



# NOTICE OF ANNUAL GENERAL MEETING 2015 AND EXPLANATORY MEMORANDUM

**Date of Meeting:** Thursday 29 October 2015

**Time of Meeting:** 11.00am

**Place of Meeting:** Southern Cross Austereo, Level 15, 50 Goulburn Street, Sydney, New South Wales

## 1. ANNUAL GENERAL MEETING

The Annual General Meeting (**AGM**) of Southern Cross Media Group Limited (**SCMGL** or **Company**) will be held at **11.00am AEDT** on **Thursday 29 October 2015** at:

**Southern Cross Austereo  
Level 15, 50 Goulburn Street  
Sydney, New South Wales**

The Notice of Meeting is contained in section 2 and the Explanatory Memorandum, which explains the business of the meeting, is contained in section 4. Voting information is contained in section 3 and the proxy form which accompanies this document. The proxy form and Explanatory Memorandum form part of the Notice of Meeting.

This document is important and requires immediate attention. It should be read in its entirety. If you are uncertain as to the course you should follow, you should seek professional advice without delay.

Certain capitalised terms are defined in section 5 although terms which are defined in the SCMGL constitution have the same meaning when used in this document unless the context requires otherwise.

## 2. NOTICE OF MEETING

SOUTHERN CROSS MEDIA GROUP LIMITED  
ABN 91 116 024 536 (SCMGL or Company)

Notice is given that the Annual General Meeting of the members of SCMGL will be held at **11.00am AEDT on Thursday 29 October 2015** at Southern Cross Austereo, Level 15, 50 Goulburn Street, Sydney, New South Wales.

### AGENDA

#### A. Chairman's address to SCMGL shareholders

#### B. Chief Executive Officer's address to SCMGL shareholders

#### C. Financial Accounts and Reports

To receive and consider the Financial Report of SCMGL and the Directors' Report and Auditor's Report, for the financial year ended 30 June 2015.

#### D. Election and Re-election of Directors

##### **Resolution 1: Election of Peter Bush as a Director**

To consider, and if thought fit, to pass as an ordinary resolution:

1) "That Peter Bush be elected as a Director of SCMGL."

The Board recommends (with Mr Bush abstaining in respect of Resolution 1) that SCMGL shareholders vote in favour of Resolution 1.

##### **Resolution 2: Election of Helen Nash as a Director**

To consider, and if thought fit, to pass as an ordinary resolution:

2) "That Helen Nash be elected as a Director of SCMGL."

The Board recommends (with Ms Nash abstaining in respect of Resolution 2) that SCMGL shareholders vote in favour of Resolution 2.

##### **Resolution 3: Election of Grant Blackley as a Director**

To consider, and if thought fit, to pass as an ordinary resolution:

3) "That Grant Blackley be elected as a Director of SCMGL."

The Board recommends (with Mr Blackley abstaining in respect of Resolution 3) that SCMGL shareholders vote in favour of Resolution 3.

##### **Resolution 4: Re-election of Peter Harvie as a Director**

To consider, and if thought fit, to pass as an ordinary resolution:

4) "That Peter Harvie be re-elected as a Director of SCMGL."

The Board recommends (with Mr Harvie abstaining in respect of Resolution 4) that SCMGL shareholders vote in favour of Resolution 4.

##### **Resolution 5: Re-election of Chris de Boer as a Director**

To consider, and if thought fit, to pass as an ordinary resolution:

5) "That Chris de Boer be re-elected as a Director of SCMGL."

The Board recommends (with Mr de Boer abstaining in respect of Resolution 5) that SCMGL shareholders vote in favour of Resolution 5.

#### E. LTI Grant to Managing Director

##### **Resolution 6: Approval of FY16 LTI Grant to Managing Director**

To consider, and if thought fit, to pass as an ordinary resolution:

6) "For the purposes of ASX Listing Rule 10.14, and all other purposes, that approval be given for the grant of 491,803 Performance Rights to the Company's Chief Executive Officer and Managing Director, Grant Blackley, under the Company's Long Term Incentive Plan on the terms summarised in the Explanatory Memorandum."

The Board recommends (with Mr Blackley abstaining in respect of Resolution 6) that SCMGL shareholders vote in favour of Resolution 6.

