

**BY E-LODGEMENT**

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14 June 2017

Dear Sir/Madam

**Form 604 – Ten Network Holdings Limited**

On behalf of our client, Illyria Nominees Television Pty Ltd as trustee of Illyria Investment Trust No.4 (**Illyria**), Antium Pty Ltd as trustee for the LKM Australian Discretionary Trust and Lachlan Keith Murdoch (together **Illyria Group**), we enclose a copy of Illyria Group's Form 604 (Notice of change of interests of substantial shareholder) in relation to Ten Network Holdings Limited (**Ten**).

As a consequence of Illyria's entry into a letter agreement with Birketu Pty. Ltd. (**Birketu**) on 9 June 2017, a copy of which is annexed to the enclosed substantial holding notice, Illyria and Birketu may be considered associates of one another for the purposes of section 12(2)(b) of the *Corporations Act 2001* (Cth). In the event an association has arisen, the parties' respective voting power in Ten will be aggregated for the duration of the associate relationship, which has been reflected in the enclosed substantial holding notice.

Notwithstanding the change in voting power detailed in the enclosed substantial holding notice, no member of the Illyria Group has acquired a relevant interest in Ten shares (including any shares in which Birketu or any of its associates holds a relevant interest) since the change of interests notified in the substantial holding notice lodged on behalf of the Illyria Group on 11 December 2015.

Yours faithfully



**Michael Parshall**  
Partner

Encl.

**Form 604**Corporations Act 2001 (**Act**)

Section 671B

**Notice of change of interests of substantial holder**To Company Name/Scheme Ten Network Holdings Limited (**Ten**)

ACN/ARSN 081 327 068

**1. Details of substantial holder (1)**

Name Illyria Nominees Television Pty Ltd ACN 147 289 647 as trustee of Illyria Investment Trust No.4 (**Illyria**),  
Antium Pty Ltd ACN 126 790 225 as trustee for the LKM Australian Discretionary Trust (**Antium**) and  
Lachlan Keith Murdoch (together, the **Illyria Group**)

ACN/ARSN (if applicable) As above

There was a change in the interests of the  
substantial holder on 09/06/2017

The previous notice was given to the company on 11/12/2015

The previous notice was dated 11/12/2015

**2. Previous and present voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Fully paid ordinary shares ( <b>Shares</b> )	27,496,502 <sup>1</sup>	7.68%	82,968,937 <sup>2</sup>	22.47% <sup>3</sup>

**3. Changes in relevant interests**

Particulars of each change in, or change in the nature of, a related interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
N/A	N/A	N/A	N/A	N/A	N/A

**4. Present relevant interests**

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Illyria	Illyria	Illyria	Pursuant to s.608(1)(a) of the Act	27,496,502 Shares	27,496,502
Antium	Illyria	Illyria	Pursuant to s.608(1)(b) and (c) and/or s.608(3) of the Act	27,496,502 Shares	27,496,502
Lachlan Keith Murdoch	Illyria	Illyria	Pursuant to s.608(1)(b) and (c) and/or s.608(3) of the Act	27,496,502 Shares	27,496,502
Birketu Pty. Ltd. ACN 003 831 392 ( <b>Birketu</b> )	Birketu	Birketu	Pursuant to s.608(1)(a) and (c) of the Act	49,585,948 Shares	49,585,948
Birketu Investments Pty Ltd ACN 121 475	Birketu Investments	Birketu Investments	Pursuant to s608(1)(a) of the Act	5,886,487 Shares	5,886,487

<sup>1</sup> Since the filing of Illyria's last substantial holding notice which declared a shareholding of 274,965,013 Shares, Ten underwent a 10:1 share consolidation which reduced Illyria's holding to 27,496,502 Shares.

<sup>2</sup> This figure includes the relevant interest in 55,472,435 Shares held by Birketu Pty. Ltd., Birketu Investments Pty Ltd and Bruce Gordon; with whom Illyria may be regarded as being associated (refer to section 5 below). Birketu Pty. Ltd. has also entered into cash-settled swaps with Deutsche Bank AG referencing a further 13,252,704 Shares, however it does not hold a relevant interest in these Shares.

<sup>3</sup> Based on Ten's issued capital comprising 369,165,396 Shares (including 7,008,549 unlisted Shares).

625 (Birketu Investments)					
Bruce Gordon	Birketu	Birketu	Pursuant to s.608(1)(b) and (c) and/or s.608(3) of the Act	49,585,948 Shares	49,585,948
Bruce Gordon	Birketu Investments	Birketu Investments	Pursuant to s.608(1)(b) and (c) and/or s.608(3) of the Act	5,886,487 Shares	5,886,487

#### 5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Birketu, Birketu Investments and Bruce Gordon	These entities may each be regarded as being associates of Illyria pursuant to s.12(2)(b) of the Act by virtue of their entry into the Process Letter (attached as Annexure A).

