Prospectus with ASIC.

Each person named in this section as having given its consent to the inclusion of a statement or to being named in this Prospectus (other than Southern Cross Media):

- does not make, or purport to make, any statement in this Prospectus or any statement on which a statement in this Prospectus is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Prospectus with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Prospectus with the consent of that party.

### 10.13 Privacy

If you apply for New Shares, you will be asked to provide personal information to Southern Cross Media, directly or via the Share Registry. Southern Cross Media (and the Share Registry) collects, holds and uses that personal information to assess your Application for New Shares, to provide facilities and services to you as a shareholder and to undertake appropriate administration. Access to the information may be provided to Southern Cross Media's agents and service providers on the basis that they deal with such information in accordance with the Privacy Act. If you do not provide Southern Cross Media with the information requested, your application for New Shares may not be processed. Under the Privacy Act, you may request access to your personal information held by or on behalf of Southern Cross Media by contacting the Share Registry as set out in the Directory.

### 10.14 Entitlement and Acceptance Form/ Conditional Entitlement and Acceptance Form

Returning a completed Entitlement and Acceptance Form or Conditional Entitlement and Acceptance Form, or making a payment by BPAY®, will be taken to constitute a representation by the Applicant that they:

- have received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) accompanying the Entitlement and Acceptance Form or Conditional Entitlement and Acceptance Form and have read such documents in full;
- have a registered address in Australia or New Zealand;
- declare that all details and statements in the Entitlement and Acceptance Form or Conditional Entitlement and Acceptance Form are complete and accurate;
- acknowledge that once the Entitlement and Acceptance Form or Conditional Entitlement and Acceptance Form is returned (or the payment is made by BPAY®) it may not be withdrawn;

- agree to being issued the number of New Shares they apply for; and
- authorise Southern Cross Media and the underwriters and their officers or agents to do anything on their behalf necessary for New Shares to be issued to them, including to act on the instructions received by the Share Registry using the contact details on the Entitlement and Acceptance Form or Conditional Entitlement and Acceptance Form.

### 10.15 Governing Law

This Prospectus and the contracts which arise on acceptance by Southern Cross Media of Applications under the Entitlement Offer are governed by the laws applicable in Victoria and each Applicant submits to the exclusive jurisdiction of the courts of Victoria.

### 10.16 Directors' Authorisation

Each Director has authorised and consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent prior to its lodgement with ASIC.

### 10.17 Foreign Selling Restrictions

#### Hong Kong

This Prospectus has not been, and will not be, registered as a "prospectus" under the Companies Ordinance (Cap. 32) of Hong Kong and neither the contents of this Prospectus nor any other advertisement, invitation or document in relation to the New Shares have been authorised by any regulatory authority in Hong Kong. The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this Entitlement Offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

Accordingly, the New Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document (except this Prospectus), other than:

- (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or
- (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

Further no person has issued or had in their possession for the purposes of issue, and will not issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance.

Any offer of the New Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the New Shares will only be accepted from such person. No person who has received a copy of this Prospectus may issue, circulate or distribute this Prospectus in Hong Kong or make or give a copy of this Prospectus to any other person.

#### Singapore

This Prospectus and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are (i) an existing holder of the Company's shares; (ii) an "institutional investor" (as defined under the SFA); or (iii) a "relevant person" (as defined under section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

#### United Kingdom

Neither this Prospectus nor any other documents have been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000 (**FSMA**)) has been published or is intended to be published in respect of the New Shares. Accordingly, the New Shares may not be offered or sold in the United Kingdom by means of this Prospectus or any other document, except to persons which are qualified investors within the meaning of section 86(7) of FSMA.

This Prospectus is being distributed only to, and is directed only at, persons in the United Kingdom that are qualified investors, within the meaning of Article 2(1)(e) of European Union Directive 2003/71/EC that:

- (a) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (**Order**); or

- (b) are high net worth entities falling within Article 49(2)(a) to (d) of the Order,

and to any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This Prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with such persons. This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this Prospectus or any of its contents.

#### France

This Prospectus is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers (**AMF**). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This Prospectus and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2 and D.411-1 to D.411-3, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2 and D.411-4, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

#### Netherlands

The New Shares may not be offered, sold, transferred or delivered in or from the Netherlands as part of their initial distribution or at any time thereafter, directly or indirectly, other than to Qualified Investors (Gerwalifi ceerde Beleggers) within the meaning of the Dutch Financial Supervision Act (Wet op het financieel toezicht) as amended from time to time.