*Note: A voting exclusion as set-out below applies to Resolution 6.*

#### F. Remuneration Report

##### **Resolution 7: Adoption of Remuneration Report**

To consider, and if thought fit, to pass as a non-binding and advisory resolution in accordance with section 250R(3) of the *Corporations Act 2001* ("Corporations Act"):

7) "That the Remuneration Report included in the SCMGL Directors' Report for the financial year ended 30 June 2015 be adopted."

The Board recommends that SCMGL shareholders vote in favour of Resolution 7.

The vote on this resolution is advisory only and does not bind the Directors or the Company.

*Note: a voting exclusion as set out below applies to Resolution 7.*

#### Voting exclusion statement

##### **Resolution 6**

The Company will disregard any votes cast on Resolution 6 in any capacity by or on behalf of the Chief Executive Officer and Managing Director (being the only Director entitled to participate in an employee incentive scheme) and any of his associates.

Further, a vote must not be cast on Resolution 6 by any member of the key management personnel (KMP) of the Company, or a closely related party of any member of the KMP, that is appointed as proxy, if their appointment does not specify the way in which the proxy is to vote.

However, the Company need not disregard a vote on Resolution 6 (and that person is not prohibited from voting) if the vote is cast by:

- a person identified above as proxy for a person who is entitled to vote on Resolution 6 and the vote is cast in accordance with the directions on the proxy form; or
- the Chairman of the meeting (who may be a KMP) as a proxy for a person who is entitled to vote and the proxy appointment expressly authorises the Chairman to exercise the proxy (even if the resolution is connected, directly or indirectly, with the remuneration of the KMP).

##### **Resolution 7**

The Company will disregard any votes cast on Resolution 7 by, or on behalf of, a member of the KMP, details of whose remuneration is disclosed in the Remuneration Report, and their Closely Related Parties (each a **Prohibited Voter**), unless the vote is cast:

- as proxy for a person who is not a Prohibited Voter and the vote is cast in accordance with the directions on the proxy form; or
- by the Chairman of the meeting as proxy for a person who is not a Prohibited Voter and the form of proxy expressly authorises the Chairman to vote undirected proxies as the Chairman sees fit (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP).

#### Important

If you appoint the Chairman of the meeting as your proxy on Resolutions 6 and 7, you can direct the Chairman how to vote on those resolutions (by marking the relevant boxes on the proxy form). If you do not direct the Chairman how to vote on Resolutions 6 and 7, you give the Chairman your express authority to vote your undirected proxy (even if the resolution is connected, directly or indirectly, with the remuneration of a member of the KMP) in which case, the Chairman will vote in favour of these items of business.

By Order of the Board of Southern Cross Media Group Limited



**Tony Hudson**  
Company Secretary  
25 September 2015

# 3. VOTING ENTITLEMENT AND PROXY INFORMATION

## Voting

You can vote in either of two ways:

- attending the meeting and voting in person or, if you are a corporate member, by corporate representative voting for you; or
- appointing a proxy to attend and vote for you, using the enclosed voting and proxy form.

## Voting in person

If you plan to attend the meeting, we ask that you arrive at the meeting venue at least 30 minutes prior to the time designated for the meeting so that we may check your shareholding against our register of members and note your attendance. The meeting will be held at **11.00am AEDT on Thursday 29 October 2015** at Southern Cross Austereo, Level 15, 50 Goulburn Street, Sydney, New South Wales.

## Voting by corporate representative

If a corporate member plans to attend through a corporate representative, it must appoint a person to act as its representative and the appointed person must bring appropriate written evidence of the appointment to the meeting signed under the corporation's common seal or in accordance with section 127 of the Corporations Act.

## Voting by proxy

If you do not intend to attend the meeting and are entitled to vote on the resolutions, you may select a representative or the Chairman of the meeting to act as your proxy to attend and vote for you. A representative may be a natural person or a body corporate and need not be a member of SCMGL. Your proxy can be appointed in respect of some or all of your votes. If you are entitled to cast two or more votes at the meeting you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where a proportion is not specified, each may exercise half of your voting rights. If you appoint one proxy, then your proxy will be entitled to vote on a show of hands. If you appoint two proxies, neither of them may vote on a show of hands.

If you appoint a proxy, you may still attend the meeting. However, your proxy's rights to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the meeting.

## Proxy vote if appointment specifies way to vote

Section 250BB of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- 1) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- 2) if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- 3) if the proxy is the Chairman of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- 4) if the proxy is not the Chairman – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

## Transfer of non-chair proxy to Chairman in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chairman of the meeting; and
- at the meeting, a poll is demanded on the resolution; and
- either of the following applies:
  - i. the proxy is not recorded as attending the meeting; or
  - ii. the proxy does not vote on the resolution,

the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that meeting.