#### 6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Illyria, Antium and Lachlan Murdoch	c/- 33 Nickson Street, Surry Hills NSW 2010
Bruce Gordon	Wreck Hill Estate, 69 Wreck Road, Sandys, Bermuda
Birketu and Birketu Investments	Television Avenue, Wollongong NSW 2500 Australia

#### Signature

Linda Norquay

Company Secretary

sign here

*L. Norquay*

date 14/06/2017

#### DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
  - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

## Annexure A


This is Annexure A of 4 pages referred to in the Form 604 - Notice of Change of Interests of Substantial Holder lodged by the Illyria Group.

### Signature

Linda Norquay

Company Secretary

sign here



date 14/06/2017

# BIRKETU PTY. LTD.

**AUSTRALIAN COMPANY NUMBER: 003 831 392**

**REGISTERED OFFICE: TELEVISION AVENUE, MOUNT SAINT THOMAS,  
WOLLONGONG NSW 2500**

## **PRIVATE & CONFIDENTIAL**

9 June 2017

Ms Siobhan McKenna  
Director  
Illyria Nominees Television Pty Limited  
33 Nickson Street  
Surry Hills NSW 2010  
Australia

Dear Siobhan

### **Ten Network Holdings Limited**

I refer to our recent discussions regarding the current financial condition of Ten Network Holdings Limited (**Ten**) and the respective positions of Birketu Pty. Ltd. (**Birketu**) and Illyria Nominees Television Pty Limited as trustee for the Illyria Investment Trust No 4 (**Illyria**) (together the **parties**) as guarantors of Ten's secured A\$200 million revolving cash advance facility agreement with the Commonwealth Bank of Australia (**Existing Facility**), which is due to expire on 23 December 2017.

As you are aware, over the last three and a half years, Ten has reported losses of \$869.6 million and most recently reported a loss of \$232.2 million in respect of the half year to 28 February 2017. The Ten board has publicly stated that in order for Ten to meet its repayment obligations under the Existing Facility on its expiry, Ten needs to secure an amended or new borrowing facility with extended maturity and an expanded size of approximately \$250 million, the provision of which will be reliant on sufficient further guarantees being provided by the existing shareholder guarantors and/or new financiers.

In the event of a default by Ten of its obligations under the Existing Facility, there is a risk of Birketu and Illyria each being exposed to significant liability under their respective guarantees together with a complete loss of their respective investments in Ten's equity. In such circumstances, given the commonality of the parties' interests in Ten as shareholder guarantors of Ten's debt, it may be in the parties' respective commercial interests to consider whether a proposal could be formulated and agreed between Birketu and Illyria under which Ten's existing secured debt would be repaid and any guarantee support would be removed over an appropriate period (**Restructure Proposal**).

This letter records the basis upon which Birketu and Illyria have agreed to work together exclusively to facilitate the potential formulation, negotiation and implementation of a Restructure Proposal. The terms and conditions of any Restructure Proposal are yet to be agreed between the parties and there is no assurance that any Restructure Proposal will be made, and if made, will be successful.

For the avoidance of doubt, this letter does not constitute a proposal on the part of Birketu or Illyria or any entity either of them may control to make a takeover bid for Ten shares for the purposes of section 631 of the Corporations Act.

## 1. Discussions regarding a potential Restructure Proposal

In the event Ten defaults on its obligations under the Existing Facility, including as a consequence of one or more Ten group entities being placed into external administration, then subject to all applicable laws (including the *Broadcasting Services Act 1992* (Cth) (**BSA**)), each party must use all reasonable endeavours and commit necessary resources (including management and the resources of advisers) to develop, and once agreed, seek to negotiate and implement any Restructure Proposal.