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### Ireland

The information in this Prospectus does not constitute a prospectus under any Irish laws or regulations and this Prospectus has not been filed with or approved by the Irish Financial Services Regulatory Authority or any other Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the **Prospectus Regulations**). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations; and (ii) fewer than 100 natural or legal persons who are not qualified investors.

### Switzerland

The New Shares may not be publicly offered, sold or distributed (directly or indirectly) in Switzerland. No solicitation for investment in the New Shares may be made in Switzerland in any way that could constitute a public offering within the meaning of article 652a of the Swiss Code of Obligations (**CO**). New Shares may only be offered to institutional investors subject to Swiss or foreign prudential supervision such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations in circumstances such that there is no public offering.

This Prospectus does not constitute a public offering prospectus within the meaning of article 652a CO and may not comply with the information standards required thereunder. The Company has not applied for a listing of the New Shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland and, consequently, the information presented in this Prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange. This Prospectus is personal to the recipient only and not for general circulation in Switzerland.

### Germany

No offer is made under this Prospectus in Germany, other than to qualified investors as defined in Sec. 2 No. 6 of the German Securities Prospectus Act (Wertpapierprospektgesetz) or in circumstances where the offer of New Securities is exempt from the publication of a prospectus according to the German Securities Prospectus Act.

Therefore, this Prospectus has not been and will not be submitted for approval to the Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). This Prospectus and any other material relating to the New Securities, as well as information contained therein, may not be communicated to the public in Germany in any form and by any means, and any offer or solicitation within Germany made in connection with the New Securities must be in full compliance with the German Securities Prospectus Act and the German Investment Funds Act (Investmentgesetz). This Prospectus and other offering materials relating to the offer of the New Securities are strictly confidential and may not be distributed to any person or entity other than the designated recipients hereof.

### Norway

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

The New Shares may not be offered or sold, directly or indirectly, in Norway except:

- (a) to “professional investors” (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);
- (b) any natural person who is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presupposes knowledge of investing in securities;
- (c) to fewer than 100 natural or legal persons (other than “professional investors”, as defined in clauses (a) and (b) above); or
- (d) in any other circumstances provided that no such offer of New Shares shall result in a requirement for the registration, or the publication by the Company or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

### Belgium

This Prospectus and the offer of the New Shares have not been and will not be notified to, and have not been approved or disapproved by, the Belgian Banking, Finance and Insurance Commission (Commissie voor het Bank-, Financie- en Assurantiewezen/Commission Bancaire, Financière et des Assurances) (**CBFA**). The offering of the New Securities to the public in Belgium within the meaning of the Belgian Act of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to listing on a regulated market has not been authorised by MAP. The offering may therefore not be advertised in Belgium, and the New Securities may not be offered, sold, transferred or delivered to, or subscribed to by, and this Prospectus or any other documentation in connection therewith may not be distributed, directly or indirectly, in Belgium, except to: (i) qualified investors within the meaning of Article 10 of the Belgian Act of June 16, 2006, (ii) persons who acquire New Securities for a total consideration of at least €50,000 per person, and (iii) other persons to whom the New Securities may be lawfully offered in Belgium without a prospectus approved by the CBFA.



#### **United Arab Emirates**

Neither this Prospectus nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates, nor has the Company received authorisation or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. This Prospectus does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of such shares, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for shares or sale of New Shares is valid or permitted in, or to any person from, the Dubai International Financial Centre.

#### **Sweden**

This Prospectus has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this Prospectus may not be made available, nor may the New Shares be offered for sale, in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this Prospectus and they may not distribute it or the information contained in it to any other person.