## Entitlement to vote

SCMGL has determined that for the purpose of voting at the meeting, SCMGL shares will be taken to be held by those persons holding shares in the Company that are listed for quotation on the Australian Securities Exchange and recorded on the Company's register as at **7.00pm AEDT on Tuesday 27 October 2015**.

## Timing

For the appointment of a proxy to be effective, you must ensure that your proxy form (and a certified copy of the authority under which it is signed) is received by the registry, Computershare Investor Services Pty Limited, at least 48 hours before the start of the meeting; that is, by no later than **11.00am AEDT on Tuesday 27 October 2015**:

- by mail;
- by facsimile;
- by internet; or
- by hand delivery.

The relevant contact details are:

## Details for lodgement of Proxies

Mailing Address	Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001
Delivery Address	Computershare Investor Services Pty Limited Level 4, 60 Carrington Street Sydney NSW 2000
Facsimile	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
Internet	Log on to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a>

If you are a custodian and an Intermediary Online subscriber, you can log on to [www.intermediaryonline.com](http://www.intermediaryonline.com).

A reply paid envelope is enclosed for the return of the proxy form by mail.

As a shareholder in SCMGL, Chapter 2C of the Corporations Act requires certain information about you (including your name, address and details of the SCMGL shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding. This information is held by Computershare Investor Services Pty Limited on behalf of SCMGL in its capacity as SCMGL's appointed registry.

# 4. EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to help SCMGL shareholders understand the business to be put to shareholders at the forthcoming Annual General Meeting. It relates to the resolutions set out in the Notice of Meeting and should be read in conjunction with the Notice of Meeting. This Explanatory Memorandum forms part of the Notice of Meeting.

Resolutions 1, 2, 3, 4, 5 and 6 are ordinary resolutions. An ordinary resolution is passed where a simple majority of votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution. Resolution 7 is a non-binding resolution.

## AGENDA ITEM C

### Financial Accounts and Reports

As required by the Corporations Act, the Financial Report, Directors' Report and Auditor's Report of SCMGL for the most recent financial year will be laid before the AGM. The members of SCMGL are not required to pass a resolution in relation to these documents, except in relation to the Remuneration Report.

A SCMGL shareholder who is entitled to vote at the AGM may submit written questions to SCMGL's auditor under section 250PA of the Corporations Act if the question is relevant to the content of the SCMGL Auditor's Report or the conduct of the audit of the SCMGL Financial Report. Any such shareholder wanting to do so, must give the question to SCMGL (attention Tony Hudson) at the address for SCMGL shown in the Corporate Directory in section 6 no later than the fifth business day before the meeting (that is, by 5.00pm on Thursday, 22 October 2015).

The auditor will be available at the AGM to answer shareholder questions on the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by SCMGL in relation to the preparation of the Financial Report and the independence of the auditor in relation to the conduct of the audit.

The auditor will either answer these questions at the AGM or table written answers to them at the AGM and make them available to shareholders as soon as practicable after the AGM.

## AGENDA ITEM D

The Board has developed and committed to an orderly process of Board renewal focused on:

- increasing the number of Non-Executive, Independent Directors;
- attracting a cross-section of expertise including listed company directorship, finance, technology, marketing and media industry expertise in particular; and
- continuity of corporate knowledge and experience.

Over the 2015 financial year (FY15), the Board has undergone significant renewal through the retirement of two directors and the appointment of five new Independent Directors (three of which were elected at the 2014 AGM) and an Executive Director, all of whom bring a highly relevant and diverse range of expertise to the Board table.

### 1. RESOLUTION TO ELECT PETER BUSH AS A DIRECTOR

#### Resolution 1 is supported by the Board

Article 10.8 of the Constitution provides that a Director appointed by the Board under that Article holds office until the conclusion of the next annual general meeting of the Company but is eligible for election at that meeting.

#### Peter Bush

Non-Executive Director and Chairman  
Independent

Appointed: 25 February 2015

Board Committees: Chairman, Nomination Committee

Mr Bush, having been appointed by the Board of Directors with effect from 25 February 2015, ceases to hold office at the conclusion of the AGM, and offers himself for election.