## 2. Exclusivity and restricted conduct

Other than as part of any Restructure Proposal or with the prior consent of the other party, each party:

- (a) must not and must procure that each person who ultimately 'controls' (as defined in the Corporations Act) the party and any entity 'controlled' by such person (**Related Parties**) do not directly or indirectly, solicit, initiate or encourage an offer, proposal, expression of interest or enquiry to or from a third party under which a third party will: (i) directly or indirectly acquire or merge with Ten, its assets or any of its subsidiaries, including by way of private treaty sale, joint venture, takeover, scheme of arrangement or deed of company arrangement; (ii) acquire 'control' (as defined in the BSA) of Ten or any of its commercial television broadcasting licences; (iii) provide debt or equity finance to Ten or any of its subsidiaries or refinance or restructure the Existing Facility, (**Competing Proposal**) or that may reasonably be expected to encourage or lead to a Competing Proposal (**Potential Competing Proposal**) even if the Competing Proposal or Potential Competing Proposal was not directly or indirectly solicited, invited encouraged or initiated by the party or any of its Related Persons;
- (b) must immediately provide written notice to the other party if the party or any of its Related Parties receives, or is contacted in relation to, any Competing Proposal or Potential Competing Proposal, and include within the notification details of the name of the third party and full details of the Competing Proposal or Potential Competing Proposal (including price and any terms and conditions); and
- (c) must not and must procure that each of its Related Parties does not:
  - (i) acquire, lease or enter into an option to acquire (or offer to do any of these things) any business, assets, securities or licences of Ten or any of its subsidiaries; or
  - (ii) do anything inconsistent with this letter.

Nothing in this paragraph 2 will restrict either party or their respective Related Parties from:

- (A) continuing to observe or receive and being entitled to observe or receive benefits under any existing contracts or other arrangements with Ten or any of its subsidiaries;
- (B) entering into any additional contracts or other arrangements with Ten in the ordinary course of business;
- (C) entering into any contracts or other arrangements wholly or partly in substitution for or replacement of any foregoing contract, either with Ten or any other person whatsoever; or
- (D) continuing to observe or receive and being entitled to observe or receive benefits under any existing contracts or other arrangements with Deutsche Bank AG, Sydney Branch previously publicly announced, or entering into, observing or taking the benefit of and being entitled to enter into, observe or take the benefit of any contracts or other arrangements or variations of contracts or other arrangements in respect of securities no greater in amount to those referenced in such existing contracts or other arrangements.

### **3. Acknowledgements**

The parties agree and acknowledge:

- (a) each of the parties is entitled to vote or dispose of their shares in Ten as they see fit and nothing in this letter:
  - (i) provides, or is intended to provide, a party with any relevant interest (as defined in the Corporations Act) or other interest in or power to directly or indirectly control the voting or disposal of the other party's shares in Ten; and
  - (ii) makes, or is intended to make, either party an associate of the other for the purposes of the BSA, or to confer on one or both parties 'control' (as that term is defined in the BSA) over Ten; and
- (b) the parties act independently of each other in dealings relating to the Ten group or any of its commercial television broadcasting licences and neither party is in a position to exert influence over the business dealings of the other party in relation to the Ten group or any of its commercial television broadcasting licences.

If a provision of this letter would cause any party or any of their associates to contravene Part 5 of the BSA, but the Australian Communications and Media Authority (ACMA) has the power to grant prior approval or make an order (including under sections 67 and 61AJ of the BSA) in respect of the breach or transaction that causes such contravention, it will be a condition precedent to such provision that ACMA has granted such a prior approval or makes such an order and such provision will not take effect until such an approval is granted.

### **4. Confidential and public announcements**

This letter will cease to be confidential when attached to a substantial holder notice filed by either of the parties. However, each party agrees not to make any public disclosure of any discussions or negotiations in relation to any Restructure Proposal (including in relation to the signing of this letter) and not to disclose any fact or content of negotiations leading up to or relating to this letter or any Restructure Proposal and any non-public information received or obtained by a party or its Related Parties, advisers or financiers regarding any Restructure Proposal or the other party and its Related Parties, other than to the extent: (a) required under an applicable law or the rules of any competent regulatory body (provided the party has not done anything to give rise to the disclosure obligation); (b) reasonably required to be disclosed to advisers, financiers or potential financiers in connection with any Restructure Proposal; or (c) approved by the other party prior to making such disclosure.

### **5. Term and termination**

This letter commences on the date of execution by both parties and terminates on the earlier of 31 December 2017 (unless extended by written agreement of the parties) and entry into definitive documentation by the parties in respect of any Restructure Proposal.

### **6. Miscellaneous**

This letter:

- (a) is intended to establish legally binding obligations between the parties; and
- (b) will be governed by and construed in accordance with the laws of New South Wales and each party submits to the non-exclusive jurisdiction of the courts of New South Wales.

If Illyria agrees to the matters set out above, please acknowledge Illyria's agreement by arranging for Illyria to sign a copy of this letter where indicated and returning by email a signed pdf copy to Birketu (with the original to follow by courier).

Yours sincerely



Andrew Gordon  
Director  
Birketu Pty. Ltd.

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**Accepted and agreed to by Illyria Nominees Television Pty Limited**



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Name: Siobhan McKenna  
Title: Director  
Date: 9th June 2017