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# GLOSSARY

<b>AASB</b>	Australian Accounting Standards Board.
<b>ABA</b>	Australian Broadcasting Authority.
<b>ACCC</b>	Australian Competition and Consumer Commission.
<b>ACMA</b>	Australian Communications and Media Authority.
<b>Acquisition</b>	The acquisition of Austereo Shares by Southern Cross Media pursuant to the Takeover Offer.
<b>Additional Consideration</b>	\$0.10 for each Austereo Share.
<b>Applicant</b>	A person who makes an Application to subscribe for New Shares pursuant to the Entitlement Offer.
<b>Application</b>	An application to subscribe for New Shares pursuant to the Retail Entitlement Offer.
<b>Application Monies</b>	Monies received from the Applicants in respect of their Applications.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASIC Act</b>	<i>Australian Securities and Investments Commission Act 2001 (Cth).</i>
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or the financial products market as the case requires.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd ABN 49 008 504 532, the body which administers the CHESS system in Australia.
<b>ASX Settlement Operating Rules</b>	The settlement operating rules of ASX Settlement which govern the administration of CHESS.
<b>Austereo</b>	Austereo Group Limited ABN 58 095 552 060.
<b>Austereo Board</b>	The board of directors of Austereo.
<b>Austereo Group</b>	Austereo and its Related Bodies Corporate.
<b>Austereo Shareholder</b>	A holder of Austereo Shares.
<b>Austereo Shares</b>	Fully paid ordinary shares in the capital of Austereo.
<b>Bidder's Statement</b>	The bidder's statement of Southern Cross Media under Part 6.5 Division 2 of the Corporations Act relating to the Takeover Offer and lodged on 25 February 2011.
<b>BSA</b>	<i>Broadcasting Services Act 1992 (Cth).</i>
<b>BSA Control</b>	Has the same meaning as "control" under the BSA.
<b>Business Day</b>	A day which is not a Saturday, Sunday, bank or public holiday in Melbourne, Australia.
<b>Cash Consideration</b>	\$2.00 for each Austereo Share.
<b>CGT</b>	Capital gains tax.
<b>CHESS</b>	The Clearing House Electronic Subregister System operated by ASX Settlement, which provides for electronic share transfer in Australia.
<b>Clearing Price</b>	The amount(s) payable per New Share: <ul style="list-style-type: none"> <li>– in respect of the Institutional Entitlement Bookbuild process, through the Institutional Bookbuild; or</li> <li>– in respect of the Retail Entitlement Bookbuild, through the Retail Entitlement Bookbuild process, in accordance with the terms of the Underwriting Deed.</li> </ul>
<b>Conditional Entitlement</b>	The right of a Relevant Austereo Shareholder to subscribe for 6 New Shares for every 7 Conditional Shares issued to it as Scrip Consideration under the Takeover Offer.
<b>Conditional Entitlement and Acceptance Form</b>	Each conditional entitlement and acceptance form accompanying this Prospectus upon which a Relevant Austereo Shareholder may make an Application.

<b>Conditional Shares</b>	Southern Cross Media Shares which Relevant Austereo Shareholders who accept the Takeover Offer and elect to take Scrip Consideration as part of their consideration will be entitled to receive pursuant to the terms of the Takeover Offer.
<b>Control</b>	Has the meaning given under section 50AA of the Corporations Act.
<b>Cornerstone Securities</b>	Means 96,661,334 shares in Southern Cross Media (representing 25.52% of the issued Southern Cross Media share capital) held by the Macquarie Group (through MDAA and MCGL) in a principal capacity.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Deloitte</b>	Deloitte Touche Tohmatsu ABN 74 490 121 060.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation.
<b>Eligible Institutional Shareholder</b>	Each Southern Cross Media Shareholder who (either directly or through a custodian or nominee) as at the Record Date: <ul style="list-style-type: none"> <li>– is an Institutional Investor;</li> <li>– is entitled to receive an offer under the Institutional Entitlement Offer as agreed by Southern Cross Media and the Joint Lead Managers under the Underwriting Deed (for the avoidance of doubt, this excludes an Ineligible Institutional Shareholder); and</li> <li>– is not in the United States or a person acting for the account or benefit of a person in the United States.</li> </ul>
<b>Eligible Retail Shareholders</b>	A person who as at the Record Date: <ul style="list-style-type: none"> <li>– is the registered holder of Southern Cross Media Shares;</li> <li>– has a registered address in Australia or New Zealand;</li> <li>– is not an Eligible Institutional Shareholder to whom the Joint Lead Managers made an offer on behalf of Southern Cross Media under the Institutional Entitlement Offer or an Ineligible Institutional Shareholder;</li> <li>– is eligible under all securities laws to receive an offer under the Entitlement Offer; and</li> <li>– is not in the United States or a person acting for the account or benefit of a person in the United States.</li> </ul>
<b>Eligible Shareholders</b>	A person who is an Eligible Institutional Shareholder, Eligible Retail Shareholder or Relevant Austereo Shareholder.
<b>Entitlement</b>	The right of Eligible Institutional Shareholders and Eligible Retail Shareholders to subscribe for 6 New Shares for every 7 Existing Shares.
<b>Entitlement and Acceptance Form</b>	Each entitlement and acceptance form accompanying this Prospectus upon which an Eligible Retail Shareholder may make an Application.
<b>Entitlement Offer</b>	The entitlement offer being made under this Prospectus, comprising the Institutional Entitlement Offer, the Institutional Entitlement Bookbuild, the Retail Entitlement Offer and the Retail Entitlement Bookbuild.
<b>Entitlement Offer Closing Date</b>	Tuesday, 3 May 2011.
<b>Entitlement Offer Period</b>	The period commencing on Wednesday, 6 April 2011 and (unless the Entitlement Offer is withdrawn) ending on Monday, 16 May 2011 or such later date to which the Entitlement Offer has been extended.
<b>Entitlement Offer Price</b>	\$1.45 per New Share.
<b>EPS</b>	Earnings per share before amortisation of intangibles and significant items.
<b>Equity Bridge Facility</b>	Has the meaning given to it in Section 5.2.
<b>Existing Shares</b>	Southern Cross Media Shares held by Southern Cross Media Shareholders at the Record Date.