Mr Bush has proven leadership, strategic and management achievements in executive roles spanning the media, FMCG and consumer products sectors. This included senior roles with SC Johnson, Reckitt & Colman, Ampol/Caltex and Arnotts and he was CEO of AGB McNair and Schwarzkopf. Mr Bush ran his own strategic consultancy business for six years with clients including Qantas, Telstra, George Patterson Bates, John Singleton Advertising and McDonald's Australia. In 2003, Mr Bush became the CEO of McDonald's Australia, leaving in April 2010 as its divisional President for Pacific, Middle East and Africa.

Mr Bush's other roles on Boards include:

- Non-Executive Director and Chairman, Mantra Group Holdings Limited
- Non-Executive Director and Chairman, Pacific Brands Limited

The Board, having assessed Mr Bush's associations and experience, is satisfied that Mr Bush is an Independent Director.

#### The Board (Mr Bush abstaining) unanimously recommends the election of Peter Bush to the Board.

The Chairman of the meeting intends to vote undirected proxies in favour of the election of Peter Bush.

### 2. RESOLUTION TO ELECT HELEN NASH AS A DIRECTOR

#### Resolution 2 is supported by the Board

Article 10.8 of the Constitution provides that a Director appointed by the Board under that Article holds office until the conclusion of the next annual general meeting of the Company but is eligible for election at that meeting.

#### Helen Nash

Non-Executive Director

Independent

Appointed: 23 April 2015

Board Committees: Member, Audit and Risk Committee

Ms Nash, having been appointed by the Board of Directors with effect from 23 April 2015, ceases to hold office at the conclusion of the AGM, and offers herself for election.

Ms Nash has more than 20 years' experience in brands and marketing, including seven years in fast moving consumer goods at Procter & Gamble, followed by three years in publishing at IPC Media.

Ms Nash held a variety of senior executive roles at McDonald's Australia Ltd over a period of nearly ten years, including the position of Chief Operating Officer, overseeing restaurant operations, marketing, menu, insights and research and information technology.

Ms Nash's roles on Boards include:

- Non-Executive Director, Blackmores Limited
- Non-Executive Director, Pacific Brands Limited

The Board, having assessed Ms Nash's associations and experience, is satisfied that Ms Nash is an Independent Director.

#### The Board (Ms Nash abstaining) unanimously recommends the election of Helen Nash to the Board.

The Chairman of the meeting intends to vote undirected proxies in favour of the election of Helen Nash.

### 3. RESOLUTION TO ELECT GRANT BLACKLEY AS A DIRECTOR

#### Resolution 3 is supported by the Board

Article 10.8 of the Constitution provides that a Director appointed by the Board under that Article holds office until the conclusion of the next annual general meeting of the Company but is eligible for election at that meeting.

#### **Grant Blackley**

Executive Director  
Non-Independent  
Appointed: 29 June 2015  
Board Committees: N/A

Mr Blackley, having been appointed by the Board of Directors as Chief Executive Officer and Managing Director (CEO/MD), with effect from 29 June 2015, ceases to hold office at the conclusion of the AGM, and offers himself for election.

Mr Blackley's media industry career spans over 30 years during which time he served in numerous senior leadership roles at the TEN Network, including CEO from 2005 to 2010. Throughout this period he also held Directorships at Free TV and Freeview Australia. Prior to becoming CEO, Mr Blackley served in key roles in network sales, digital media and multi-channel program development as well as being responsible for group strategy, acquisitions and executive development programs. Prior to joining Southern Cross Austereo, Mr Blackley was CEO of the Keystone Group, Partner in RGM Artists and Founder of Four Seasons Media.

Being the CEO/MD, Mr Blackley is not considered an Independent Director.

#### **The Board (Mr Blackley abstaining) unanimously recommends the election of Grant Blackley to the Board.**

The Chairman of the meeting intends to vote undirected proxies in favour of the election of Grant Blackley.

#### **4. RESOLUTION TO RE-ELECT PETER HARVIE AS A DIRECTOR**

##### **Resolution 4 is supported by the Board**

Article 10.3 of the constitution of SCMGL requires that one-third of the Directors on the Board (or, if their number is neither three nor a multiple of three, then the number nearest one-third) must retire at each annual general meeting. If they are eligible, they may stand for re-election. For these purposes, a Director who has been appointed by the Board under Article 10.8 of the Constitution is disregarded.

Accordingly, Peter Harvie retires by rotation and, being eligible, offers himself for re-election.

#### **Peter Harvie**

Non-Executive Director  
Independent  
Appointed: 1 August 2011  
Board Committees: Member, Nomination Committee

Mr Harvie has been a Director since the acquisition of Austereo Group Limited in 2011. Prior to his appointment as Director, Mr Harvie was the Executive Chairman of Austereo Group Limited from 2001 until May 2011, Executive Chairman of Austereo Pty Ltd, Managing Director of the Triple M Network and Founder and Managing Director of the Clemenger Harvie advertising agency from 1974 to 1993.

The SCMGL Board has undergone significant renewal. Five directors have been appointed within the last 12 months, in addition to the appointment of the CEO/MD. In light of this significant turnover, the Board considers it is very important that the three remaining longest-serving Directors, including Mr Harvie, continue to serve on the Board to provide continuity and to facilitate a smooth transition of the Board's renewal process.

Mr Harvie has a deep understanding of SCMGL's operations at a time of industry and regulatory upheaval, having worked at Austereo Group Limited in a variety of capacities over a 20-year period.

Mr Harvie continues to work in the advertising industry, holding a Board position at CHE Proximity Pty Ltd, one of Australia's prominent advertising agencies.

More than three years have passed since Mr Harvie held the role of Executive Chairman of Austereo Group Limited. The Board has assessed the materiality of the interests, associations and relationships stemming from his tenure as an executive and considers that sufficient time has elapsed since his retirement from an executive role that any such interests, relationships or associations do not interfere, or could not reasonably be seen to interfere, with Mr Harvie's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Company and security holders generally.

#### **The Board (Mr Harvie abstaining) unanimously recommends the re-election of Peter Harvie to the Board.**

The Chairman of the meeting intends to vote undirected proxies in favour of the re-election of Mr Harvie.

#### **5. RESOLUTION TO RE-ELECT CHRIS DE BOER AS A DIRECTOR**

##### **Resolution 5 is supported by the Board**

Article 10.3 of the constitution of SCMGL requires that one-third of the Directors on the Board (or, if their number is neither three nor a multiple of three, then the number nearest one-third) must retire at each annual general meeting. If they are eligible, they may stand for re-election. For these purposes, a director who has been appointed by the Board under Article 10.8 of the Constitution is disregarded.

Accordingly, Chris de Boer retires by rotation and, being eligible, offers himself for re-election.

#### **Chris de Boer**

Non-Executive Director  
Independent  
Appointed: 20 September 2005  
Board Committees: Chairman, Audit and Risk Committee;  
Member, Nomination Committee

Mr de Boer qualified as a chartered accountant in London and since then has had various careers in stockbroking, investment banking, business consulting, and direct investment. Through them he 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. He was on the board of Optus prior to its listing on the ASX and was chairman of the New Zealand Venture Investment Fund.

Mr de Boer also has extensive experience in takeover regulation. Mr de Boer 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.

Mr de Boer has an MA from Cambridge University and is a member of the Institute of Directors in New Zealand.

The SCMGL Board has undergone significant renewal. Five directors have been appointed within the last 12 months, in addition to the appointment of the CEO/MD. In light of this significant turnover, the Board considers it is very important that the three remaining longest-serving Directors, including Mr de Boer, continue to serve on the Board to provide continuity and to facilitate a smooth transition of the Board's renewal process.

Mr de Boer has been a Director of the Company since it was part of the stapled structure known as the Macquarie Media Group (MMG). At that time he was also an Independent Director of Macquarie Media Management Limited (MMML) (then a Macquarie entity that was the responsible entity (trustee) of, and investment manager to, MMG entities). Mr de Boer was initially appointed to these directorships to provide independent leadership in the management of MMG and was at the time considered to be independent from Macquarie and an Independent Director of the Company.

## 4. EXPLANATORY MEMORANDUM

Mr de Boer was considered independent because he had not been, within the three years prior to his appointment to the Board, a principal or employee of a professional adviser to MMG, Macquarie or Macquarie-managed vehicles whose billings to MMG, Macquarie or other Macquarie-managed vehicles over the previous full year, in aggregate, exceeded 5% of the adviser's total revenues over that period.

Mr de Boer continues not to have any financial or other relationship with any substantial shareholder that may preclude him from being considered independent by the current Board.

Mr de Boer was initially appointed to the Board pursuant to special share rights held by MMML, but has since been re-elected by the shareholders of the Company on two occasions.

The Board, having assessed his associations, his experience and his performance on the Board, is satisfied that Mr de Boer is an Independent Director.