<b>Government Agency</b>	Any government or government department, governmental, semi-governmental, administrative, fiscal, judicial, investigative, review or regulatory body, department, commission, authority, tribunal, agency, stock exchange or entity in any jurisdiction relevant to the Entitlement Offer, including ASX and ASIC.
<b>GST</b>	Goods and services tax.
<b>Ineligible Foreign Austereo Shareholder</b>	<p>An Austereo Shareholder who is a citizen or a resident of a jurisdiction other than Australia (and its external territories) or New Zealand or has an address as shown on the share register of Austereo which is a place outside Australia (and its external territories) or New Zealand unless Southern Cross Media determines:</p> <ul style="list-style-type: none"> <li>– it is lawful and not unduly onerous and not duly impracticable to make the Entitlement Offer to such person and issue such person with New Shares on acceptance of the Entitlement Offer; and</li> <li>– it is not unlawful for such person to accept the Entitlement Offer by the law of the relevant place outside Australia (and its external territories) or New Zealand.</li> </ul>
<b>Ineligible Institutional Shareholder</b>	<p>A Southern Cross Media Shareholder (or beneficial owner of Southern Cross Media Shares) on the Record Date who is not an Eligible Institutional Shareholder and who Southern Cross Media and the Joint Lead Managers agree is either:</p> <ul style="list-style-type: none"> <li>– an Institutional Investor; or</li> <li>– although not an Institutional Investor, is a person to whom offers and issuers of New Shares could lawfully be made in Australia without the need for disclosure under Chapter 6D of the Corporations Act if that Southern Cross Media Shareholder had received the offer in Australia;</li> </ul> <p>and who should not receive an offer under the Institutional Entitlement Offer in accordance with ASX Listing Rule 7.7.1(a).</p>
<b>Ineligible Retail Shareholder</b>	A Southern Cross Media Shareholder on the Record Date who is not an Eligible Institutional Shareholder, an Ineligible Institutional Shareholder or an Eligible Retail Shareholder.
<b>Ineligible Shareholder</b>	Ineligible Institutional Shareholder and an Ineligible Retail Shareholder.
<b>Institutional Entitlement Bookbuild</b>	The first bookbuild conducted in connection with the Entitlement Offer, being in respect of the Institutional Entitlement Offer, as described in Section 2.4.3.
<b>Institutional Entitlement Offer</b>	The offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer as described in Section 2.4.2.
<b>Institutional Investor</b>	A person to whom offers and issues of New Shares may lawfully be made without the need for disclosure to investors under Chapter 6D of the Corporations Act or without any other lodgement, registration or approval with or by a government agency (other than one with which Southern Cross Media is willing to comply).
<b>Institutional Premium</b>	The excess of the Clearing Price in the Institutional Entitlement Bookbuild over the Entitlement Offer Price.
<b>Joint Lead Managers</b>	RBS ECM and MCAL.
<b>Licence Area</b>	Specific geographic areas which the BSA mandates to be served by certain commercial and community broadcasting services.
<b>Listing Rules</b>	The listing rules of the ASX.
<b>LTM</b>	Financial results during the period of the last 12 months.
<b>Macquarie Group</b>	Macquarie Group Limited ACN 122 169 279 and its Related Bodies Corporate.
<b>MBL</b>	Macquarie Bank Limited ABN 46 008 583 542.
<b>MCAL</b>	Macquarie Capital Advisers Limited ABN 79 123 199 548.
<b>MCGL</b>	Macquarie Capital Group Limited ACN 096 705 109.
<b>MDAA</b>	Macquarie Diversified Asset Advisory Pty Limited ACN 114 099 795.