**The Board (Mr de Boer abstaining) unanimously recommends the re-election of Chris de Boer to the Board.**

The Chairman of the meeting intends to vote undirected proxies in favour of the re-election of Mr de Boer.

### AGENDA ITEM E

#### 6. RESOLUTION FOR APPROVAL OF LTI GRANT TO MANAGING DIRECTOR

**Resolution 6 is supported by the Board**

The Board appointed Grant Blackley in the role of CEO/MD, effective 29 June 2015. Mr Blackley is a highly experienced and well regarded media industry executive with an industry career spanning over 30 years.

As part of the Company's executive remuneration strategy the Board wishes to grant Mr Blackley 491,803 Performance Rights under SCMGL's long-term incentive (LTI) plan.

ASX Listing Rule 10.14 requires shareholder approval in order for a Director to be issued equity securities in the Company under an employee incentive scheme.

Accordingly, shareholders are asked to approve the grant of 491,803 Performance Rights to the Managing Director for the 2016 financial year (FY16), on the terms and conditions set out below:

##### Details of the proposed FY16 LTI grant

The proposed FY16 LTI grant for Mr Blackley is for 491,803 Performance Rights. The grant represents the LTI component of Mr Blackley's remuneration package and will be delivered under the Company's long-term incentive (LTI) plan, operated in accordance with the Company's LTI plan rules (**Plan Rules**).

The maximum number of Performance Rights has been calculated based on an LTI grant value of \$300,000, equivalent to 28.6% of the CEO/MD's current annual fixed remuneration. The grant value has then been divided by the fair value of a Performance Right, based on a valuation prepared by an independent consultant. The average fair value of each Performance Right was determined to be \$0.61, based on a number of valuation inputs including the volume weighted average price (VWAP) of Company shares over the five trading days following the release of the Company's FY15 full year results.

##### Entitlements

Each Performance Right is a right to acquire one ordinary share in SCMGL (or an equivalent cash amount) upon vesting, subject to the achievement of the performance conditions set out below.

The Performance Rights do not carry any dividend or voting rights prior to vesting.

The Performance Rights are non-transferable, except in limited circumstances or with the consent of the Board.

##### Date of grant

If shareholder approval is obtained, the Performance Rights will be granted to Mr Blackley as soon as practicable after the AGM, but in any event, within 12 months of the AGM.

##### Performance hurdles

The Performance Rights are subject to two performance hurdles which are independent and will be tested separately.

##### 1. Relative TSR Hurdle

50% of the Performance Rights granted will be subject to a relative total shareholder return (TSR) Hurdle. TSR measures the growth in the price of SCMGL's shares plus dividends notionally reinvested in shares. The TSR hurdle will measure SCMGL's TSR ranking against entities in the TSR comparator group, being the ASX Consumer Discretionary Index (excluding News Corporation), as at the start of the performance period.

The performance period starts on 1 July 2015 and will end on 30 June 2018 for the FY16 LTI grant. The vesting schedule for the TSR hurdle is described below:

Percentile ranking of SCMGL's TSR	Proportion of Performance Rights subject to the TSR hurdle which vest
Below the 51st percentile	Nil vesting
At the 51st percentile	50% vesting
51st percentile to 75th percentile	Straight-line vesting between 50% and 100%
At or above 75th percentile	100% vesting

##### 2. EPS Hurdle

50% of the Performance Rights granted will be subject to an earnings per share (EPS) Hurdle. EPS performance will be determined based on growth in adjusted EPS over the performance period (comprising three financial years). Growth in adjusted EPS will be calculated by measuring the compound annual growth rate (CAGR) between adjusted EPS in the final financial year of the performance period and adjusted EPS in the "base year", which is the financial year immediately preceding the performance period (i.e. FY15, for the FY16 LTI grant).

Adjusted EPS will be calculated by dividing the adjusted profit after tax attributable to members of SCMGL for the relevant reporting period (reported profit after tax, adjusted for the after-tax effect of any significant or non-recurring items) by the weighted average number of ordinary shares of the Group over the relevant reporting period.