<b>New Shares</b>	Southern Cross Media Shares issued under the Entitlement Offer.
<b>Nominee</b>	Quinambo Nominees Pty Ltd ACN 000 417 309.
<b>NPAT</b>	Net Profit after tax.
<b>Officers</b>	In relation to an entity, its directors, company secretaries, officers, partners and employees.
<b>Post Ex-Date Transaction</b>	Transactions occurring after the announcement of the trading halt in Southern Cross Media Shares (other than registrations of ITS (Integrated Trading System) transactions which were effected before the announcement).
<b>PPCA</b>	Has the meaning given to it in Section 9.4.8.
<b>Privacy Act</b>	<i>Privacy Act 1988</i> (Cth).
<b>Pro-forma Historical Financial Information</b>	Has the meaning given to it in Section 6.1.
<b>Prospectus</b>	This prospectus dated 6 April 2011 and lodged with ASIC on the date including any supplementary or replacement prospectus.
<b>RBS ECM</b>	RBS Equity Capital Markets (Australia) Limited ABN 17 000 757 111.
<b>RBS Plc</b>	The Royal Bank of Scotland Plc, Australian Branch ABN 30 101 464 528.
<b>Record Date</b>	7.00pm (Melbourne time) on Monday, 11 April 2011.
<b>Related Bodies Corporate</b>	Has the meaning given to it in the Corporations Act.
<b>Related Entity</b>	Has the meaning given to it in the Corporations Act.
<b>Relevant Austereo Shareholders</b>	An Austereo Shareholder who: <ul style="list-style-type: none"> <li>– accepts under the Takeover Offer by the Takeover Offer Close Date and elects to take Scrip Consideration as part or all of their consideration;</li> <li>– becomes registered as a member on the share register of Southern Cross Media as a result of their Scrip election under the Takeover Offer after the Record Date; and</li> <li>– is not an Ineligible Foreign Austereo Shareholder.</li> </ul>
<b>Relevant Interest</b>	Has the meaning given to it in the Corporations Act.
<b>Retail Entitlement Bookbuild</b>	The second bookbuild to be conducted in connection with the Entitlement Offer, being in respect of the Retail Entitlement Offer, as described in Section 2.3.8.
<b>Retail Entitlement Offer</b>	The offer of New Shares to Eligible Retail Shareholders and Relevant Austereo Shareholders under the Entitlement Offer as described in Section 2.3.
<b>Retail Premium</b>	The excess of the Clearing Price in the Retail Entitlement Bookbuild over the Entitlement Offer Price.
<b>Scrip Consideration</b>	0.95 Southern Cross Media Shares for each Austereo Share.
<b>Senior Debt Facility</b>	Has the meaning given to it in Section 5.2.
<b>Share Registry</b>	Computershare Investor Services Pty Limited ABN 48 078 279 277.
<b>Southern Cross Media</b>	Southern Cross Media Group Limited ABN 91 116 024 536 and, where the context permits or requires, its Related Bodies Corporate including the Austereo Group.
<b>Southern Cross Media Australia</b>	Southern Cross Media Australia Pty Ltd ACN 109 243 110.
<b>Southern Cross Media Board</b>	The board of directors of Southern Cross Media.
<b>Southern Cross Media Shareholder</b>	A registered holder of Southern Cross Media Shares.

## GLOSSARY

<b>Southern Cross Media Shares</b>	Fully paid ordinary shares in the capital of Southern Cross Media.
<b>SCNN</b>	Southern Cross National Network Pty Ltd ACN 148 894 231.
<b>Takeover Offer</b>	The offer for Austereo Shares contained in the Bidder's Statement.
<b>Takeover Offer Close Date</b>	The date on which the Takeover Offer closes.
<b>Target's Statement</b>	The target's statement sent to Austereo Shareholders and lodged on 8 March 2011 by Austereo.
<b>Underwriting Deed</b>	The underwriting deed entered into between Southern Cross Media, MCAL and RBS ECM dated 31 January 2011 (as amended).
<b>US Person</b>	Has the meaning provided in Regulation S under the US Securities Act.
<b>US Securities Act</b>	The United States Securities Act of 1933, as amended.

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**Registered Office**

Level 2  
70 Park Street  
South Melbourne VIC 3205

**Southern Cross Media Entitlement Offer Information Line**

Within Australia: 1300 651 576  
From overseas: +61 3 9415 4881

**Share Registry**

Computershare Investor Services Pty Limited  
Level 4  
60 Carrington Street  
Sydney NSW 2000

**Legal Adviser**

Corrs Chambers Westgarth  
600 Bourke Street  
Melbourne VIC 3000

**Financial Adviser**

Macquarie Capital Advisers Limited  
101 Collins Street  
Melbourne VIC 3000

**Joint Lead Managers and Underwriters**

Macquarie Capital Advisers Limited  
101 Collins Street  
Melbourne VIC 3000

RBS Equity Capital Markets (Australia) Limited  
88 Phillip Street  
Sydney NSW 2000

**Investigating Accountant**

Deloitte  
550 Bourke Street  
Melbourne VIC 3000

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