Consistent with the TSR hurdle, the performance period starts on 1 July 2015 and will end on 30 June 2018 for the FY16 grant. The vesting schedule for the EPS hurdle is described below:

Adjusted EPS CAGR over performance period	Proportion of Performance Rights subject to the EPS Hurdle which vest
Below 3%	Nil vesting
At 3%	50% vesting
3% to 8%	Straight-line vesting between 50% and 100%
At or above 8%	100% vesting

##### Allocation of shares upon vesting

Once the Board has determined the extent to which the applicable performance hurdles have been met, subject to the continued employment of the CEO/MD (see further details below), the relevant

number of Performance Rights will vest and the applicable number of shares will be allocated to Mr Blackley. Ordinarily, shares will be allocated automatically upon vesting of Performance Rights but the Board has discretion to settle Performance Rights in cash rather than shares.

Any Performance Rights that do not vest following testing of the performance hurdles at the end of the performance period will lapse.

SCMGL's obligation to allocate shares on vesting may be satisfied by issuing new shares, acquiring shares on-market or transferring shares from an employee share trust.

No amount will be payable in respect of the allocation of Performance Rights, nor in respect of any shares granted upon vesting of the Performance Rights.

Shares allocated on vesting of Performance Rights (as applicable) will not be subject to any further trading restrictions, subject to complying with the Company's share trading policy.

#### *Cessation of employment*

If Mr Blackley ceases employment with SCMGL prior to the Performance Rights vesting, the treatment of his Performance Rights will depend on the circumstances of cessation.

Where he ceases employment prior to the Performance Rights vesting due to resignation, termination for cause or poor performance, all unvested Performance Rights will lapse at cessation.

Where he ceases employment for any other reason prior to the Performance Rights vesting, a pro-rata number of Performance Rights (based on the proportion of the Performance Period that has elapsed at the time of cessation) will continue on-foot and be tested at the end of the original performance period against the relevant performance hurdles. However, the Board has discretion to apply another treatment that it deems appropriate in the circumstances in accordance with the Plan Rules.

The CEO/MD is prohibited from hedging the share price exposure in respect of Performance Rights during the performance period applicable to those Performance Rights.

If shareholder approval is obtained, further details of the Performance Rights granted to the CEO/MD under the LTI plan in FY16 will be provided in the Remuneration Reports for the Company's financial years ending 30 June 2016 to 2019. Further details of the CEO/MD's executive remuneration package can be found on pages 24 to 32 of the Remuneration Report.

#### *Change of control and variation of capital or divestment*

Where a change of control event occurs prior to vesting of Performance Rights, unless the Board determines otherwise, a pro-rata number of the CEO/MD's Performance Rights will vest based on the proportion of the performance period that has passed at the time of the change of control, and the extent to which the relevant performance hurdles have been satisfied at that time.

#### *Other information*

No amount is payable in respect of the grant of Performance Rights, nor in respect of any shares granted upon vesting of Performance Rights.

No other Director is eligible to participate in the LTI Plan or any other employee incentive scheme of the Company.

No Performance Rights have been granted to any other Directors under the LTI Plan.

There is no loan arrangement in relation to the grant of performance rights under the Plan.

**The Board unanimously recommends that SCMGL shareholders approve the FY16 LTI grant to the Managing Director.**

The Chairman of the meeting intends to vote all undirected proxies he is entitled to vote on Resolution 6 in favour of the adoption of the resolution.

A voting exclusion statement applicable to Resolution 6 is set out on page 2 above.

## **AGENDA ITEM F**

### **1. RESOLUTION TO ADOPT REMUNERATION REPORT**

#### **Resolution 7 is supported by the Board**

Directors of listed public companies are required to provide detailed disclosure of the remuneration of Key Management Personnel (KMP) in the Directors' Report. The Remuneration Report appears in the Directors' Report for the financial year ended 30 June 2015 and is also available on the Company's corporate website [www.southerncrossaustereo.com.au](http://www.southerncrossaustereo.com.au).

Under the Corporations Act, shareholders will be asked to vote on a resolution to adopt the Remuneration Report at the AGM. The vote on the resolution will be advisory only and will not bind the Directors or the Company. However, the Board will consider the outcome of the vote in determining future remuneration policy.

In 2014, the Nomination and Remuneration Committee undertook a full review of remuneration practices, obtained feedback from key stakeholders and took steps to improve remuneration practices and the quality of disclosures. The principal changes which took effect from FY15 relate to:

- **Improved disclosure of the remuneration framework** including expanded disclosure of short-term incentive (STI) performance hurdles and details of the Total Shareholder Return (TSR) comparator group for the long-term incentive (LTI) plan.
- **STI plan:** commencing 1 July 2014:
  - Better alignment of all executives with the Group's short-term objectives and strategy by having a consistent framework for financial and non-financial metrics, and re-weighting financial and non-financial metrics from 70%/30% to 80%/20%.
  - Changed the Group-wide financial measure for executives to net profit after tax (NPAT) rather than earnings before interest, tax, depreciation and amortisation (EBITDA).
- **LTI Plan:** commencing 1 July 2014:
  - One consistent plan limited to executive KMP only, with a three-year performance period with no vesting possible before the end of the performance period.
  - Introduced an **additional performance measure**, with both relative TSR (50%) and EPS (50%) performance hurdles applying to awards.
  - **Board and executive remuneration:** regular and independent benchmarking to ensure remuneration of key roles meets shareholder expectations and is market competitive.

Other than as a result of the separation of the Nomination and Remuneration Committee into two separate committees during the year, there were no changes to Non-Executive Director fees in FY15.

During the discussion on this item of business, shareholders will have reasonable opportunities to ask questions about, and make comments upon, the Remuneration Report.

**The Board unanimously recommends that SCMGL shareholders approve the adoption of the Remuneration Report.**

The Chairman of the meeting intends to vote all undirected proxies he is entitled to vote on Resolution 7 in favour of the adoption of the Remuneration Report.

A voting exclusion statement applicable to Resolution 7 is set out on page 2 above.

**2015 financial year or FY15** means the financial year from 1 July 2014 ending 30 June 2015.

## 5. GLOSSARY

**2016 financial year or FY16** means the financial year from 1 July 2015 ending 30 June 2016.

**AEDT** means Australian Eastern Daylight Time.

**AGM** means annual general meeting.

**Business Day** means a business day for the purposes of the Corporations Act, being a day that is not a Saturday, a Sunday or a public holiday or bank holiday in Melbourne, Australia.

**Closely Related Party** of a member of the Key Management Personnel means any of the following persons:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- a company that the member controls; or
- a person described as such by the *Corporations Regulations 2001* (Cth).

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

**Directors** means the Directors of SCMGL and "Director" refers to one of the Directors.

**Explanatory Memorandum** means the explanatory memorandum set out in section 4 of this document.

**Key Management Personnel** or **KMP** has the same meaning as in the Australian Accounting Standards and broadly includes persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director.

**Notice** and **Notice of Meeting** means this notice of annual general meeting and a reference to this Notice includes the Explanatory Memorandum and the proxy form that accompanies it.

**Volume Weighted Average Price** or **VWAP** means the volume weighted average market price (**VWAP**) of the Company's shares over the five-day period immediately preceding the grant date.

## 6. CORPORATE DIRECTORY

### **Southern Cross Media Group Limited**

Level 2  
257 Clarendon Street  
South Melbourne VIC 3205  
Australia

Telephone: 03 9252 1019 (Australia)  
+61 3 9252 1019 (International)

Facsimile: +61 3 9252 1270

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

Directors: Peter Bush (Chairman)  
Leon Pasternak (Deputy Chairman)  
Chris de Boer  
Peter Harvie  
Robert Murray  
Kathy Gramp  
Glen Boreham  
Helen Nash  
Grant Blackley

Secretary: Tony Hudson

### **Registry**

Computershare Investor Services Pty Ltd  
GPO Box 2975  
Melbourne VIC 3001

Telephone: 1300 766 272 (Australia)  
+61 3 9415 4257 (International)

Facsimile: +61 3 9473 2500

### **Financial Report**

A copy of the SCMGL Financial Report for the period ended 30 June 2015 is available on the SCMGL website:  
[www.southerncrossaustereo.com.au](http://www.southerncrossaustereo.com.au).


FOR  
PRO  
FOR





Southern Cross Media Group Limited  
ABN 91 116 024 536

## Lodge your vote:

 **Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



### Your access information that you will need to vote:

**Control Number:**

**SRN/HIN:**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 11:00 am (AEDT) Tuesday, 27 October 2015**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Southern Cross Media Group Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Southern Cross Media Group Limited to be held at Southern Cross Austereo, Level 15, 50 Goulburn Street, Sydney, New South Wales on Thursday, 29 October 2015 at 11:00 am (AEDT) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 6 & 7 (except where I/we have indicated a different voting intention below) even though Items 6 & 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business.**

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 6 & 7 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Item 1 Election of Peter Bush as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Election of Helen Nash as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Grant Blackley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-election of Peter Harvie as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Re-election of Chris de Boer as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Approval of FY16 LTI Grant to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_